

In the opinion of Bond Counsel, under existing law and subject to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, such interest will be taken into account in computing the alternative minimum tax on certain corporations to the extent such interest is included in the "adjusted financial statement income" of such corporations. In the opinion of Bond Counsel, under existing law, the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is exempt from State of North Carolina income taxes. See the caption "TAX TREATMENT" herein.

\$12,855,000

Limited Obligation Bonds, Series 2024

**Evidencing Proportionate Undivided Interests of the Owners thereof in
Installment Payments to be made Pursuant to an Installment Financing
Agreement Between the Onslow County Public Facilities Company and the
COUNTY OF ONSLOW, NORTH CAROLINA**

Dated: Date of Delivery

Due: December 1, as shown on the inside cover

This Official Statement has been prepared by the County of Onslow, North Carolina (the "County") to provide information on the Onslow County Public Facilities Company Limited Obligation Bonds (Onslow County, North Carolina), Series 2024 (the "2024 Bonds").

Security: The 2024 Bonds, together with any other Bonds (as defined herein) hereafter outstanding under the Trust Agreement (as defined herein), evidence proportionate undivided interests in Installment Payments (as defined herein) to be made with respect to an Installment Financing Agreement, dated as of October 1, 2024 (the "Agreement"), between the Onslow County Public Facilities Company (the "Corporation") and the County. As security for its obligations under the Agreement, the County will execute and deliver to a deed of trust trustee for the benefit of the Corporation a Deed of Trust, Security Agreement, Fixture Filing and Financing Statement, dated as of October 1, 2024 (the "Deed of Trust"), granting, among other things, a lien of record on the Mortgaged Property (as defined herein) subject to Permitted Encumbrances (as defined in the Agreement). The Corporation will assign all of its rights in the Deed of Trust and the Agreement (except certain rights with respect to indemnification, the payment of certain expenses and receipt of certain notices) to the Trustee (as defined herein).

THE PRINCIPAL AND INTEREST COMPONENTS OF THE INSTALLMENT PAYMENTS RECEIVED WITH RESPECT TO THE 2024 BONDS ARE PAYABLE SOLELY FROM AMOUNTS PAYABLE BY THE COUNTY UNDER THE AGREEMENT AND, TO THE EXTENT PROVIDED IN THE TRUST AGREEMENT, CERTAIN INVESTMENT EARNINGS, CERTAIN NET PROCEEDS (AS DEFINED IN THE TRUST AGREEMENT), IF ANY, AND CERTAIN AMOUNTS REALIZED FROM ANY SALE OR LEASE OF THE MORTGAGED PROPERTY. NEITHER THE AGREEMENT NOR THE 2024 BONDS NOR THE INTEREST COMPONENT OF THE INSTALLMENT PAYMENTS RECEIVED WITH RESPECT THERETO CREATES A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR ANY AMOUNTS THAT MAY BE OWED BY THE COUNTY UNDER THE 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 AGREEMENT AND DUE THE OWNERS OF THE 2024 BONDS. SEE THE CAPTION "SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS" HEREIN.

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

Purpose: Proceeds of the 2024 Bonds will be used, together with other available funds, to (1) pay the costs of renovating, expanding, constructing, equipping, and improving Northwoods Park Middle School, and (2) pay certain costs incurred in connection with the execution and delivery of the 2024 Bonds.

Interest Payment Dates: June 1 and December 1 of each year, commencing June 1, 2025.

Denomination: \$5,000 or integral multiples thereof.

Delivery: On or about October 17, 2024.

Financial Advisor: Davenport & Company LLC

Bond Counsel: Robinson, Bradshaw & Hinson, P.A.

Counsel to County and Corporation: Brett J. DeSelms, Esq.

Underwriter's Counsel: Parker Poe Adams & Bernstein LLP

Trustee: U.S. Bank Trust Company, National Association

PNC Capital Markets LLC

The date of this Official Statement is October 3, 2024.

MATURITY SCHEDULE

\$12,855,000
Limited Obligation Bonds, Series 2024

**Evidencing Proportionate Undivided Interests of the Owners thereof in
Installment Payments to be made Pursuant to an Installment Financing
Agreement Between the Onslow County Public Facilities Company and the
COUNTY OF ONSLOW, NORTH CAROLINA**

MATURITY SCHEDULE

DUE DECEMBER 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP⁺	DUE DECEMBER 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP⁺
2025	\$645,000	5.00%	2.69%	68285TFN4	2035	\$645,000	5.00%	2.92%*	68285TFY0
2026	645,000	5.00	2.42	68285TFP9	2036	640,000	5.00	3.00*	68285TFZ7
2027	645,000	5.00	2.40	68285TFQ7	2037	640,000	5.00	3.06*	68285TGA1
2028	645,000	5.00	2.43	68285TFR5	2038	640,000	5.00	3.07*	68285TGB9
2029	645,000	5.00	2.44	68285TFS3	2039	640,000	5.00	3.15*	68285TGC7
2030	645,000	5.00	2.53	68285TFT1	2040	640,000	5.00	3.23*	68285TGD5
2031	645,000	5.00	2.62	68285TFU8	2041	640,000	5.00	3.33*	68285TGE3
2032	645,000	5.00	2.71	68285TFV6	2042	640,000	4.00	3.83*	68285TGF0
2033	645,000	5.00	2.77	68285TFW4	2043	640,000	4.00	3.88*	68285TGG8
2034	645,000	5.00	2.83	68285TFX2	2044	640,000	4.00	3.93*	68285TGH6

* Yield to December 1, 2034 call date at 100%.

⁺ CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2024 CUSIP Global Services. All rights reserved. CUSIP numbers are set forth herein for the convenience of reference only. Neither the County nor the Underwriter takes any responsibility for the selection or accuracy of such numbers set forth herein.

IN CONNECTION WITH THIS OFFERING, PNC CAPITAL MARKETS LLC (THE “*UNDERWRITER*”) 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 those contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the 2024 Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the 2024 Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the 2024 Bonds implies that the information herein is correct as of any date subsequent to the date thereof.

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

NEITHER THE 2024 BONDS NOR THE 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.

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

COUNTY OF ONSLOW, NORTH CAROLINA

BOARD OF COMMISSIONERS

Timothy Foster..... Chair
Robin Knapp..... Vice-Chair

Royce Bennett

Paul Buchanan

Lisa Carpenter

Mark Price

Walter Scott

COUNTY STAFF

David Smitherman..... County Manager
Kevin Patterson..... Finance Officer
Brett J. DeSelms, Esq..... County Attorney
Rosanna Outler..... Deputy Clerk to the Board

BOND COUNSEL

Robinson, Bradshaw & Hinson, P.A.
Charlotte, North Carolina

FINANCIAL ADVISOR

Davenport & Company LLC
Charlotte, North Carolina

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
The County	1
Purpose	1
Security	1
The 2024 Bonds	2
Book-Entry Form Only	2
Tax Status	2
Professionals	3
Additional Information	3
THE 2024 BONDS	3
Authorization	3
General.....	3
Prepayment Provisions	4
THE PLAN OF FINANCE	5
ESTIMATED SOURCES AND USES OF FUNDS	5
SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS	5
General.....	5
Installment Payments and Additional Payments.....	6
Budget and Appropriation	6
Trust Agreement	6
Deed of Trust	6
Lease Agreement	7
Enforceability	8
AVAILABLE SOURCES FOR PAYMENT OF INSTALLMENT PAYMENTS	8
General.....	8
General Fund Revenues	8
INSTALLMENT PAYMENT SCHEDULE.....	9
CERTAIN RISKS OF 2024 BOND OWNERS	9
Insufficiency of Installment Payments.....	9
Risk of Nonappropriation	10
Uninsured Casualty	10
Outstanding General Obligation Debt of the County	10
Environmental Risks.....	10
Additional Bonds	10
Bankruptcy.....	11
Cybersecurity	11
Climate Change	12

THE CORPORATION..... 12

LEGAL MATTERS..... 13
 Litigation..... 13
 Opinions of Counsel 13

TAX TREATMENT 13

CONTINUING DISCLOSURE OBLIGATION 15

UNDERWRITING..... 18

FINANCIAL ADVISOR 18

RATINGS 18

MISCELLANEOUS 18

APPENDIX A THE COUNTY OF ONSLOW
APPENDIX B FINANCIAL STATEMENTS OF THE COUNTY OF ONSLOW, NORTH
 CAROLINA
APPENDIX C SUMMARY OF PRINCIPAL DOCUMENTS
APPENDIX D FORM OF OPINION OF BOND COUNSEL
APPENDIX E BOOK-ENTRY-ONLY SYSTEM

\$12,855,000
Limited Obligation Bonds, Series 2024

**Evidencing Proportionate Undivided Interests of the Owners thereof in
Installment Payments to be made Pursuant to an Installment Financing
Agreement Between the Onslow County Public Facilities Company and the
COUNTY OF ONSLOW, NORTH CAROLINA**

INTRODUCTION

The purpose of this Official Statement, which includes the Appendices hereto, is to provide certain information in connection with the execution, sale and delivery of the Onslow County Public Facilities Company Limited Obligation Bonds, Series 2024 (the “*2024 Bonds*”) in the aggregate principal amount of \$12,855,000, which evidence proportionate undivided interests in installment payments (the “*Installment Payments*”) to be made with respect to an Installment Financing Agreement, dated as of October 1, 2024 (the “*Agreement*”), between Onslow County Public Facilities Company (the “*Corporation*”) and the County of Onslow, North Carolina (the “*County*”). The 2024 Bonds will be executed and delivered pursuant to a Trust Agreement, dated as of October 1, 2024 (the “*Trust Agreement*”), between the Corporation and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”). 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 this 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 financial statements of the County have been audited by certified public accountants for the fiscal year ended June 30, 2023 (“*Fiscal Year 2023*”). Excerpts from the financial statements of the County for Fiscal Year 2023 are available in Appendix B hereto.

PURPOSE

The 2024 Bonds are being executed and delivered in order to provide funds, together with other available funds, with which to (1) pay the costs of renovating, expanding, constructing, equipping, and improving Northwoods Park Middle School (the “*2024 Project*”), and (2) pay certain costs incurred in connection with the execution and delivery of the 2024 Bonds. See the captions “**THE PLAN OF FINANCE**” and “**ESTIMATED SOURCES AND USES OF FUNDS**” herein.

SECURITY

As security for its obligations under the Agreement, the County will execute and deliver to a deed of trust trustee (the “*Deed of Trust Trustee*”), for the benefit of the Corporation, a Deed of Trust, Security Agreement, Fixture Filing and Financing Statement dated as of October 1, 2024 (the “*Deed of Trust*”), granting a lien of record on the site of the 2024 Project and the improvements thereon and appurtenances thereto (the “*Mortgaged Property*”), as more particularly described in the Deed of Trust, subject only to Permitted Encumbrances (as defined in the Agreement).

Pursuant to the Trust Agreement, the Corporation will assign to the Trustee, for the benefit of the Owners of the 2024 Bonds and any Additional Bonds (collectively, the “*Bonds*”) substantially all of its rights, title and interest in and to (1) the Agreement, including its rights to receive Installment Payments, and (2) the Deed of Trust. In addition, the Corporation will grant to the Trustee a lien on and security interest in all moneys held by the Trustee in certain funds and accounts created under the Trust Agreement. Pursuant to the Agreement, Installment Payments payable by the County will be paid directly to the Trustee.

The Corporation 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. The 2024 Bonds, along with any Additional Bonds hereafter executed and delivered pursuant to the Trust Agreement, will be secured by the Deed of Trust. See the caption “**SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS**” herein.

If a default occurs under the Agreement, the Trustee for the Owners of the 2024 Bonds can 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 subject to the rights of the Owners of any Additional Bonds. NO ASSURANCE CAN BE GIVEN THAT ANY SUCH PROCEEDS WILL BE SUFFICIENT TO PAY THE PRINCIPAL AND THE INTEREST COMPONENTS OF THE INSTALLMENT PAYMENTS RECEIVED WITH RESPECT TO THE 2024 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 2024 BONDS IN FULL. NEITHER THE 2024 BONDS NOR THE COUNTY’S OBLIGATION TO MAKE PAYMENTS UNDER THE AGREEMENT 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 June 1 and December 1 of each year, beginning June 1, 2025, at the rates set forth on the inside cover page of this Official Statement. Principal is payable, subject to prepayment as described herein, on December 1 in the years and in the amounts set forth on the inside cover page of this Official Statement.

BOOK-ENTRY FORM 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 through The Depository Trust Company (“*DTC*”) 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 means Cede & Co. and not the beneficial owners of the 2024 Bonds.

TAX STATUS

In the opinion of Bond Counsel, under existing law and subject to compliance with the provisions of the Internal Revenue Code of 1986, as amended (the “*Code*”), as described herein, the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in computing the alternative minimum tax on certain corporations to the extent such interest is included in the “adjusted financial statement income” of such corporations. In the opinion of Bond Counsel, under existing law, the portion of each Installment Payment designated as and comprising interest

with respect to the 2024 Bonds is exempt from State of North Carolina income taxes. See the caption “**TAX TREATMENT**” herein.

PROFESSIONALS

PNC Capital Markets LLC (the “*Underwriter*”), is underwriting the 2024 Bonds. U.S. Bank Trust Company, National Association is serving as Trustee with respect to the 2024 Bonds. Davenport & Company LLC is serving as Financial Advisor to the County. Robinson, Bradshaw & Hinson, P.A. is serving as Bond Counsel. Brett J. DeSelms, Esq. is the County Attorney and serving as counsel to the Corporation. Parker Poe Adams & Bernstein LLP is serving as counsel to the Underwriter.

ADDITIONAL INFORMATION

Additional information and copies in reasonable quantity of the principal financing documents may be obtained from the County at 234 Northwest Corridor Boulevard, Jacksonville, North Carolina 28540, Attention: Finance Director. Copies of such documents can also be obtained during the offering period from PNC Capital Markets LLC at 4720 Piedmont Row, Suite 200, Charlotte, North Carolina 28210. After the offering period, copies of such documents may be obtained from the Trustee at 214 North Tryon Street, 27th Floor, Charlotte, NC 28202-1078; CN-NC-H27A; Attention: Global Corporate Trust. All such copies will be provided at the expense of the requesting parties.

THE 2024 BONDS

AUTHORIZATION

The 2024 Bonds will be executed and delivered pursuant to the Trust Agreement. The 2024 Bonds evidence proportionate undivided interests in rights to Installment Payments made by the County under the Agreement.

The County is entering into the Agreement under the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended. The Board of Commissioners for the County (the “*Board of Commissioners*”) authorized the County’s execution and delivery of the Agreement in a resolution adopted on September 16, 2024.

In addition, on September 10, 2024 the County received the required approval of the North Carolina Local Government Commission (the “*LGC*”) to enter into the Agreement. The LGC is a division of the State Treasurer’s office charged with general oversight of local government finance in the State. Its approval is required for substantially all bond issues and other local government financing arrangements in the State. Before approving an installment financing, 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. The interest component of the Installment Payments received with respect to the 2024 Bonds is payable on June 1 and December 1 (the “*Bond Payment Dates*”), beginning June 1, 2025, at the rates set forth on the inside cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months). The principal component of the Installment Payments received with respect to the 2024 Bonds is payable, subject to prepayment as described herein, on December 1 in the years and amounts set forth on the inside

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, unrepaid 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.

PREPAYMENT PROVISIONS

Optional Prepayment. The 2024 Bonds maturing on or after December 1, 2035 are subject to prepayment from any available moneys in whole or in part on any date on or after December 1, 2034 at the option of the County, if the County exercises its option under the Agreement to prepay in whole or in part the principal component of the Installment Payments, at a prepayment price equal to the principal with respect to such 2024 Bonds to be prepaid, together with accrued interest to the date fixed for prepayment.

Selection. Whenever fewer than all Outstanding 2024 Bonds are called for optional prepayment, the Trustee shall select 2024 Bonds for prepayment from the Outstanding 2024 Bonds not previously called for prepayment, in Authorized Denominations, as directed by the County, and by lot within any maturity. Notwithstanding the foregoing, so long as a book-entry system is used for determining beneficial ownership of the 2024 Bonds, if less than all of the 2024 Bonds within a maturity are to be prepaid, the Securities Depository shall determine pursuant to its rules and procedures the interests of its participants in the 2024 Bonds to be prepaid.

Effect of Call for Prepayment. The 2024 Bonds subject to prepayment are due and payable on the Bond Prepayment Date at the applicable prepayment price plus accrued interest to the prepayment date. If the required notice of prepayment has been given and moneys or Defeasance Obligations in an amount sufficient for the prepayment (plus accrued interest to the Bond Prepayment Date) have been set aside in the Prepayment Fund, interest with respect to the 2024 Bonds to be prepaid will cease to accrue and become payable, and the Owners of such 2024 Bonds will have no rights in respect of such 2024 Bonds or portions thereof except to receive payment of the prepayment price and accrued interest from the funds held by the Trustee for such purpose.

Notice of Prepayment. The Trustee will mail, postage prepaid, a notice of prepayment of any 2024 Bonds at least 30 days and not more than 60 days before the Bond Prepayment Date to the Owners of the 2024 Bonds or portions of the 2024 Bonds to be prepaid, provided that notice to any Securities Depository will be sent by registered or certified mail or confirmed facsimile transmission or, in the case of DTC, by electronic transmission to such address as is provided by DTC, and provided further that failure to give any such notice or any defect in such notice will not affect the validity of the proceedings for such prepayment as to the 2024 Bonds of any other Owner to whom such notice has been properly given. In addition, notice of prepayment will be given by the Trustee in compliance with Rule 15c2-12 under the Securities Exchange Act of 1934. See the caption “**CONTINUING DISCLOSURE OBLIGATION**” herein.

If a notice of optional prepayment provided that such prepayment was conditioned upon the deposit of moneys with the Trustee in an amount sufficient to effect the prepayment and sufficient funds have not been deposited with the Trustee on or before the date fixed for prepayment, then the 2024 Bonds subject to such optional prepayment will remain Outstanding and the failure of the County to deposit such funds with the Trustee shall not constitute an Event of Default under the Trust Agreement. The Trustee shall send notice to the Owners of the affected Bonds promptly upon being notified or determining that such Bonds will not be prepaid.

THE PLAN OF FINANCE

Proceeds of the 2024 Bonds, less the portion thereof used to pay costs of executing and delivering the 2024 Bonds, will be used, with other available funds, to finance the 2024 Project.

The 2024 Project

The 2024 Project includes construction of a gymnasium and associated facilities, renovation of the existing athletic space, and a parking expansion at Northwoods Park Middle School (the “School”). The current School is 88,863 square feet, and the addition of a new gymnasium and associated facilities will add 18,129 square feet to the School’s footprint. The associated facilities being constructed include locker areas, storage, offices, a classroom, and concession areas. The existing gymnasium will be renovated into four general education classrooms, a dedicated science room, two resource spaces, and an office. Additional parking and queuing space will be added to the exterior of the School building. The 2024 Project is expected to be complete in December of 2025.

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents information as to the estimated sources and uses of funds relating to the 2024 Bonds:

SOURCES OF FUNDS:

Par Amount of the 2024 Bonds	\$12,855,000
Original Issue Premium	1,529,131
TOTAL SOURCES	\$14,384,131

USES OF FUNDS:

Deposit to Project Fund for Project Costs	\$14,029,900
Costs of Issuance ¹	354,231
TOTAL USES	\$14,384,131

¹ Includes Underwriter’s discount, legal fees, printing costs, rating agency fees, fees and expenses of the financial advisor and the Trustee, and other miscellaneous transaction costs.

SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS

GENERAL

The 2024 Bonds are payable from Installment Payments to be made by the County under the Agreement, and, as provided in the Trust Agreement, from certain investment earnings, certain Net Proceeds, if any, and certain amounts realized from any sale or lease of the Mortgaged Property.

INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS

Under the Agreement, the County is required to pay Installment Payments directly to the Trustee semiannually on or before 5 days prior to each June 1 and December 1 in amounts sufficient to provide for the payment of the principal and interest with respect to the 2024 Bonds on such dates. Installment Payments payable for any period are reduced by certain investment earnings and other amounts on deposit in the Installment Payment Fund available to pay the principal or interest with respect to the 2024 Bonds.

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 Agreement. Additional Payments are to be paid by the County directly to the person or entity to which such Additional Payments are owed.

BUDGET AND APPROPRIATION

In connection with both Installment Payments and Additional Payments, the appropriation of funds therefor is within the sole discretion of the Board of Commissioners. In the Agreement, the County agrees to include in the County Manager's annual budget proposal for review and consideration by the Board of Commissioners, in any Fiscal Year in which the Agreement is in effect, items for all Installment Payments and the reasonably estimated Additional Payments coming due in such Fiscal Year under the Agreement. The Agreement also provides that if the Board of Commissioners determines not to appropriate in the budget an amount sufficient to pay all Installment Payments and the reasonably estimated Additional Payments coming due in the applicable Fiscal Year, the Board of Commissioners is to adopt a resolution to such effect containing a statement of its reasons therefor, which resolution is to be adopted by a vote identifying those voting for and against and abstaining from the resolution and is to be recorded in the minutes of the Board of Commissioners.

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

TRUST AGREEMENT

Under the Trust Agreement, the Corporation will assign to the Trustee for the benefit of the Owners of the Bonds (1) all rights of the Corporation under the Agreement (except its rights to indemnification, the payment of certain expenses and the receipt of certain notices), including the right to receive Installment Payments and Prepayments made by the County under the Agreement and any Net Proceeds, (2) all rights of the Corporation as beneficiary under the Deed of Trust, including its right, title and interest in the Mortgaged Property (except its rights in respect of indemnification and the receipt of certain notices) and (3) all moneys and securities from time to time held by the Trustee in certain funds and accounts created under the Trust Agreement.

DEED OF TRUST

General. The County will also execute the Deed of Trust conveying the Mortgaged Property to the Deed of Trust Trustee as security for its obligations under the Agreement. The Mortgaged Property includes only the site of the 2024 Project and the improvements thereon and appurtenances thereto, as more particularly described in the Deed of Trust. The Deed of Trust will constitute a lien of record on the Mortgaged Property, subject only to Permitted Encumbrances. The lien of record will be insured by a title insurance policy. The County may finance future improvements and equipment with the proceeds of Additional Bonds, which improvements and equipment might not become a part of the Mortgaged Property.

The Deed of Trust permits future obligations evidenced by Additional Bonds to be secured by the Deed of Trust, provided that the total amount of present and future obligations secured by the 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 the date of the Deed of Trust.

Release of Security. WITH THE CONSENT OF THE CORPORATION AND SO LONG AS THERE IS NO EVENT OF DEFAULT UNDER THE DEED OF TRUST, THE DEED OF TRUST TRUSTEE MUST RELEASE PORTIONS OF THE MORTGAGED PROPERTY FROM THE LIEN OF THE DEED OF TRUST ON COMPLIANCE WITH THE REQUIREMENTS OF THE DEED OF TRUST. Any release of Mortgaged Property from the lien of the Deed of Trust will occur by written instrument releasing the Mortgaged Property or such portion of the Mortgaged Property from the lien of the Deed of Trust, and only when and if the following requirements have been fulfilled:

(1) In connection with any release of the Mortgaged Property other than fixtures, the Corporation receives a certified copy of the resolution of the Board of Commissioners stating the purpose for which the County desires such release of the Mortgaged Property, giving an adequate legal description of the part of the Mortgaged Property to be released, requesting such release and providing for the payment by the County of all expenses in connection with such release.

(2) In connection with the release of any part of the Mortgaged Property constituting less than all of the Mortgaged Property, such release does not inhibit in any material way ingress or egress to the remaining portion of the Mortgaged Property or materially interfere with the intended use of the remaining portion of the Mortgaged Property (such determination to be made by a certificate of a County Representative filed with the Corporation to such effect).

(3) In connection with the release of any part of the Mortgaged Property constituting less than all of the Mortgaged Property, the appraised, tax or insured value of the Mortgaged Property remaining after the proposed release is not less than 50% of the aggregate principal components of the Installment Payments related to the Bonds then Outstanding.

(4) In connection with the release of all property constituting the Mortgaged Property, there has been paid to the Trustee an amount sufficient to provide for payment in full of all Outstanding Bonds in accordance with the Trust Agreement.

See the caption “**THE DEED OF TRUST--*Release of Mortgaged Property***” in Appendix C hereto.

LEASE AGREEMENT

The site of the 2024 Project and the improvements thereon and appurtenances thereto, constitutes the Mortgaged Property under the Deed of Trust and will be leased by the County to The Onslow County Board of Education (the “*Board of Education*”) pursuant to a Lease Agreement, dated as of October 1, 2024 (the “*Lease*”), between the County, as lessor, and the Board of Education, as lessee. The Lease is subordinate to the lien on the Mortgaged Property created by the Deed of Trust. Title to the Mortgaged Property remains with the County; however, the Board of Education may purchase the Mortgaged Property for a purchase price of \$100.00 following the termination of the Agreement.

ENFORCEABILITY

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

THE AGREEMENT DOES NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE COUNTY IN ANY FISCAL YEAR IN WHICH THE AGREEMENT IS IN EFFECT. If the County fails to make Installment Payments required under the Agreement, the Trustee may declare the entire unpaid principal portion of the Installment Payments to be immediately due and payable and direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and may in accordance with law dispose of such Mortgaged Property and apply the proceeds of any such disposition toward any balance owing by the County under the Agreement to make Installment Payments. No assurance can be given that such proceeds will be sufficient to pay the principal and interest components of the Installment Payments with respect to all Outstanding 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 ANY AMOUNTS THAT MAY BE OWED BY THE COUNTY UNDER THE AGREEMENT AND THAT THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS DUE BY THE COUNTY UNDER THE AGREEMENT. See the captions "**THE INSTALLMENT FINANCING AGREEMENT--*Remedies on Default***" and "**THE DEED OF TRUST--*Foreclosure***" in Appendix C hereto and the caption "**CERTAIN RISKS OF 2024 BOND OWNERS**" herein.

AVAILABLE SOURCES FOR PAYMENT OF INSTALLMENT PAYMENTS

GENERAL

The County may pay its Installment Payments from any source of funds legally available to it in each year and appropriated therefor during the term of the Agreement.

GENERAL FUND REVENUES

The County ended Fiscal Year 2023 with general fund revenues of approximately \$286.6 million. For Fiscal Year 2023, general fund revenues came in a total of \$26.3 million more than the budget estimate, and expenditures were less than budgeted by approximately \$11.2 million. General fund revenues are derived from various sources, including property taxes (which account for approximately 47.0% of the general fund revenues), sales taxes, fees and charges, as well as intergovernmental revenues. For Fiscal Year 2024 (unaudited), the County imposed a property tax rate of \$0.655 per \$100 of assessed value, which generated approximately \$137,608,936. 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 Fiscal Year 2023.

INSTALLMENT PAYMENT SCHEDULE

The following schedule sets forth the amount of principal and interest required to be paid each fiscal year pursuant to the Agreement with respect to the 2024 Bonds.

FISCAL YEAR ENDING JUNE 30	PRINCIPAL COMPONENT OF INSTALLMENT PAYMENTS	INTEREST COMPONENT OF INSTALLMENT PAYMENTS	TOTAL
2025	-	\$ 387,987	\$ 387,987
2026	\$ 645,000	607,425	1,252,425
2027	645,000	575,175	1,220,175
2028	645,000	542,925	1,187,925
2029	645,000	510,675	1,155,675
2030	645,000	478,425	1,123,425
2031	645,000	446,175	1,091,175
2032	645,000	413,925	1,058,925
2033	645,000	381,675	1,026,675
2034	645,000	349,425	994,425
2035	645,000	317,175	962,175
2036	645,000	284,925	929,925
2037	640,000	252,800	892,800
2038	640,000	220,800	860,800
2039	640,000	188,800	828,800
2040	640,000	156,800	796,800
2041	640,000	124,800	764,800
2042	640,000	92,800	732,800
2043	640,000	64,000	704,000
2044	640,000	38,400	678,400
2045	640,000	12,800	652,800
TOTAL	\$12,855,000	\$6,447,912	\$19,302,912

CERTAIN RISKS OF 2024 BOND OWNERS

INSUFFICIENCY OF INSTALLMENT PAYMENTS

If Installment Payments by the County are insufficient to pay the principal and interest with respect to all Outstanding Bonds as the same become due or if another event of default occurs under the Agreement, the Trustee may accelerate the Outstanding Bonds and all unpaid principal amounts due by the County under the Agreement, direct the Deed of Trust Trustee to foreclose on the Mortgaged Property under the Deed of Trust, take possession of the Mortgaged Property and attempt to dispose of the Mortgaged Property. See the caption “**THE INSTALLMENT FINANCING AGREEMENT**” 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 ALL OUTSTANDING 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 AGREEMENT, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS OWING BY THE

COUNTY UNDER THE AGREEMENT. THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS OF THE BONDS ON A DEFAULT BY THE COUNTY UNDER THE AGREEMENT ARE LIMITED TO THOSE OF A SECURED PARTY UNDER THE LAWS OF THE STATE OF NORTH CAROLINA, INCLUDING FORECLOSING ON THE DEED OF TRUST.

RISK OF NONAPPROPRIATION

The appropriation of moneys to make the Installment Payments is within the sole discretion of the Board of Commissioners. If the Board of Commissioners fails to appropriate such moneys, the only sources of payment for the 2024 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 Deed of Trust.

UNINSURED CASUALTY

If all or any part of the Mortgaged Property is partially or totally damaged or destroyed by any casualty or taken by any governmental authority, the County is obligated under the Agreement to apply any Net Proceeds from insurance or condemnation to repair or replace the Mortgaged Property. If the Net Proceeds are not sufficient to repair or replace the Mortgaged Property to its condition prior to such damage, destruction or taking, the value of the Mortgaged Property would be reduced. The 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**" hereto. FUNDS WHICH MAY OTHERWISE BE AVAILABLE TO PAY INSTALLMENT PAYMENTS OR ADDITIONAL PAYMENTS OR TO MAKE OTHER PAYMENTS TO BE MADE BY THE COUNTY UNDER THE 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 Mortgaged Property consists of the site of the 2024 Project and any improvements located or to be located thereon. The County Board of Education has owned the Mortgaged Property since 1962¹ and it has been used as a school throughout that time.

ADDITIONAL BONDS

Under the conditions described in the Trust Agreement, without the approval or consent of the Owners of the then-outstanding 2024 Bonds and without notice to such Owners, Additional Bonds may be delivered and secured on parity with the 2024 Bonds to provide funds, with any other available funds, for (1) paying the cost of any Improvements and applicable Delivery Costs, or (2) refunding all or any portion of the 2024 Bonds, any Additional Bonds or any other financing under N.C.G.S. Section 160A-20, as

¹ The County Board of Education has owned the Mortgaged Property since 1962, except for a brief period of time in which the Mortgaged Property was owned by the County. From approximately 2006-2011, title to all school properties in the County was transferred from the County Board of Education to County.

amended, and paying applicable Delivery Costs. See the caption “**THE TRUST AGREEMENT--*Additional Bonds***” in Appendix C hereto.

BANKRUPTCY

Under 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. Regardless of any specific adverse determinations in a bankruptcy case of the County, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the 2024 Bonds.

CYBERSECURITY

The County, like many other 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*”). The County has been engaged in helping others when they are impacted, with members of the County’s IT Department involved in the statewide Joint Cyber Taskforce. This group is deployed when a public agency is impacted by a cyber event for forensics, threat remediation, and recovery.

As a recipient and provider of personal, private, or sensitive information, the County may be the target of cybersecurity incidents that could result in adverse consequences to the County and its Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the County’s Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the County invests in multiple forms of cybersecurity and operational safeguards.

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

CLIMATE CHANGE

The County is located on the southeastern coast of the State and is therefore susceptible to the effects of weather events and natural disasters. The high winds, storm surge and flooding related to those weather events have caused significant property damage on occasion and could adversely impact tourism activities in the County.

The County has implemented several programs and initiatives in order to mitigate the potential impacts of climate-related risks. The County maintains a Disaster Preparation and Recovery Reserve Fund, the purpose of which is to maintain a fund balance committed for emergency response and recovery. As part of the Fiscal Year 2025 budget, the County Board of Commissioners adopted a series of fiscal policies, including a policy to maintain the Disaster Preparation and Recovery Reserve Fund in an amount between 5% and 10% of the General Fund expenditures and outflows at the end of each fiscal year.

Pursuant to the County's Codes and Ordinances, all construction in the County must be designed and built to resist hurricane force winds. Examples of some of the heightened standards, the applicability of which depend on the type of property and its location, include larger footings with reinforcement, additional anchoring from the roof to the foundation, more bracing for wind shear, stronger doors and windows, and impact rated glass. Commercial buildings in the County are constructed by structural engineers that use a database of specific windspeeds for each location. Residential structures are separated into three different wind zones across the County. Additionally, structures located in flood zones must be constructed to meet FEMA standards and the County flood ordinance. In some areas near the coast, there are additional requirements in place related to resisting wave action from storm surge.

In 1987, the County adopted a Flood Damage Prevention Ordinance along with the Flood Insurance Rate Maps ("*FIRM*") thereby entering into the National Flood Insurance Program ("*NFIP*"). Participating in the NFIP affords property owners with the ability to purchase federally-subsidized flood insurance which provides substantial savings in annual premiums. In addition, having this insurance also allows homeowners and business owners to be eligible for certain low interest federal grants and loans. Through its participation in NFIP, the County can receive federal disaster assistance after natural disasters.

In 2015, the County was accepted into the Federal Emergency Management Agency's Community Rating System ("*CRS*") program, which is available to communities that have been found to effectively administer a locally adopted Flood Damage Prevention Ordinance and provide exception educational resources to the community. The County's rating under the CRS program is a 7 which results in a discount of up to 15% on flood insurance premiums for property owners with NFIP policies.

THE CORPORATION

The Corporation was incorporated as a nonprofit corporation under the laws of the State on April 27, 2006. The Board of Directors of the Corporation consists of three directors who serve until their successors are elected following one-year terms. The following individuals are currently serving as the directors of the Corporation and hold the following offices:

David Smitherman - President
Benjamin Warren - Vice President/Assistant Secretary
Lisa Marlin - Secretary/Treasurer

The officers and directors of the Corporation presently serve without compensation. The Corporation has no assets or employees.

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 Agreement or the 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 Agreement or the 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. In addition, to the best of the knowledge of the Corporation, no litigation is now pending or threatened against or affecting the Corporation which seeks to restrain or enjoin the authorization, execution or delivery of the 2024 Bonds, the Trust Agreement or the Agreement or which contests the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the 2024 Bonds or the Corporation'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 Corporation's authorization, execution and delivery of the 2024 Bonds, the Trust Agreement or the Agreement, or the Corporation's authority to carry out its obligations thereunder.

OPINIONS OF COUNSEL

Legal matters related to the execution and delivery of the 2024 Bonds are subject to the approval of Robinson, Bradshaw & Hinson, P.A., Charlotte, North Carolina, Bond Counsel. Certain legal matters will be passed on for the County by the County Attorney and for the Corporation by its counsel, Brett J. DeSelms, Esq., Jacksonville, North Carolina, and for the Underwriter by its counsel, Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina. The opinion of Robinson, Bradshaw & Hinson, P.A., as Bond Counsel, substantially in the form set forth in Appendix D hereto, will be delivered at the time of the delivery of the 2024 Bonds.

Bond Counsel and Parker Poe Adams & Bernstein LLP, counsel to the Underwriter, have represented the Underwriter from time to time as counsel in other financing transactions. Neither the County nor the Underwriter has conditioned the future employment of either of these firms in connection with any proposed financing issues for the County or for the Underwriter on the successful execution and delivery of the 2024 Bonds.

TAX TREATMENT

General. The opinion of Bond Counsel will state that (a), under existing law and subject to compliance with the provisions of the Code, the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in computing the alternative minimum tax on certain corporations to the extent such interest is included in the "adjusted financial statement income" of such corporations and (b) under existing law, the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is exempt from State of North Carolina income taxes.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the execution and delivery of the 2024 Bonds in order for the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds to be and remain excludable from gross income for purposes of federal income taxation. Examples include: the requirement that the County rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2024 Bonds to the United States Treasury; restrictions on investment of such proceeds and other amounts; and

restrictions on the ownership and use of the facilities refinanced with proceeds of the 2024 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the County and the Corporation subsequent to the execution and delivery of the 2024 Bonds to maintain the exclusion of the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds from income for federal income taxation purposes. Failure to comply with certain of such requirements may cause the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds to be included in gross income retroactively to the date of execution and delivery of the 2024 Bonds. The County and the Corporation have covenanted to comply with these requirements. The opinion of Bond Counsel delivered on the date of the execution and delivery of the 2024 Bonds will be conditioned on the compliance by the County and the Corporation with such requirements, and Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the execution and delivery of the 2024 Bonds.

Prospective purchasers of the 2024 Bonds should be aware that ownership of the 2024 Bonds may result in collateral federal, state or local tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2024 Bonds. Bond Counsel expresses no opinion regarding any such collateral tax consequences. Prospective purchasers of the 2024 Bonds should consult their tax advisors regarding collateral tax consequences.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds under federal or state law and could affect the market price or marketability of the 2024 Bonds.

Original Issue Premium. All of the 2024 Bonds have been sold at initial public offering prices that are in excess of the amount payable at maturity. An amount equal to the excess of the purchase price of a 2024 Bond over its stated prepayment price at maturity constitutes premium on such 2024 Bond. A purchaser of a 2024 Bond must amortize any premium over such 2024 Bond’s term using constant yield principles, based on such 2024 Bond’s yield to maturity. As premium is amortized, the purchaser’s basis in such 2024 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such 2024 Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed. Purchasers of any 2024 Bond at a premium, whether at the time of initial execution or delivery or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such 2024 Bond.

CONTINUING DISCLOSURE OBLIGATION

In the Agreement, the County has undertaken, for the benefit of the beneficial owners of the 2024 Bonds, to provide to the Municipal Securities Rulemaking Board (the “MSRB”):

- (a) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ended June 30, 2024, 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 of the County are not available by seven months from the end of such fiscal year, 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;
- (b) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ended June 30, 2024, (i) 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 “--DEBT INFORMATION” and “-TAX INFORMATION” in Appendix A to this Official Statement (excluding any information on overlapping or underlying units) and (ii) the combined budget of the County for the current fiscal year, to the extent such items are not included in the financial statements referred to in (a) above;
- (c) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the 2024 Bonds:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on any debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2024 Bonds, or other material events affecting the tax status of the 2024 Bonds;
 - (7) modification to the rights of the beneficial owners of the 2024 Bonds, if material;
 - (8) call of any of the 2024 Bonds for prepayment (other than mandatory sinking fund prepayment), if material, and tender offers;
 - (9) defeasance of any of the 2024 Bonds;
 - (10) release, substitution or sale of any property securing repayment of the 2024 Bonds, if material;
 - (11) rating changes;

- (12) bankruptcy, insolvency, receivership or similar event of the County, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer of the County 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 County, 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 County;
 - (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) appointment of a successor or additional Trustee or the change of name of a Trustee, if material;
 - (15) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect securities holders, if material; and
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties; and
- (d) in a timely manner, notice of a failure of the County to provide required annual financial information described in (a) or (b) above on or before the date specified.

All information provided to the MSRB as described herein will be provided in an electronic format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

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

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 United States Securities and Exchange Commission.

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

The Agreement also provides that, if the County fails to comply with the undertaking described above, any beneficial owner of 2024 Bonds then Outstanding may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Installment Payments. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the 2024 Bonds.

Pursuant to the Agreement, the County reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the County, provided that:

- (a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County;
- (b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and
- (c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the County (such as 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 then Outstanding pursuant to the terms of the Trust Agreement, as it may be amended from time to time, at the time of the amendment.

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

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

For both the County's 2020 and 2022 fiscal years, audited financial results were not complete as of January 31st of the following calendar year, the date upon which the County was required to make its annual continuing disclosure filing of the prior fiscal year's audited financial results. In both years, the County posted supplemental financial information but did not post unaudited financial results, as required by its continuing disclosure undertaking. The County posted 2020 audited financials on April 16, 2021 and posted 2022 audited financials on April 24, 2023 and has since posted a failure to file notice related to the unaudited results for both fiscal year 2020 and 2022. For the County's 2023 fiscal year, audited financial results were not complete as of January 31st of the following calendar year. The County posted its unaudited financial statements on February 2, 2024, but such posting was not timely. The County timely posted the 2023 audited financials on July 16, 2024. The County has since posted a failure to file notice related to the unaudited results for fiscal year 2023. The County did not timely file its combined budget for the fiscal year ended June 30, 2023 and the fiscal year ended June 30, 2024. The County has since posted a failure to file notice and provided such information. For the County's 2023 fiscal year, it did not timely file certain required financial and statistical data concerning debt information and tax information. The County has since posted a failure to file notice and provided such information. Otherwise, over the past five years, the County has, to the best of its knowledge, complied in all material respects with its continuing disclosure obligations pursuant to Rule 15c2-12.

UNDERWRITING

The Underwriter has 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 an original issue premium of \$1,529,131.20, less an Underwriter’s discount of \$53,478.92. The Underwriter’s obligation to purchase the 2024 Bonds is subject to certain terms and conditions set forth in the Purchase Agreement.

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

FINANCIAL ADVISOR

Davenport & Company LLC, Charlotte, North Carolina, is serving as Financial Advisor to the County in connection with the execution and delivery of the Agreement.

RATINGS

Moody’s and S&P have assigned their respective ratings to the 2024 Bonds set forth on the front cover, which long-term ratings are based on information regarding the County. Further explanation of the significance of such ratings may be obtained from Moody’s and S&P. The County has provided to Moody’s and S&P certain information that has not been included in this Official Statement. The ratings are not a recommendation to buy, sell or hold the 2024 Bonds and should be evaluated independently. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of Moody’s or S&P, circumstances so warrant. Neither the County nor the Underwriter has any responsibility to either bring to the attention of Owners of the 2024 Bonds any proposed revision or withdrawal of the ratings or to oppose any such proposed revision or withdrawal. Any 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 Agreement, the Deed of Trust and the Trust Agreement 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.

APPENDIX A
THE COUNTY OF ONSLOW

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APPENDIX A

THE COUNTY OF ONSLOW

Situated on the lower Coastal Plain of southeastern North Carolina, the County is bordered by Pender County to the south, Duplin County to the west, Lenoir and Jones counties to the northwest and north, and the Atlantic Ocean to the east. The County has a flat, gently rolling terrain and covers a total of 767 square miles encompassing approximately 484,000 acres, of which about 156,000 acres comprise the Camp Lejeune Marine Corps Base and the New River Marine Corps Air Station and are owned by the federal government. Approximately 48,000 acres are in Hofmann Forest and are owned by the North Carolina Forestry Foundation, Inc., and approximately 31,000 acres are in incorporated or urban areas.

There are six municipalities within the County, the largest being the City of Jacksonville (the “City”), which serves as the County seat. The City and the areas surrounding the City comprise the major population center and growth area in the County. The North Carolina Office of State Budget and Management estimates the City’s 2022 population (latest data available) at 72,079.

Other incorporated areas in the County include the predominately agriculturally-oriented Town of Richlands to the northwest and the seafood-producing Town of Swansboro to the east on the coast. The Town of Holly Ridge to the south is primarily a residential community. Located only minutes from Holly Ridge is Topsail Island. This 26-mile island, approximately the northern third of which is in the County, is changing with the development of the resort towns of North Topsail Beach and Surf City.

The County is a part of the Jacksonville Metropolitan Statistical Area (the “MSA”), as defined by the U.S. Census Bureau, that contains only Onslow County, anchored by the County seat of Jacksonville. Population data in the MSA tracks that of the County.

DEMOGRAPHIC CHARACTERISTICS

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

<u>2000</u>	<u>2010</u>	<u>2020</u>
150,355	177,772	204,576

The North Carolina Office of State Budget and Management estimates the County’s 2022 population (latest data available) at 209,492. The County is the thirteenth most populous County in the State.

Per capita income figures for the County, State, and the United States are presented in the following table:

<u>YEAR</u>	<u>COUNTY</u>	<u>STATE</u>	<u>UNITED STATES</u>
2018	\$ 43,628	\$ 46,040	\$ 53,309
2019	44,307	48,366	55,547
2020	46,781	51,781	59,153
2021	51,490	56,705	64,430
2022	51,585	58,109	65,470

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

COMMERCE, INDUSTRY AND INSTITUTIONS

The County's employment base has traditionally been comprised of military, agriculture and an expanding tourism industry over the last ten years.

Military. Camp Lejeune is the largest Marine Corps installation on the East Coast. For the federal fiscal year 2022, the Marine Corps estimated that Camp Lejeune and New River Air Station had an economic impact of \$3.8 billion, with a total of approximately 43,000 active duty military members and over 5,600 civilian employees.

Camp Lejeune is the home of Marine Corps Installations East which is the regional command for Marine Corps bases located on the East Coast. This command includes air stations and logistics bases. The bases also house a full component of Navy and Coast Guard personnel associated with port security as the base provides intensive training in shoreline operations.

The following installations are based at Camp Lejeune: II Marine Expeditionary Force, Marine Corps Installations East, and US Marine Corps Forces Special Operations Command ("*Special Operations Command*"). Camp Lejeune is also the home of a Coast Guard Special Missions Training Center. Its mission is to train Marine Safety and Security Teams, port security units and law enforcement detachments. New River Marine Corps Air Station is the home of the Marine Tilt Rotor Test and Evaluation Squadron and Marine Tilt Rotor Training Squadron for the V-22 Osprey.

County population levels and economic activity have generally remained steady through the significant military troop deployments of the last several years. Several programs to support military dependents have successfully encouraged more dependents to remain in the community during deployments of family members. Changes in troop rotation schedules and practices have also had the effect of reducing the effects of deployments on the County. Special Operations Command is expected to continue to grow over the next few years as the role of highly specialized operations in the military's activities increases.

Agriculture, Timberland and Fishing. Agriculture remains a major economic factor in the County, although its importance is declining as the County population grows. The total market value of agricultural products sold for 2022 (latest data available) was reported at \$251 million. This includes livestock, poultry, and their products, as well as crops including corn, soybeans, cotton, tobacco, wheat, and nursery and greenhouse crops.

Timber is also a significant industry in the County due to the County's many acres of woodlands. According to a 2020 report from the NC Cooperative Extension, the County has approximately 154,856 acres of privately owned timberland. The estimated income for stumpage (price paid to the timber owner for standing timber) for 2021 (latest data available) was \$11.2 million. The forest sector supported 296 jobs with a payroll of approximately \$9.0 million.

The seafood industry has always been an integral part of the County's economy due to the variety of coastal waterways. In 2022, commercial fisheries sold nearly 1.5 million pounds of products worth \$3.6 million.

Tourism and Retail. Tourism continues to be a growing industry for the County. It is estimated that the local tourism industry generates more than \$94.7 million in wages for approximately 2,485 full time employees. Visitors to the County spent an estimated \$412.12 million in 2023, which was an increase of 8.5% from the prior year. The County was ranked 18th in total visitor spending among North Carolina's 100 counties based on the "The Economic Impact of Travel on North Carolina Counties", a 2022 study prepared for Visit North Carolina by Tourism Economics. Finally, the City is a major trade center and attracts shoppers from surrounding counties.

Industrial Parks. The County is marketing its 730-acre Burton Industrial Park located on U.S. Highway 258 and within a 10-minute drive of Albert J. Ellis Airport, which serves the County. Businesses currently operating in Burton Industrial Park include Cape Fear Precast, LLC, Excel 10 Learning Center, ABC Supply Company Inc., S.T. Wooten Corporation, RQ Construction, Eastern Regional Skills Center, and Big Branch Bike Park. The County’s government center is also located at Burton Industrial Park.

The Camp Davis Industrial Park is primarily intended to accommodate a wide range of assembling fabricating, manufacturing, and distribution activities. Phase I of the Camp Davis Industrial Park sold out by 2021. Construction on Camp Davis Industrial Park Phase II was completed in January 2023. Phase III of the Camp Davis Industrial Park is underway and once completed, will yield an additional 600+ acres. Anchor tenants in the industrial park include Gulfstream Steel & Supply, Cabinets and Granite Solutions, MNC Metal Design, Above Topsail, Onslow Bay Boatworks, Creek Solutions, and Atlantic Seafood. Upcoming ribbon cuttings include Atlantic Seafood’s large frozen seafood wholesale operation, Topsail Steamer, and Blue Water Candy.

In February 2023, UPS announced that it plans to build an approximately \$12.4 million facility in the Camp Davis Industrial Park. This facility is expected to create 98 new jobs with average salaries higher than the County’s current average wage. In July 2023, Site Selection Magazine selected the City as the 22nd best city in the United States for small business development and was the only North Carolina city that made this list.

The following table lists the major employers in the County, their core product(s)/service(s), and their approximate number of employees as of June 30, 2023 (latest data available):

COMPANY OR INSTITUTION	PRODUCT OR SERVICE	APPROXIMATE NUMBER OF EMPLOYEES
Defense Ex Army Navy & Airforce	Military Installation	1000+
Onslow County Board of Education	Public Education	1000+
Marine Corps Exchange Service	Military Support	1000+
Wal-Mart Associates, Inc.	Retail	1000+
Onslow County Government	Local Government	1000+
Onslow Memorial Hospital	Healthcare	500-999
Food Lion	Grocery	500-999
City of Jacksonville	Local Government	500-999
Coastal Carolina Community College	Education	500-999
Results Customer Solutions LLC	Customer Services	500-999

Source: Statistical Section, County’s Annual Financial Report for the fiscal year ended June 30, 2023 (source from Annual Financial Report: North Carolina Department of Commerce).

Total taxable sales for the County for the five fiscal years ended June 30, 2020 through 2024 are shown in the following table:

FISCAL YEAR ENDED JUNE 30	TOTAL TAXABLE SALES¹	INCREASE (DECREASE) OVER PREVIOUS YEAR
2020	\$ 2,422,634,291	1.8%
2021	2,958,883,309	22.1 ²
2022	3,238,292,518	9.4
2023	3,438,628,210	6.2
2024	3,548,338,949	3.2

¹ State and local sales taxes are not collected with respect to sales at Camp Lejeune and New River Air Station. County residents residing at New River Air Station and the portion of Camp Lejeune located within County limits are included in the State's formula for distribution of sales tax revenues.

² The large increase in taxable sales for Fiscal Year 2021 may have been due, at least in part, to shifts in consumer spending and the direct stimulus support given to households during the COVID-19 pandemic, along with rising inflation.

Source: North Carolina Department of Revenue, Sales and Use Tax Division.

Construction activity in the County is indicated by the following table which shows the number and value of building permits issued in the County in the years shown.

FISCAL YEAR ENDED JUNE 30	COMMERCIAL/INDUSTRIAL		RESIDENTIAL		TOTAL VALUE
	NUMBER	VALUE	NUMBER	VALUE	
2020	695	\$ 107,801,669	4,437	\$ 165,274,684	\$ 273,076,353
2021	602	20,551,158	5,311	207,787,497	228,338,655
2022	623	16,235,801	5,373	215,306,120	231,541,921
2023	680	49,309,567	5,175	184,383,493	233,693,060
2024	781	80,716,902	5,094	229,933,371	310,650,273

Source: County and City Inspections Departments.

EMPLOYMENT

The North Carolina Employment Security Commission has estimated the percentage of unemployment in the County to be as follows:

	2020	2021	2022	2023	2024		2020	2021	2022	2023	2024
January	4.8%	6.4%	4.5%	4.4%	4.2%	July	8.8%	5.8%	4.8%	4.3%	5.0%
February	4.4	6.2	4.3	4.3	4.3	August	6.5	5.4	4.9	4.3	N/A
March	5.4	5.7	4.0	3.9	4.3	September	6.0	4.4	4.0	3.8	N/A
April	13.5*	5.2	3.8	3.4	3.8	October	5.4	4.5	4.4	4.0	
May	11.2	5.4	4.2	3.9	4.1	November	5.7	4.2	4.3	4.0	
June	9.2	6.0	4.7	4.2	4.7	December	6.0	3.6	3.8	3.7	

* Beginning in April 2020, the unemployment rate reflects layoffs due to COVID-19.

Source: North Carolina Employment Security Commission.

Note: The North Carolina Employment Security Commission does not include active service members in calculating employment levels. Discharged service members, however, are eligible for unemployment benefits and included in the Commission's calculations. Additionally, military spouses collecting unemployment benefits from another state are automatically included in the calculation upon their service member's assignment to a base in the State.

GOVERNMENT AND MAJOR SERVICES

Government Structure. The governing body of the County is a five-member Board of Commissioners (the “*Board of Commissioners*”). Members are elected on a partisan basis at-large for four-year coincident terms. The Board of Commissioners appoints a County Manager who is responsible for the administration of County affairs and policies established by the Board of Commissioners and coordination of the various County departments.

Education. The Onslow County School System consists of a total of 41 educational facilities (22 elementary schools, 8 middle schools, 7 high schools, an early college high school, an early childhood development center, the Eastern North Carolina Regional Skills Center, and an alternative learning center). There are also non-traditional educational settings including K-5 and 6-12 virtual schools and an Early College school housed on the campus of Coastal Carolina Community College. Other than the schools run by the Department of Defense, the school system is the sole school administrative unit in the County. The Onslow County Board of Education is entrusted with the authority for administering state regulations and policies regarding schools as established by the North Carolina State Board of Education. The board of education consists of seven members elected at-large for four-year staggered terms and appoints a superintendent to manage and coordinate educational programs.

The State provides funding for a basic minimum educational program which is supplemented by the County and federal governments. This minimum program provides funds for operational costs only, while financing of public school facilities has been a joint State and County effort. Thus, local financial support is provided by the County for capital and operating costs which are not provided for by the State or federal government.

For the 2023-24 school year, the school system employed approximately 4,000 persons including instructional and support staff. The following table reflects the number of schools and average daily membership (“*ADM*”) for the school system.

SCHOOL YEAR	ELEMENTARY (K-5)*		MIDDLE (6-8)*		HIGH (9-12)*	
	NUMBER	ADM ¹	NUMBER	ADM ¹	NUMBER	ADM ¹
2018-19	20	13,382	8	6,103	8	7,154
2019-20	20	13,125	8	6,525	8	7,139
2020-21	21	12,234	9	6,579	9	7,329
2021-22	21	13,002	9	6,435	9	7,597
2022-23	22	13,113	9	6,494	10	7,825

¹ ADM (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.

* The Onslow Virtual School has been both a K-12 setting and divided into K-5 and 6-12 settings. Total number of schools includes both traditional schools and other educational facilities as described in this section.

There is a separately-administered school system at Camp Lejeune for the education of military dependents residing on base. There are seven schools in the Camp Lejeune system. No County funds are allocated for the support of this school system. The system is administered by a superintendent recommended by a separate board of education for the Camp Lejeune system and selected by the Director, Department of Defense Domestic Elementary and Secondary Schools. The board of education, elected by parents of children attending the schools, has oversight responsibilities for educational policies, procedures, and programs.

Coastal Carolina Community College is located in the County and offers continuous education from achievement of high school diploma to graduation in technical, vocational or two-year college transfer programs. The college is governed by a thirteen-member Board of Trustees and had 3,611 students for the

2022-2023 academic year. Coastal Carolina Community College receives the major portion of its operating expense funds from federal and State sources. The capital outlay is funded primarily from State and County sources.

Transportation. The County is accessible by air and two major U.S. highways.

The County-owned and operated Albert J. Ellis Airport (the “*Airport*”) is an FAA Class I certificated Part 139 commercial service airport that features a 7,100’ x 150’ paved and lighted runway with all-weather capability including a CAT I instrument landing system and modern GPS/LPV approaches. The Airport is currently served by two airlines, American Airlines and Delta Air Lines, which provide daily flights to their respective hubs in Charlotte and Atlanta, as well as other destinations. A January 2023 Aviation Economic Impact Study conducted by the State and Department of Transportation indicated that the Airport contributes \$707,470,000 annually to the State and local economy, which includes a personal income of \$228,000,000 from 3,410 jobs.

A major north-south highway, U.S. Highway 17, traverses the County. The County is also served by U.S. Highway 258 and N.C. 24 and 53. The State Department of Transportation continues the widening of U.S. Highway 17 from Jacksonville to Wilmington and from Jacksonville to New Bern, with plans for the widening from the Virginia line to the South Carolina line.

Public transportation service within the County consists of regional Greyhound bus service as well as fixed-route urban service provided by the City known as Jacksonville Transit and demand-response medical service provided by Onslow United Transit System. Jacksonville Transit is funded through a federal, state and local partnership that facilitates operation of two fixed routes seven days a week and two express service routes on the weekends. Jacksonville Transit also provides a complementary para-transit service for individuals who are unable to use the local fixed-route service. Jacksonville Transit’s annual ridership averaged approximately 88,000 over the last five years.

In addition to being served by several motor freight lines, the County is approximately 50 miles from the City of Wilmington, North Carolina, a major port on the eastern seaboard, and 35 miles from the port in Morehead City, North Carolina.

Human Services. Programs in the County designated to provide human services to the citizens are operated under the auspices of the Social Services, Health, Council on Aging, and Youth Services Departments and other human services programs. Total appropriations in the 2024-25 general fund budget for these services are \$54.7 million. Of this amount 53.58% is provided by the County and 46.42% from user fees, State and federal funds, and other grants and contributions.

The County owns Onslow Memorial Hospital, a 162-bed facility. The hospital is governed by the Onslow Hospital Authority, a 13-member board appointed to staggered terms by the County’s Board of Commissioners. The hospital authority also provides medical care to area residents through its Onslow Ambulatory Services clinics and surgery center. Specialized services include dermatology, pediatrics, neurosurgery, cardiology, geriatrics, neonatal intensive care, and radiology. A Heartburn Center and a Sleep Lab are also available.

Brynn Marr Psychiatric Hospital and the Naval Hospital at Camp Lejeune are also located in the County.

Public Service Enterprises. The County and the municipalities within the County have formed the Onslow Water and Sewer Authority (“*ONWASA*”) to assume a lead role in operating and expanding public water and sewer service within the County. The County turned over operations of its water and sewer system to ONWASA on July 1, 2005 through a series of agreements that transferred its public water and sewer system assets to ONWASA pursuant to a long-term lease, in exchange for a payment from ONWASA

to retire the County's water and sewer-related debt. Municipalities in the County have entered or will enter into separate contracts with ONWASA; some may have agreements to convey assets similar to the County's agreements, and others may be only wholesale customers of ONWASA. ONWASA has partnered with Camp Lejeune to secure additional wastewater treatment capacity. Also within the County, the City and Camp Lejeune provide water and sewer service within their boundaries.

The County operates a Subtitle D landfill, which has an estimated useful life until approximately 2040. For the Fiscal Year 2023, the landfill accepted over 140,523 tons of waste, including construction and demolition debris. The landfill also accepted 2,992 tons of land clearing and inert debris material. All this waste was generated within the County since the landfill facility is not presently permitted to accept waste from outside the County borders. The County also transports solid waste from 10 common collection locations located remotely throughout the County. Camp Lejeune is responsible for the disposal of its own solid waste and is not permitted to bring any waste to the County landfill.

In Fiscal Year 2023, the County has begun the lateral and vertical expansion of the Subtitle D landfill. This is a multi-year project to construct five cells over five construction stages, and to date, one cell has been completed. Once all five cells are completed, it is estimated that the landfill will provide disposal capacity for the County past 2040. This estimate will vary depending on County growth, economic factors, public recycling efforts as well as catastrophic events generating large amounts of debris.

The County's Material Recovery Facility (the "MRF") is operated by SONOCO Recycling ("SONOCO"). SONOCO recently completed a \$2.0 million upgrade to the facility, which includes building and site improvements and most notably, installation of a state-of-the-art automated sorting and processing system. This facility receives mixed clean recyclables such as newspaper, all plastics #1 through #7, and glass. Since beginning operations in November 2011, SONOCO has reached full processing capacity and handles over 40,000 tons of materials annually at the MRF thus removing these items from the waste stream and further preserving Subtitle D landfill space.

Other County Services. The County owns and operates six regional parks, a bike park, a nature park, and a waterfront park. Other facilities include two disc golf courses, three public beach accesses, thirteen beach crossovers, and two kayak paddle trails. Future plans call for continued improvements to all facilities and construction of additional district parks.

The County's emergency operations center houses the daily operations of the Emergency Management Department, EMS administration, and E911 communications. This facility operates as the Emergency Operations Center in times of emergencies such as hurricanes and is built to withstand a category 5 storm.

The City and the Towns of North Topsail Beach and Swansboro operate municipal fire departments for their residents. Fire protection in the other municipalities and the unincorporated area of the County is provided through a combination of thirteen volunteer fire departments and the County's Fire Rescue Department. The County provides 24-hour emergency medical service at the paramedic level from ten physical locations within the County, supplemented by six fire departments that run basic level EMS first responder services and eight fire departments that run cardiac arrest calls. The County also provides special support services through a dive team and swiftwater rescue team and additional capabilities in all-terrain/wildland rescue and drone support.

DEBT INFORMATION

Legal Debt Limit. In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the County had the statutory capacity to incur additional net debt in the approximate amount of \$1,405,024¹ as of June 30, 2023.

Outstanding General Obligation Debt.

GENERAL OBLIGATION BONDS	PRINCIPAL OUTSTANDING AS OF				
	JUNE 30, 2020	JUNE 30, 2021	JUNE 30, 2022	JUNE 30, 2023	JUNE 30, 2024
School Bonds	\$38,770,000	\$33,135,000	\$27,510,000	\$21,880,000	\$16,230,000

General Obligation Debt Ratios.

AT JUNE 30	TOTAL GO DEBT	ASSESSED VALUATION	TOTAL GO DEBT TO ASSESSED VALUATION	POPULATION ¹	TOTAL GO DEBT PER CAPITA	TOTAL ASSESSED VALUE PER CAPITA
2020	\$38,770,000	\$14,462,298,228	0.27%	204,842	\$189.27	\$70,602
2021	33,135,000	15,037,814,136	0.22	206,718	160.29	72,746
2022	27,510,000	15,545,094,968	0.18	208,825	131.74	74,441
2023	21,880,000	20,417,993,426	0.11	212,036	103.19	96,295
2024	16,230,000	20,984,244,361	0.08	212,036 ²	76.54	98,965

¹ Source: Statistical Section, County’s Annual Financial Report for the fiscal year ended June 30, 2023.

² 2023 population estimate.

General Obligation Debt Service Requirements.

EXISTING GENERAL OBLIGATION DEBT

	PRINCIPAL	INTEREST	PRINCIPAL & INTEREST
2024	\$5,650,000	\$878,150	\$6,528,150
2025	5,645,000	614,575	6,259,575
2026	4,810,000	372,000	5,182,000
2027	3,925,000	153,625	4,078,625
2028	1,850,000	27,750	1,877,750
	<u>\$21,880,000</u>	<u>\$2,046,100</u>	<u>\$23,926,100</u>

General Obligation Bonds Authorized and Unissued.

The County does not have any general obligation bonds authorized but unissued.

¹ In the County’s Financial Statements for the Fiscal Year ended June 30, 2023, a copy of which are in Appendix B, there was an error in the calculation of the legal debt margin, but the County has since filed a corrective filing that includes the accurate legal debt margin of \$1,405,024 as of June 30, 2023. For more information, see the footnotes in Appendix B on pages B-10, B-89, and B-169.

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

UNIT	2022 POPULATION ¹	ASSESSED VALUATION ³	TAX RATE PER \$100	BONDS AUTHORIZED AND UNISSUED		TOTAL GO DEBT		TOTAL GO DEBT PER CAPITA
				UTILITY	OTHER	UTILITY	OTHER	
Jacksonville	72,079	\$4,593,081,598	\$0.6000	-	-	-	-	-
Holly Ridge	4,792	727,397,880	0.3500	-	-	-	\$25,000	\$5.22
North Topsail Beach	1,059	1,602,023,488	0.4300	-	-	-	-	-
Richlands	2,418	218,078,492	0.3800	-	-	-	-	-
Surf City ²	4,481	1,875,693,103	0.4100	-	-	-	-	-
Swansboro	4,012	693,045,131	0.3500	-	-	-	-	-

¹ Estimated by the Office of State Budget and Management.

² Multi-county town population estimate of Office of State Budget and Management: Onslow County 8.06%; Pender County 91.94%.

³ Source: N.C. Department of Revenue, for fiscal year 2022-23.

Other Long-Term Commitments. The County has entered into a number of installment financing agreements, including several installment financing agreements relating to certificates of participation and limited obligation bonds which have been used to finance and refinance the construction of an elementary school, a new justice complex that includes a jail and sheriff offices and various County administrative facilities, the acquisition of communications equipment and airport improvements. The County has also borrowed funds from the Global Transpark for the purchase of land for the construction of an industrial park. These agreements are shown on the financial statements included as Appendix B attached hereto in the long-term debt group of accounts.

The County is obligated (subject to annual appropriation) under these agreements as follows:

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2025	\$ 17,085,000	\$ 7,745,206	\$ 24,830,206
2026	16,660,000	6,966,338	23,626,338
2027	15,315,000	6,237,970	21,552,970
2028	15,300,000	5,557,407	20,857,407
2029	12,155,000	4,945,119	17,100,119
2030	12,145,000	4,422,706	16,567,706
2031	12,145,000	3,875,331	16,020,331
2032	12,145,000	3,378,556	15,523,556
2033	12,070,000	2,795,706	14,865,706
2034	9,990,000	2,277,231	12,267,231
2035	9,995,000	1,836,350	11,831,350
2036	7,385,000	1,407,250	8,792,250
2037	7,385,000	1,105,500	8,490,500
2038	5,105,000	856,325	5,961,325
2039	5,100,000	645,575	5,745,575
2040	5,100,000	434,925	5,534,925
2041	2,060,000	288,400	2,348,400
2042	2,060,000	206,000	2,266,000
2043	2,060,000	123,600	2,183,600
2044	2,060,000	41,200	2,101,200
TOTAL	\$183,320,000	\$55,146,695	\$238,466,695

Debt Outlook. Several County facilities are in need of major renovation or replacement. The County has continued to refine its capital improvement program to provide for orderly construction and

funding of these projects. During Fiscal Year 2023, the County continued the funding of a capital reserve fund to cover some capital costs and to provide funds to cover future debt payments without the need for significant changes in the tax rate following the issuance of debt to fund some of the projects.

TAX INFORMATION

General Information.

	FISCAL YEAR ENDED (ENDING) JUNE 30 (IN THOUSANDS)				
	2021	2022	2023	2024⁴	2025⁵
Assessed Valuation:					
Assessment Ratio ¹	100%	100%	100%	100%	100%
Real Property	\$12,465,365,674	\$12,780,184,965	\$17,470,163,006	\$17,916,968,472	\$18,392,515,573
Personal Property	950,126,950	2,342,961,066	2,584,984,651	2,768,138,398	2,860,883,019
Public Service Companies ²	1,622,321,512	421,948,937	362,845,769	391,207,648	390,845,769
Total Assessed Valuation	\$15,037,814,136	\$15,545,094,968	\$20,417,993,426	\$21,076,314,518	\$21,644,244,361
Total Assessed Value Per Capita					
Rate per \$100	0.705	0.705	0.655	0.655	0.655
Levy ³	\$106,016,590	\$109,592,920	\$133,737,857	\$138,049,860	\$141,769,800

¹ Percentage of appraisal has been established by statute.

² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³ The levy includes interest and penalties.

Note: Revaluation of real property became effective with the 2023 tax levy. The next revaluation is currently scheduled for 2026 to become effective with the 2027 tax levy.

⁴Based on the Fiscal Year 2024 unaudited results.

⁵Budgeted.

Tax Collections.

FISCAL YEAR ENDED JUNE 30 (IN THOUSANDS)	PRIOR YEARS' LEVY COLLECTED	CURRENT YEAR'S LEVY COLLECTED	PERCENTAGE OF CURRENT YEAR'S LEVY COLLECTED
2020	\$ 661.8	\$ 101,235	98.96%
2021	1,110.6	105,323	98.98%
2022	1,489.5	109,287	97.92%
2023	941.0	133,869	98.28%
2024 ¹	957.6	137,781	99.80%

¹Based on the Fiscal Year 2024 unaudited results.

Ten Largest Taxpayers For Fiscal Year Ended June 30, 2024.

NAME	TYPE OF BUSINESS	ASSESSED VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION
Jones Onslow EMC	Public utility	\$166,390,310	0.79%
Duke Energy Progress	Public utility	135,252,045	0.64
PR Jacksonville LP	Real estate	59,884,900	0.28
Wal Mart Real Estate Business Trust	Real estate	43,722,240	0.21
Spectrum Southeast LLC	Public utility	37,151,531	0.18
Bailey & Fuller Properties LLC	Real estate	34,313,341	0.16
Triangle Palisades at Jacksonville LLC	Real estate	34,108,100	0.16
Jax Commons LLC	Real estate	32,267,604	0.15
BPP Arlington West LLC	Real estate	31,285,595	0.15
Williamsburg Place Holding Company	Real estate	27,910,500	0.13
TOTAL		\$602,286,166	2.85%

Source: Annual Financial Report: County Tax Administration.

2023-24 Unaudited Results. Estimated unaudited results for Fiscal Year 2024 showed a positive variance from the adopted budget for all funds. The total revenues for the general fund are estimated at approximately \$287 million, which is \$3 million more than the original budgeted amount of \$284 million. The total expenditures for the general fund are estimated at \$273 million, \$23 million less than the original budgeted amount. The General Fund is estimated to end the Fiscal Year with a surplus of \$16 million, which would increase the available fund balance to approximately \$208 million.

2024-25 Budget Commentary. The adopted budget for Fiscal Year 2025 was \$335.8 million, which is \$24.85 million more than the Fiscal Year 2024 budget. The General Fund comprised \$304.98 of this amount. The proposed budget assesses an ad valorem property tax rate of \$0.655 per \$100 of assessed valuation, and the total taxable property is estimated to be \$21,644,244,361 which is an increase of 3.05% over Fiscal Year 2024. The priorities in the proposed budget for Fiscal Year 2025 were enhancing emergency medical care, expanding cultural and recreational opportunities, valuing County employees, ensuring solid waste system sustainability, and investing in public safety.

PENSION PLANS

The County participates in the North Carolina Local Governmental Employees’ Retirement System and the Supplemental Retirement Income Plan. For information concerning the County’s participation in various pension plans and its other retirement benefits, see the Notes to the County’s Audited Financial Statements in Appendix B.

OTHER POST-EMPLOYMENT BENEFITS

The County is self-insured for health insurance and provides post-employment benefits (“*OPEB*”) for certain retired employees of the County, including employees hired before July 1, 2009. The County funds 100% of the cost of the retirees’ health insurance for those employees who retire with full or reduced benefits with at least ten years of continuous service immediately before retirement. Funds are appropriated each year to meet the obligation on a pay-as-you-go basis. Employees are also allowed to purchase coverage for their dependents at the County’s group rate.

To evaluate the impact of meeting the reporting requirements of GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the County obtained an actuarial valuation of its OPEB based on data as of June 30, 2022. The actuarial valuation quantified a total liability of \$18,337,864. The valuation was completed using a 3.54% discount rate. For Fiscal Year 2023, the County made payments for post-retirement health benefit premiums of \$1,790,677. For information concerning the County's OPEB obligations, see the Notes to the County's financial statements in Appendix B.

APPENDIX B

FINANCIAL STATEMENTS OF
THE COUNTY OF ONSLOW, NORTH CAROLINA

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ONSLow COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2023

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

Financial Highlights

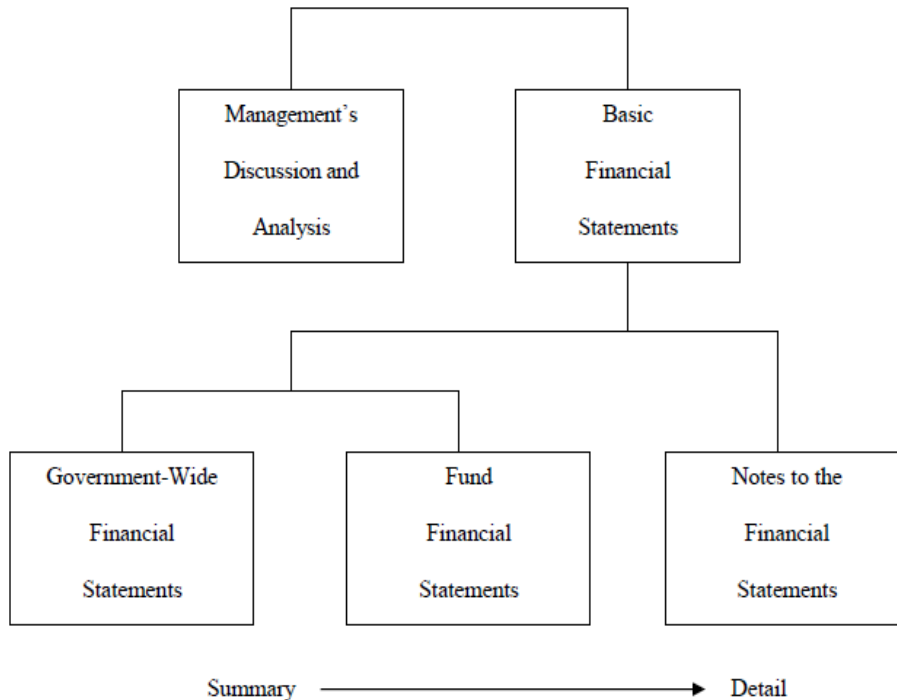
- The assets and deferred outflows of resources of Onslow County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$202,190,220 (*net position*).
- The County's total net position changed by \$68,076,757. Net position in the governmental activities changed by \$61,659,298. This change was primarily due to a new bond issue for the construction of a new elementary school. Net position in the business-type activities changed by \$6,417,459. This increase was primarily due to a slight increase in demand for air travel and higher local demand for landfill services
- As of the close of the current fiscal year, Onslow County's governmental funds reported combined ending fund balances of \$246,110,505. The fund balance saw a change of \$92,686,249 from current year activities in comparison with the prior year. The fund balance in the Capital Project Fund changed \$2,315,506. The fund balance in the School Construction Fund changed by \$43,042,188. The fund balance in the Grant Project Fund changed by \$1,142,929. The fund balance in the General Fund changed by \$45,915,134. Approximately 38.96% of this total amount, or \$95,893,278, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$162,978,799, or 64.55%, of total General Fund expenditures. Available fund balance includes the total fund balance in the General Fund, less non-spendable amounts for inventories and prepaid items and the amount calculated as Stabilization for State Statute, as described in the notes accompanying the financial statements.
- Onslow County's bond ratings were Aa1 with Moody's and AA with Standard and Poor's.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Onslow County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). 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 Onslow County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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 (Exhibits C through K) 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**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension and benefit plans. After the required supplemental information, **supplemental schedules** are provided to show details about the County's individual funds. 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 financial statements are divided into the following three types of activities:

Governmental Activities. These activities of the County include general government, public safety, human services, economic and physical development, environmental protection, education, and cultural and recreational. Property taxes and state and federal grant funds finance most of these activities.

Business-Type Activities. The County charges fees to recover the costs associated with providing certain services. The activities include solid waste and the airport.

Component Units. The government-wide financial statements include not only the County of Onslow itself (known as the primary government), but also a legally separate Onslow County Hospital and Onslow County ABC Board for which Onslow County is financially accountable. Financial information for these component units are reported separately from the financial information for the primary government itself.

The government-wide financial statements directly follow the management's discussion and analysis of this report.

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. Onslow 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 Onslow County can be divided into three categories: governmental funds, proprietary funds, 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*. This method also has 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 citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. The Enterprise Fund is the only proprietary-type fund that the County utilizes. 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 solid waste disposal and airport operations. These funds are the same as those shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds. Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County only has custodial funds. The County has two custodial funds – a fund used to account for taxes collected for and remitted to other municipalities within the County and a fund used to account for funds collected for and remitted to a volunteer fire department.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements directly follow the basic financial statements of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Onslow County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found directly following the notes of this report.

Government-Wide Financial Analysis

Onslow County's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets and Deferred Outflows:						
Current and other assets	\$ 297,218,891	\$ 205,954,921	\$ 92,066,355	\$ 81,851,279	\$ 389,285,246	\$ 287,806,200
Non-current assets	3,499,598	1,374,888	144,254	177,139	3,643,852	1,552,027
Capital assets	133,440,468	138,023,621	75,598,423	71,391,266	209,038,891	209,414,887
Total assets	<u>434,158,957</u>	<u>345,353,430</u>	<u>167,809,032</u>	<u>153,419,684</u>	<u>601,967,989</u>	<u>498,773,114</u>
Deferred outflows of resources	36,452,100	27,177,125	1,295,204	950,345	37,747,304	28,127,470
Total assets and deferred outflows	<u>470,611,057</u>	<u>372,530,555</u>	<u>169,104,236</u>	<u>154,370,029</u>	<u>639,715,293</u>	<u>526,900,584</u>
Liabilities and Deferred Inflows:						
Long-term liabilities	295,948,467	242,508,916	20,905,103	18,960,221	316,853,570	261,469,137
Other liabilities	74,007,695	74,475,913	42,545,849	35,419,552	116,553,544	109,895,465
Total liabilities	<u>369,956,162</u>	<u>316,984,829</u>	<u>63,450,952</u>	<u>54,379,773</u>	<u>433,407,114</u>	<u>371,364,602</u>
Deferred inflows of resources	3,792,743	20,391,849	325,216	1,079,647	4,117,959	21,471,496
Total liabilities and deferred inflows	<u>373,748,905</u>	<u>337,376,678</u>	<u>63,776,168</u>	<u>55,459,420</u>	<u>437,525,073</u>	<u>392,836,098</u>
Net Position:						
Net Investment in capital assets	60,317,429	245,213,899	75,600,131	71,403,354	135,917,560	316,617,253
Restricted	92,177,320	50,055,740	-	-	92,177,320	50,055,740
Unrestricted	(55,632,597)	(260,115,762)	29,727,937	27,507,255	(25,904,660)	(232,608,507)
Total net position	<u>\$ 96,862,152</u>	<u>\$ 35,153,877</u>	<u>\$ 105,328,068</u>	<u>\$ 98,910,609</u>	<u>\$ 202,190,220</u>	<u>\$ 134,064,486</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Onslow County exceeded its liabilities and deferred inflows of resources by \$202,190,220, as of June 30, 2023. The County's net position changed by \$68,076,757 for the fiscal year ended June 30, 2023. Net position of the County is reported in three categories: net investment in capital assets of \$135,917,560, restricted net position of \$92,177,320, and unrestricted net position of \$(25,904,660).

The net investment in capital assets category is defined as the County's investment in County-owned capital assets (e.g. land, buildings, automotive equipment, and office and other equipment); less any related debt still outstanding that was issued to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of outstanding related debt, the resources needed to repay that debt must be provided by other resources since the capital assets cannot be used to liquidate these liabilities.

Restricted net position consists of restrictions for stabilization for state statute, Register of Deeds' pension plan, general government, sheriff and animal services, human services, and economic and physical development.

As with many 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 benefit of the Onslow County Board of Education and Coastal Carolina Community College. Under North Carolina law, the County is responsible for providing capital funding for these institutions. The County has chosen to meet its legal obligation by using a mixture of County funds and debt financing. The assets funded by the County, however, are owned and utilized by these institutions. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$146.65 million or 60.21% of the outstanding debt on the County's financial statements was related to assets included in the financial statements of the school systems and community college.

A few aspects of the County's financial operations positively influenced the total unrestricted governmental net position:

- A strong property tax collection rate of 98.28 percent
- Sales tax receipts were \$18.1 million more than the County's budgeted estimate of \$59.4 million.
- Commitment to minimizing expenditures while maintaining a high quality of service to the residents of Onslow County

Governmental Activities. Governmental activities changed the County's net position by \$61,659,298 or 90.57%, of the total increase in the net position of the Onslow County. This increase is primarily due to strong property tax revenues and sales tax revenues of \$135.15 million and \$77.51 million respectively that fund a large portion of the Onslow County government activities. Additionally, the County issued bonds for the construction of a new elementary school.

Business-Type Activities. Business-type activities changed the County's net position by \$6,417,459, or 9.42%, of the total increase in the net position of the Onslow County. The change is primarily due to increased commercial air travel and higher demand for landfill services.

Onslow County's Change in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 25,961,328	\$ 25,105,346	\$ 12,363,733	\$ 13,190,573	\$ 38,325,061	\$ 38,295,919
Operating grants and contributions	35,799,519	42,588,311	1,225,830	170,814	37,025,349	42,759,125
Capital grants and contributions	2,184,029	12,445	2,887,908	7,867,152	5,071,937	7,879,597
General revenues:						
Property taxes	135,151,051	112,593,423	-	-	135,151,051	112,593,423
Other taxes	84,858,469	78,409,684	-	-	84,858,469	78,409,684
Other	19,083,991	282,076	3,425,799	155,891	22,509,790	437,967
Total revenues	303,038,387	258,991,285	19,903,270	21,384,430	322,941,657	280,375,715
Expenses:						
General government	33,349,170	36,333,721	-	-	33,349,170	36,333,721
Public safety	68,211,786	52,361,819	-	-	68,211,786	52,361,819
Transportation	335,414	302,163	-	-	335,414	302,163
Economic and physical development	3,571,160	4,060,115	-	-	3,571,160	4,060,115
Human services	44,430,160	38,557,569	-	-	44,430,160	38,557,569
Environmental protection	663,927	376,131	-	-	663,927	376,131
Cultural and recreational	6,190,426	5,198,133	-	-	6,190,426	5,198,133
Education	75,438,130	75,133,478	-	-	75,438,130	75,133,478
Interest on long-term debt	8,213,520	7,677,130	-	-	8,213,520	7,677,130
Solid waste	-	-	6,976,165	6,109,124	6,976,165	6,109,124
Airport operations	-	-	7,485,042	6,278,937	7,485,042	6,278,937
Total expenses	240,403,693	220,000,259	14,461,207	12,388,061	254,864,900	232,388,320
Change in net position						
position before transfers	62,634,694	38,991,026	5,442,063	8,996,369	68,076,757	47,987,395
Transfers	(975,396)	(26,967)	975,396	26,967	-	-
Change in net position	61,659,298	38,964,059	6,417,459	9,023,336	68,076,757	47,987,395
Net Position:						
Beginning of year - July 1, as restated*						
	35,202,854	(3,810,182)	98,910,609	89,887,273	134,113,463	86,077,091
End of year - June 30	<u>\$ 96,862,152</u>	<u>\$ 35,153,877</u>	<u>\$ 105,328,068</u>	<u>\$ 98,910,609</u>	<u>\$ 202,190,220</u>	<u>\$ 134,064,486</u>

*Restated due to change in Financial Reporting Entity, see note 7.

Financial Analysis of the County's Funds

As noted earlier, Onslow County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The General Fund is the chief operating fund of Onslow County. At the end of the current fiscal year, available fund balance of the General Fund was \$162,978,799, while total fund balance was \$191,569,571. Available fund balance represents the spendable portion of fund balance. Spendable portions of fund balance may be comprised of restricted, committed, assigned or unassigned amounts, as disclosed in the notes accompanying the financial statements. The County currently has an available fund balance of 62.36% of total General Fund expenditures, while total fund balance represents 73.30% of that same amount.

At June 30, 2023, the governmental funds of the County reported a combined fund balance of \$246,110,505, an overall increase of \$92,686,249 or 60.43% from last year. This was primarily due to the County's strong growth in property tax and local option sales tax revenues and the issuance of debt for school capital projects.

The Capital Project Fund accounts for financial resources to be used for the acquisition and construction for major capital facilities and capital projects within the County. The fund balance changed in the current year by \$2,315,506 primarily due to transfers from General Fund for approved projects.

The School Construction Project Fund accounts for financial resources to be used for the acquisition or construction of school capital facilities. The fund balance changed in the current year by \$43,042,188 primarily due to \$41.2 million in debt issued for school capital projects.

The Grant Project Fund primarily accounts for major grants that require segregation into a special revenue fund and other grants that are awarded specifically for capital projects. The fund balance changed in the current year by \$1,142,929 due to the timing of when expenditures occur versus when reimbursements are made by the granting agency, as most grants are reimbursable in nature and revenues are not recognized on a full accrual basis but rather a modified accrual looking forward 90 days.

General Fund Budgetary Highlights. The County's financial position improved significantly for FY2023 due to better than anticipated revenue collections in several categories, coupled with actual General Fund expenditures coming in well under budget at fiscal year-end.

The County revised the budget for various reasons during the fiscal year. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

For the fiscal year, the General Fund balance had a net increase of \$45.9 million or 50.20%. The County is conservative in its budget estimates, which is illustrated by revenues that came in a total of \$26.3 million more than the budget estimate. The County's expenditures were less than budgeted by approximately \$11.2 million.

A review of actual revenues versus expenditures shows that the revenues exceeded expenditures by \$32.0 million. After transfers to and from other funds, net revenues over expenditures were \$45.9 million. The difference between budgeted and actual revenues was due primarily to unexpectedly strong performances in several areas. While some categories underperformed, Other Taxes & Licenses, which is primarily made up of sales tax, exceeded budget by \$20.0 million, with a strong showing in Sales and Services and Investment Earnings at \$1.2 million and \$5.0 million over budget, respectively.

The major variance from budgeted expenditures was in the General Government, where expenditures were \$9.4 million under budget. Expenditures for Human Services, Public Safety, and Economic and Physical Development came in \$5.8 million, \$2.9 million, and \$1.3 million under budget, respectively.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of all the proprietary funds at the end of the fiscal year amounted to \$29.7. During the fiscal year 2023, proprietary fund net position changed \$6.4. The majority of the change in total net position for the proprietary funds is due to travelers returning to air travel and higher demand for landfill services.

Special Revenue Funds. Special revenue funds of the County cover the Emergency Telephone System Fund (E-911), the Register of Deeds Fund, the Memorial Fund, the Community Assistance Fund, and the Opioid Settlement Fund. These activities show total revenues for fiscal year 2023 of \$1.5 and total expenditures of \$1.2. The fund balance for these special revenue funds is \$1.6. There was a net increase of \$0.3 from the prior year.

Capital Project Funds. The Capital Project funds accounts for funds used for new school construction and funds used for capital projects within the County. For fiscal year 2023 the total revenues of these funds were \$2.6 while expenditures were \$0.3.

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 \$209,038,891 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

At the current time the various projects below make up the majority of what is included in construction in progress:

- Taxiway Runway Rehabilitation
- Emergency Services 911 software upgrade
- Solid Waste Landfill Expansion Phase 5

**Onslow County's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 14,705,235	\$ 14,727,257	\$ 2,154,975	\$ 2,154,975	\$ 16,860,210	\$ 16,882,232
Construction in progress	1,095,057	2,348,609	8,569,284	778,317	9,664,341	3,126,926
Buildings	86,650,871	90,753,563	28,214,739	29,398,076	114,865,610	120,151,639
Improvements	15,279,407	16,534,074	28,980,177	30,658,655	44,259,584	47,192,729
Equipment	12,265,365	10,748,253	7,140,510	7,686,408	19,405,875	18,434,661
Vehicles	3,444,533	2,911,865	538,738	714,835	3,983,271	3,626,700
Total	\$ 133,440,468	\$ 138,023,621	\$ 75,598,423	\$ 71,391,266	\$ 209,038,891	\$ 209,414,887

Additional information on the County's capital assets can be found in the note 3A to the basic financial statements.

Long-Term Debt. As of June 30, 2023, Onslow County had total general obligation bonded debt outstanding of \$21.88 million, all of which is backed by the full faith and credit of the County.

A summary of long-term debt is shown in Figure 5.

**Onslow County's Limited Obligation Bonds
And Installment Notes Payable
Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Limited obligation bonds	\$ 190,780,000	\$ 162,825,000	\$ -	\$ -	\$ 190,780,000	\$ 162,825,000
Premium on LOBS debt	25,722,701	22,570,981	-	-	25,722,701	22,570,981
General obligation debt	21,880,000	27,510,000	-	-	21,880,000	27,510,000
Premium on GO debt	2,804,996	3,628,613	-	-	2,804,996	3,628,613
Direct placement installment purchase contracts	1,650,000	2,200,000	-	-	1,650,000	2,200,000
Certificates of Participation	5,550,000	6,660,000	-	-	5,550,000	6,660,000
Lease liabilities	1,955,846	1,018,089	1,486	4,424	1,957,332	1,022,513
SBITA liabilities	1,193,616	800,620	-	-	1,193,616	800,620
Total	\$ 251,537,159	\$ 227,213,303	\$ 1,486	\$ 4,424	\$ 251,538,645	\$ 227,217,727

Onslow County's total long-term debt changed by \$24,320,918 during the past fiscal year.

As mentioned in the financial highlights section of this document, Onslow County maintains an Aa1 bond rating from Moody's Investor Service and AA rating from Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of Onslow County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Onslow County is \$1,731,563,000¹.

Additional information regarding Onslow County's long-term debt can be found in the note 3B to the basic financial statements.

¹ The County discovered there was an error in the calculation of the legal debt margin. The correct legal debt margin as of June 30, 2023 is \$1,405,024. See footnote on page B-169.

Economic Factors and Next Year's Budget and Rates

The County of Onslow has approved a \$313,761,762 total budget for fiscal year 2024. The fiscal year 2024 ad valorem property tax rate remained at 65.5 cents per \$100 of assessed property valuation. Sales tax was budgeted at \$74.76 million, which changed 25.89% from the prior year's conservative estimate made due to continuing uncertainties surrounding the economic conditions caused by the pandemic and other national and international concerns. Most County departments and outside agencies were essentially held flat, but additional personnel were added in areas experiencing changed service demands, particularly in emergency medical services. The following factors were considered when developing the FY2024 budget:

- The unemployment rate (not seasonally adjusted) for the County as of June 30, 2023 was 4.2%
- The 2023 property revaluation resulted in an overall increase of approximately 30.7% in real property values, bringing Onslow County's property value to over \$20 billion.
- The population has continued to increase as it has over the past few years, and Onslow County is the 13th largest county out of 100 in NC. The County seat, Jacksonville, is the 13th largest city in NC. This continues to create a higher demand for County services, local goods and services, housing, and educational services.
- Average Consumer Price Index of 3.0% with average hourly earnings in the State of North Carolina growing by 4.4% at the time of budget development.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities. The County approved a \$283.8 million general fund budget for Fiscal Year 2024. This represents a 7.04% increase from the amended budget for Fiscal Year 2023. There was a change in the Board of Education current expense of \$12.0 million which is 19.13% more than Fiscal Year 2023.

Property tax revenue estimates are based on a tax rate of \$0.655 per \$100 assessed valuation. The projected collection rate was 99.02%. It is estimated that property tax revenue for FY 23-24 will be \$137.2 million or 48.35% of the general fund budget. Overall total percentage of revenue budget changed from the previous year by 7.04%.

Year-to-year certainty in county budgeting rests, in part, on determining the funding level necessary for public education. In fiscal year 2024, total financial support for the K-12 public school system amounts to 30.16% of the General Fund budget of the County. Viewed in light of property tax revenues, 38.66 cents of the current 65.5 cents tax rate funds the school system.

Counties in North Carolina are mandated to fund school systems in three areas: "current expense" or operational funding; annual capital funding; and capital construction.

With over 3.6 million heated square feet of buildings, hundreds of acres of property, and a large bus fleet, the school system's annual capital needs are great. Onslow County's proposed and future budgets increase funding to the school system in this area. The school's capital budget for fiscal year 2024 changed by \$0.4 million over what was budgeted for fiscal year 2023.

To balance the General Fund budget, the County appropriated \$8.7 million in fund balance for fiscal year 2024. This practice, of appropriating fund balance, is common. In fiscal year 2023, \$15.0 million was appropriated to cover the expenditures over revenues and other funding sources. The County had a change in fund balance by \$45.9 million for fiscal year 2023. The County feels that there will be a decrease in fund balance in fiscal year 2024 as the new elementary school is constructed using bond funds.

There are several County facilities that are in need of major renovation or replacement. We have continued to refine our capital improvement program to provide for orderly construction and funding of these projects. In fiscal year 2024, we have continued the funding of a capital reserve fund to cover some of these costs and to provide funds to cover future debt payments without the need for massive changes in the tax rate due to the issuance of debt to fund some of the projects.

Business-Type Activities. The County operates two business type activities, which is our Solid Waste and Airport Enterprise fund. For fiscal year 2024 the Solid Waste Fund budget is \$9.4 million. For fiscal year 2024 the Airport Fund budget is \$4.5 million. Both funds are fully funded through revenues and reserves of the respective funds and are not dependent on the General Fund for support.

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 Finance Officer, Onslow County, 234 Northwest Corridor Boulevard, Jacksonville, North Carolina 28540. You can also visit our website www.onslowcountync.gov or send an email to finance_office@onslowcountync.gov.

BASIC FINANCIAL STATEMENTS – OVERVIEW

STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Onslow County Hospital Authority	Onslow County ABC Board
Assets:					
Current assets:					
Cash and cash equivalents	\$ 187,312,080	\$ 48,715,433	\$ 236,027,513	\$ 16,132,570	\$ 6,307,428
Taxes receivable, net	3,079,813	-	3,079,813	-	-
Receivables, net	3,859,238	979,958	4,839,196	24,851,175	-
Note receivable	982,181	-	982,181	-	-
Lease receivable	28,221	28,336	56,557	-	-
Internal balances	3,380	(3,380)	-	-	-
Due from other governments	19,814,566	138,292	19,952,858	-	-
Inventories	790,295	371	790,666	4,652,919	1,701,480
Prepaid items	119,005	65,635	184,640	2,754,491	40,435
Restricted cash and cash equivalents	81,230,112	42,141,710	123,371,822	-	-
Total current assets	297,218,891	92,066,355	389,285,246	48,391,155	8,049,343
Non-current assets:					
Net pension asset	310,024	-	310,024	-	-
Lease receivable, non-current	21,973	141,059	163,032	-	-
Right to use assets, net	3,167,601	3,195	3,170,796	1,817,257	19,175
Other assets, limited as to use	-	-	-	24,082,611	-
Capital assets:					
Land and construction in progress	15,800,292	10,724,259	26,524,551	6,712,443	3,043,783
Other capital assets, net of depreciation	117,640,176	64,874,164	182,514,340	55,949,257	4,089,002
Total capital assets	133,440,468	75,598,423	209,038,891	62,661,700	7,132,785
Total non-current assets	136,940,066	75,742,677	212,682,743	88,561,568	7,151,960
Total assets	434,158,957	167,809,032	601,967,989	136,952,723	15,201,303
Deferred Outflows of Resources:					
Deferred outflows-OPEB	1,893,148	137,912	2,031,060	493,501	94,521
Deferred outflows-pension	29,888,589	1,157,292	31,045,881	-	1,173,815
Charge on refunding	4,670,363	-	4,670,363	-	-
Total deferred outflows of resources	36,452,100	1,295,204	37,747,304	493,501	1,268,336
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	14,279,660	5,947,083	20,226,743	15,178,774	1,889,723
Liabilities to be paid from restricted assets	438,147	-	438,147	-	-
Unearned revenues	1,556,128	3,997	1,560,125	-	-
Advances from grantors	32,071,288	36,535,516	68,606,804	-	-
Third-party payer settlements	-	-	-	6,110,844	-
Due within one year	25,662,472	59,253	25,721,725	8,822,606	12,951
Total current liabilities	74,007,695	42,545,849	116,553,544	30,112,224	1,902,674

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

STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Onslow County Hospital Authority	Onslow County ABC Board
Long-term liabilities:					
Net pension liability - LGERS	43,475,135	1,769,118	45,244,253	-	1,444,206
Total pension liability - LEOSSA	4,485,820	-	4,485,820	-	-
Total OPEB liability	17,092,701	1,245,163	18,337,864	11,186,335	524,404
Due in more than one year	230,894,811	17,890,822	248,785,633	29,384,855	6,742
Total long-term liabilities	295,948,467	20,905,103	316,853,570	40,571,190	1,975,352
Total liabilities	369,956,162	63,450,952	433,407,114	70,683,414	3,878,026
Deferred Inflows of Resources:					
Prepaid taxes	287,875	-	287,875	-	-
Deferred inflows-OPEB	1,571,062	114,448	1,685,510	2,174,841	421,158
Deferred inflows-pension	1,865,965	34,116	1,900,081	-	6,101
Lease deferrals	67,841	176,652	244,493	-	-
Total deferred inflows of resources	3,792,743	325,216	4,117,959	2,174,841	427,259
Net Position:					
Net investment in capital assets	60,317,429	75,600,131	135,917,560	29,599,171	7,132,785
Restricted for:					
Stabilization by state statute	26,851,664	-	26,851,664	-	-
Register of Deeds	465,869	-	465,869	-	-
Occupancy tax	9,710,592	-	9,710,592	-	-
Public safety	1,064,554	-	1,064,554	-	-
Human services	7,443,921	-	7,443,921	69,503	-
Economic and physical development	185,943	-	185,943	-	-
School Construction	46,454,777	-	46,454,777	-	-
Capital improvements	-	-	-	-	250,983
Working capital	-	-	-	-	868,257
Unrestricted	(55,632,597)	29,727,937	(25,904,660)	34,919,295	3,912,329
Total net position	\$ 96,862,152	\$ 105,328,068	\$ 202,190,220	\$ 64,587,969	\$ 12,164,354

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

ONSLOW COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Onslow County Hospital Authority	Onslow County ABC Board
Primary Government:									
Governmental Activities:									
General government	\$ 33,349,170	\$ 2,546,310	\$ 2,900,294	\$ -	\$ (27,902,566)	\$ -	\$ (27,902,566)		
Public safety	68,211,786	14,529,577	5,872,438	729,365	(47,080,406)	-	(47,080,406)		
Transportation	335,414	-	315,681	-	(19,733)	-	(19,733)		
Economic and physical development	3,571,160	188,938	80,216	-	(3,302,006)	-	(3,302,006)		
Human services	44,430,160	3,889,976	23,309,765	283,459	(16,946,960)	-	(16,946,960)		
Environmental protection	663,927	-	423,978	1,171,205	931,256	-	931,256		
Cultural and recreation	6,190,426	594,291	599,991	-	(4,996,144)	-	(4,996,144)		
Education	75,438,130	4,212,236	2,297,156	-	(68,928,738)	-	(68,928,738)		
Interest	8,213,520	-	-	-	(8,213,520)	-	(8,213,520)		
Total governmental activities	<u>240,403,693</u>	<u>25,961,328</u>	<u>35,799,519</u>	<u>2,184,029</u>	<u>(176,458,817)</u>	<u>-</u>	<u>(176,458,817)</u>		
Business-Type Activities:									
Solid waste	6,976,165	8,521,020	577,591	-	-	2,122,446	2,122,446		
Airport	7,485,042	3,842,713	648,239	2,887,908	-	(106,182)	(106,182)		
Total business-type activities	<u>14,461,207</u>	<u>12,363,733</u>	<u>1,225,830</u>	<u>2,887,908</u>	<u>-</u>	<u>2,016,264</u>	<u>2,016,264</u>		
Total primary government	<u>\$ 254,864,900</u>	<u>\$ 38,325,061</u>	<u>\$ 37,025,349</u>	<u>\$ 5,071,937</u>	<u>(176,458,817)</u>	<u>2,016,264</u>	<u>(174,442,553)</u>		
Component Units:									
Onslow County Hospital Authority	\$ 158,851,047	\$ 162,735,439	\$ -	\$ 1,228,439			\$ 5,112,831	\$ -	
Onslow County ABC Board	28,882,091	29,443,283	-	-			-	561,192	
Total	<u>\$ 187,733,138</u>	<u>\$ 192,178,722</u>	<u>\$ -</u>	<u>\$ 1,228,439</u>			<u>5,112,831</u>	<u>561,192</u>	
General Revenues:									
Taxes:									
Property taxes, levied for general purpose					135,151,051	-	135,151,051	-	
Local option sales tax					77,506,860	-	77,506,860	-	
Other taxes and licenses					7,351,609	-	7,351,609	-	
Investment earnings, unrestricted					7,561,324	2,924,494	10,485,818	91,766	
Miscellaneous, unrestricted					11,543,907	470,829	12,014,736	-	
Total general revenues					239,114,751	3,395,323	242,510,074	91,766	
Transfers					(975,396)	975,396	-	-	
Gain/(loss) on sale of capital assets					(21,240)	30,476	9,236	-	
Total general revenues and transfers					<u>238,118,115</u>	<u>4,401,195</u>	<u>242,519,310</u>	<u>91,766</u>	
Change in net position					61,659,298	6,417,459	68,076,757	5,112,831	
Net Position:									
Beginning of year - July 1					35,153,877	98,910,609	134,064,486	59,475,138	
Restatement, change in financial reporting entity					48,977	-	48,977	-	
Net position - beginning, as restated					<u>35,202,854</u>	<u>98,910,609</u>	<u>134,113,463</u>	<u>59,475,138</u>	
End of year - June 30					<u>\$ 96,862,152</u>	<u>\$ 105,328,068</u>	<u>\$ 202,190,220</u>	<u>\$ 64,587,969</u>	
								<u>\$ 12,236,354</u>	

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

ONslow COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	Major					Total Governmental Funds
	General Fund	Capital Project Fund	School Construction Fund	Grant Project Fund	Other Governmental Funds	
Assets:						
Cash and cash equivalents	\$ 180,482,329	\$ 5,795,208	\$ 49,160	\$ 766,604	\$ 1,603,165	\$ 188,696,466
Taxes receivable, net	3,079,813	-	-	-	-	3,079,813
Receivables, net	3,853,676	445	2,357	2,000	760	3,859,238
Note receivable	982,181	-	-	-	-	982,181
Lease receivable	50,194	-	-	-	-	50,194
Due from other funds	3,380	-	-	-	-	3,380
Due from other governments	19,631,318	82,460	65,575	22,843	12,370	19,814,566
Inventories	790,295	-	-	-	-	790,295
Prepaid items	119,005	-	-	-	-	119,005
Restricted assets:						
Cash and investments	-	-	46,454,777	32,045,567	1,345,382	79,845,726
Total assets	<u>\$ 208,992,191</u>	<u>\$ 5,878,113</u>	<u>\$ 46,571,869</u>	<u>\$ 32,837,014</u>	<u>\$ 2,961,677</u>	<u>\$ 297,240,864</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 13,313,670	\$ -	\$ -	\$ -	\$ 29,287	\$ 13,342,957
Liabilities to be paid from restricted assets	-	67,400	244,750	125,997	-	438,147
Unearned revenues	27,111	-	-	1,529,017	-	1,556,128
Advances from grantors	360,000	-	-	30,365,906	1,345,382	32,071,288
Total liabilities	<u>13,700,781</u>	<u>67,400</u>	<u>244,750</u>	<u>32,020,920</u>	<u>1,374,669</u>	<u>47,408,520</u>
Deferred Inflows of Resources:						
Property taxes receivable	3,079,815	-	-	-	-	3,079,815
Other receivables	286,308	-	-	-	-	286,308
Lease deferrals	67,841	-	-	-	-	67,841
Prepaid taxes	287,875	-	-	-	-	287,875
Total deferred inflows of resources	<u>3,721,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,721,839</u>
Fund Balances:						
Non-spendable:						
Inventories	790,295	-	-	-	-	790,295
Prepaid items	119,005	-	-	-	-	119,005
Note receivable	982,181	-	-	-	-	982,181
Leases receivable	50,194	-	-	-	-	50,194
Restricted:						
Stabilization by state statute	26,649,097	82,905	67,932	24,843	26,887	26,851,664
Restricted, all other	19,083,587	234	46,454,777	-	1,561,341	67,099,939
Committed	47,525,215	5,727,574	-	-	-	53,252,789
Assigned, all other	8,708,614	-	-	-	42,510	8,751,124
Unassigned	87,661,383	-	(195,590)	791,251	(43,730)	88,213,314
Total fund balances	<u>191,569,571</u>	<u>5,810,713</u>	<u>46,327,119</u>	<u>816,094</u>	<u>1,587,008</u>	<u>246,110,505</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 208,992,191</u>	<u>\$ 5,878,113</u>	<u>\$ 46,571,869</u>	<u>\$ 32,837,014</u>	<u>\$ 2,961,677</u>	<u>\$ 297,240,864</u>

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

ONslow COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023**

	Total Governmental Funds
Total fund balances from Page 1 of 2	\$ 246,110,505
Amounts reported in the governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	133,440,468
Right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,167,601
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	3,366,123
Net pension asset	310,024
Net pension liability LGERS	(43,475,135)
Total pension liability LEOSSA	(4,485,820)
OPEB liability	(17,092,701)
Deferred inflows of resources related to pensions are not reported in the funds.	
ROD	(26,624)
LGERS	(838,386)
LEOSSA	<u>(1,000,955)</u>
	(1,865,965)
Deferred inflows of resources related to OPEB are not reported in the funds.	(1,571,062)
Deferred outflows of resources related to pensions are not reported in the funds.	
ROD	174,667
LGERS	28,439,851
LEOSSA	<u>1,274,071</u>
	29,888,589
Deferred outflows of resources related to OPEB are not reported in the funds.	1,893,148
Long-term liabilities and compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.	(256,557,283)
Deferred charges related to advance refunding bond issued - included on government-wide Statement of Net Position, but are not current financial resources.	4,670,363
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(936,703)</u>
Net position of governmental activities	<u>\$ 96,862,152</u>

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

ONslow COUNTY, NORTH CAROLINA

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

	Major					Total Governmental Funds
	General Fund	Capital Project Fund	School Construction Fund	Grant Project Fund	Other Governmental Funds	
Revenues:						
Ad valorem taxes	\$ 134,810,104	\$ -	\$ -	\$ -	\$ -	\$ 134,810,104
Other taxes and licenses	84,591,883	-	-	-	-	84,591,883
Unrestricted intergovernmental revenues	2,231,489	-	-	-	-	2,231,489
Restricted intergovernmental revenues	32,038,491	1,161,456	-	5,216,239	293,832	38,710,018
Permits and fees	3,507,689	-	-	-	123,731	3,631,420
Sales and services	16,707,085	-	-	-	-	16,707,085
Investment earnings	6,001,042	57,764	57,880	1,408,518	36,120	7,561,324
Miscellaneous	13,505,920	-	-	-	1,022,111	14,528,031
Total revenues	<u>293,393,703</u>	<u>1,219,220</u>	<u>57,880</u>	<u>6,624,757</u>	<u>1,475,794</u>	<u>302,771,354</u>
Expenditures:						
Current:						
General government	30,585,301	-	-	114,117	61,183	30,760,601
Public safety	60,793,563	1,314	-	1,221,965	179,279	62,196,121
Transportation	340,688	-	-	-	-	340,688
Economic and physical development	3,483,710	15,747	-	-	-	3,499,457
Human services	41,676,466	-	-	503,018	937,594	43,117,078
Environmental protection	390,683	-	-	249,029	-	639,712
Cultural and recreation	5,663,760	41,905	-	-	-	5,705,665
Capital outlay	6,559,611	255,957	-	-	-	6,815,568
Education	73,957,752	-	1,480,378	-	-	75,438,130
Debt service:						
Principal	29,683,430	-	-	-	-	29,683,430
Interest	8,232,585	-	-	-	-	8,232,585
Total expenditures	<u>261,367,549</u>	<u>314,923</u>	<u>1,480,378</u>	<u>2,088,129</u>	<u>1,178,056</u>	<u>266,429,035</u>
Revenues over (under) expenditures	<u>32,026,154</u>	<u>904,297</u>	<u>(1,422,498)</u>	<u>4,536,628</u>	<u>297,738</u>	<u>36,342,319</u>
Other Financing Sources (Uses):						
Bond premiums issued	324,748	-	3,977,698	-	-	4,302,446
Transfers in	2,814,328	1,411,209	-	-	-	4,225,537
Transfers (out)	(1,021,976)	-	(758,012)	(3,393,699)	(27,246)	(5,200,933)
Lease liability issued	1,696,252	-	-	-	-	1,696,252
SBITA liability issued	1,180,628	-	-	-	-	1,180,628
Proceeds from direct placement installment debt	8,895,000	-	41,245,000	-	-	50,140,000
Total other financing sources (uses)	<u>13,888,980</u>	<u>1,411,209</u>	<u>44,464,686</u>	<u>(3,393,699)</u>	<u>(27,246)</u>	<u>56,343,930</u>
Net change in fund balances	45,915,134	2,315,506	43,042,188	1,142,929	270,492	92,686,249
Fund Balances:						
Beginning of year - July 1	145,605,460	3,495,207	3,284,931	(326,835)	1,316,516	153,375,279
Restatement, Note 7	48,977	-	-	-	-	48,977
Beginning of year - as restated	<u>145,654,437</u>	<u>3,495,207</u>	<u>3,284,931</u>	<u>(326,835)</u>	<u>1,316,516</u>	<u>153,424,256</u>
End of year - June 30	<u>\$ 191,569,571</u>	<u>\$ 5,810,713</u>	<u>\$ 46,327,119</u>	<u>\$ 816,094</u>	<u>\$ 1,587,008</u>	<u>\$ 246,110,505</u>

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

ONslow COUNTY, NORTH CAROLINA

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

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Total net change in fund balances - total governmental funds	\$ 92,686,249
Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:	
Other revenues	(99,695)
Property tax revenues and other fees and services	433,829
Capital outlays, lease and SBITA requirements are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets and right to use leased assets.	7,877,507
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(9,516,679)
Amortization of right to use leased assets and SBITA are not reported as an expenditure in the governmental fund statement.	(1,441,785)
Gain/loss on the disposal of capital assets not recognized on modified accrual basis	(67,101)
Expenses related to long-term debt and compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	2,369,543
Expenses related to pension and OPEB expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(28,915,628)
Expenses related to deferred inflows/outflows that do not require current financial resources are not reported as expenditures in the governmental funds statement.	26,634,098
Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	19,065
The issuance of long-term debt and lease and SBITA liabilities provides current financial resources to governmental funds, but does not effect net assets.	(53,016,880)
Issuance and amortization of debt premiums is a reduction of expenses on the Statement of Activities.	(4,302,446)
Expenses reported on fund financial statements that are capitalized on government-wide statements - deferred charges on refunding	(684,209)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>29,683,430</u>
Total change in net position of governmental activities	<u>\$ 61,659,298</u>

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

ONslow COUNTY, NORTH CAROLINA

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

	General Fund			
	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 131,562,895	\$ 131,562,895	\$ 134,810,104	\$ 3,247,209
Other taxes and licenses	64,530,719	64,565,709	84,591,883	20,026,174
Unrestricted intergovernmental revenues	2,355,000	2,355,000	2,231,489	(123,511)
Restricted intergovernmental revenues	27,214,564	29,278,514	26,180,255	(3,098,259)
Permits and fees	3,424,380	3,424,380	3,507,689	83,309
Sales and services	14,882,957	15,519,857	16,707,085	1,187,228
Investment earnings	5,000	5,000	5,052,737	5,047,737
Miscellaneous	13,382,957	13,585,185	13,505,920	(79,265)
Total revenues	<u>257,358,472</u>	<u>260,296,540</u>	<u>286,587,162</u>	<u>26,290,622</u>
Expenditures:				
Current:				
General government	41,096,411	41,323,130	31,922,297	9,400,833
Public safety	63,410,102	68,102,276	65,197,751	2,904,525
Transportation	300,014	340,688	340,688	-
Economic and physical development	4,424,203	4,863,342	3,591,924	1,271,418
Human services	46,211,699	47,934,581	42,158,246	5,776,335
Environmental protection	396,465	436,779	405,664	31,115
Cultural and recreation	5,793,746	6,187,839	5,788,647	399,192
Education	73,909,793	74,829,793	73,957,752	872,041
Debt service:				
Principal	20,319,999	20,319,999	29,683,430	(9,363,431)
Interest	8,173,802	8,173,802	8,232,585	(58,783)
Total expenditures	<u>264,036,234</u>	<u>272,512,229</u>	<u>261,278,984</u>	<u>11,233,245</u>
Revenues over (under) expenditures	<u>(6,677,762)</u>	<u>(12,215,689)</u>	<u>25,308,178</u>	<u>37,523,867</u>
Other Financing Sources (Uses):				
Bond premiums issued	-	-	324,748	324,748
Transfers in	4,312,549	5,703,770	8,040,516	2,336,746
Transfers (out)	(8,408,995)	(9,508,716)	(10,174,909)	(666,193)
Lease liability issued	-	-	1,696,252	1,696,252
SBITA liability issued	-	-	1,180,628	1,180,628
Proceeds from direct placement installment debt	-	-	8,895,000	8,895,000
Appropriated fund balance	10,774,208	16,020,635	-	(16,020,635)
Total other financing sources (uses)	<u>6,677,762</u>	<u>12,215,689</u>	<u>9,962,235</u>	<u>(2,253,454)</u>

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

ONslow COUNTY, NORTH CAROLINA

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

	General Fund			Variance from Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Net change in fund balance	\$ -	\$ -	35,270,413	\$ 35,270,413
Fund Balance:				
Beginning of year - July 1			114,341,487	
Initial implementation of SBITA standard:				
SBITA liability issued			1,180,628	
Capital Outlay			(1,180,628)	
Restatement, note 7			48,977	
End of year - June 30			\$ 149,660,877	
Legally budgeted Reserve and Revaluation Funds are consolidated into the General Fund for reporting purposes:				
Restricted intergovernmental			5,858,236	
Investment earnings			948,305	
Transfers (to) from General Fund			3,926,745	
Expenditure			(88,565)	
Fund balance, beginning			31,263,973	
Fund balance, ending (Exhibit D)			\$ 191,569,571	

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

ONslow COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2023

	Enterprise Funds		
	Major		Total
	Solid Waste	Airport	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 40,551,249	\$ 8,164,184	\$ 48,715,433
Accounts receivable, net	769,825	210,133	979,958
Due from other governments	82,070	56,222	138,292
Lease receivable, current	6,551	21,785	28,336
Internal balances	(3,380)	-	(3,380)
Inventories	371	-	371
Prepaid	-	65,635	65,635
Restricted cash and cash equivalents	-	42,141,710	42,141,710
Total current assets	41,406,686	50,659,669	92,066,355
Non-current assets:			
Lease receivable, non-current	131,953	9,106	141,059
Right to use leased assets, net	3,195	-	3,195
Capital assets:			
Land and construction in progress	3,220,491	7,503,768	10,724,259
Other capital assets, net of depreciation	10,822,048	54,052,116	64,874,164
Total capital assets	14,042,539	61,555,884	75,598,423
Total non-current assets	14,177,687	61,564,990	75,742,677
Total assets	55,584,373	112,224,659	167,809,032
Deferred Outflows of Resources:			
Deferred outflows - OPEB	94,031	43,881	137,912
Deferred outflows - LGERS	541,711	615,581	1,157,292
Total deferred outflows of resources	635,742	659,462	1,295,204
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	485,574	5,461,509	5,947,083
Unearned revenues	448	3,549	3,997
Compensated absences	23,333	34,434	57,767
Advance from grantor	-	36,535,516	36,535,516
Lease liabilities	1,486	-	1,486
Total current liabilities	510,841	42,035,008	42,545,849

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

ONslow COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2023

	Enterprise Funds		Total
	Major		
	Solid Waste	Airport	
Non-current liabilities:			
Compensated absences	63,085	93,099	156,184
Accrued landfill closure and post-closure care costs	17,734,638	-	17,734,638
Net pension liability - LGERS	828,098	941,020	1,769,118
Total OPEB liability	848,975	396,188	1,245,163
Total non-current liabilities	19,474,796	1,430,307	20,905,103
Total liabilities	19,985,637	43,465,315	63,450,952
Deferred Inflows of Resources:			
Deferred inflows - LGERS	15,969	18,147	34,116
Deferred inflows - OPEB	78,033	36,415	114,448
Lease deferrals	137,073	39,579	176,652
Total deferred inflows of resources	231,075	94,141	325,216
Net Position:			
Net investment in capital assets	14,044,249	61,555,882	75,600,131
Unrestricted	21,959,154	7,768,783	29,727,937
Total net position	\$ 36,003,403	\$ 69,324,665	\$ 105,328,068

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

ONslow COUNTY, NORTH CAROLINA

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

	Enterprise Funds		Total
	Major		
	Solid Waste	Airport	
Operating Revenues:			
Charges for services	\$ 8,521,020	\$ 3,024,035	\$ 11,545,055
Passenger facility charges	-	461,072	461,072
Contract facility charges	-	357,606	357,606
Other operating revenues	434,209	36,620	470,829
Total operating revenues	<u>8,955,229</u>	<u>3,879,333</u>	<u>12,834,562</u>
Operating Expenses:			
Operating expenses	3,521,880	1,920,581	5,442,461
Salaries and employee benefits	1,910,502	2,272,716	4,183,218
Depreciation and amortization	1,542,960	3,290,788	4,833,748
Total operating expenses	<u>6,975,342</u>	<u>7,484,085</u>	<u>14,459,427</u>
Operating income (loss)	<u>1,979,887</u>	<u>(3,604,752)</u>	<u>(1,624,865)</u>
Non-Operating Revenues (Expenses):			
Gain (loss) on sale of capital assets	21,571	8,905	30,476
Governmental grants	577,591	3,536,147	4,113,738
Interest and investment revenue	1,166,332	1,758,162	2,924,494
Interest and other charges	(823)	(957)	(1,780)
Total non-operating revenues (expenses)	<u>1,764,671</u>	<u>5,302,257</u>	<u>7,066,928</u>
Income (loss) before transfers	3,744,558	1,697,505	5,442,063
Transfers:			
Transfers in	1,187,751	306,425	1,494,176
Transfers (out)	-	(518,780)	(518,780)
Total transfers	<u>1,187,751</u>	<u>(212,355)</u>	<u>975,396</u>
Change in net position	4,932,309	1,485,150	6,417,459
Net Position:			
Beginning of year - July 1	<u>31,071,094</u>	<u>67,839,515</u>	<u>98,910,609</u>
End of year - June 30	<u>\$ 36,003,403</u>	<u>\$ 69,324,665</u>	<u>\$ 105,328,068</u>

The accompanying notes are an integral part of the financial statements

ONslow COUNTY, NORTH CAROLINA

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

	Enterprise		
	Major		
	Solid Waste	Airport	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 8,582,014	\$ 2,881,229	\$ 11,463,243
Cash paid for goods and services	(2,690,073)	2,775,866	85,793
Cash paid to employees for services	(1,831,370)	(2,114,487)	(3,945,857)
Cash from other operating revenues	462,845	930,954	1,393,799
Net cash provided by operating activities	<u>4,523,416</u>	<u>4,473,562</u>	<u>8,996,978</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers in	1,187,751	306,425	1,494,176
Transfers out	-	(518,780)	(518,780)
Amounts received from advances to other funds	(358)	-	(358)
Net cash provided (used) by non-capital financing activities	<u>1,187,393</u>	<u>(212,355)</u>	<u>975,038</u>
Cash Flows from Capital and Related Financing Activities:			
Government grants	577,591	3,536,147	4,113,738
Advances from grantor	-	2,267,846	2,267,846
Proceeds from sale of assets	21,571	8,905	30,476
Acquisition of capital assets	(1,737,336)	(7,299,100)	(9,036,436)
Long-term debt payments	(2,938)	-	(2,938)
Interest paid	(823)	(957)	(1,780)
Net cash used by capital financing activities	<u>(1,141,935)</u>	<u>(1,487,159)</u>	<u>(2,629,094)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>1,166,332</u>	<u>1,758,162</u>	<u>2,924,494</u>
Net increase (decrease) in cash and cash equivalents	5,735,206	4,532,210	10,267,416
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>34,816,043</u>	<u>45,773,684</u>	<u>80,589,727</u>
End of year - June 30	<u>\$ 40,551,249</u>	<u>\$ 50,305,894</u>	<u>\$ 90,857,143</u>

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

ONslow COUNTY, NORTH CAROLINA

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

	Enterprise		
	Major		
	Solid Waste	Airport	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 1,979,887	\$ (3,604,752)	\$ (1,624,865)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,542,960	3,290,788	4,833,748
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	91,506	27,146	118,652
(Increase) decrease in lease receivable	6,551	21,546	28,097
Increase (decrease) in lease deferrals	(7,751)	(17,118)	(24,869)
(Increase) decrease in prepaid items	-	(65,635)	(65,635)
(Increase) decrease in deferred outflows (OPEB and LGERS)	(129,480)	(215,379)	(344,859)
Increase (decrease) in accounts payable and accrued liabilities	103,693	4,762,082	4,865,775
Increase (decrease) in unearned revenues	(676)	(98,724)	(99,400)
Increase (decrease) in pension liability	545,271	658,193	1,203,464
Increase (decrease) in deferred inflows (OPEB and LGERS)	(368,500)	(361,062)	(729,562)
Increase (decrease) in accrued landfill costs	728,114	-	728,114
Increase (decrease) in OPEB obligation	20,154	(18,223)	1,931
Increase (decrease) in accrued vacation pay	11,687	94,700	106,387
Total adjustments	2,543,529	8,078,314	10,621,843
Net cash provided by operating activities	\$ 4,523,416	\$ 4,473,562	\$ 8,996,978

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

ONSLOW COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2023**

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 298,203
Receivables, net	509,737
Total assets	<u>807,940</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>633,967</u>
Net Position:	
Restricted for:	
Individuals, organizations and other governments	<u>173,973</u>
Total net position	<u><u>\$ 173,973</u></u>

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

ONslow COUNTY, NORTH CAROLINA

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

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes for other governments	\$ 41,180,264
Total additions	<u>41,180,264</u>
Deductions:	
Tax distributions to other governments	<u>41,180,264</u>
Net increase (decrease) in fiduciary net position	-
Net Position:	
Beginning of year - July 1, restated	<u>173,973</u>
End of year - June 30	<u>\$ 173,973</u>

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

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1. Summary of Significant Accounting Policies

The accounting policies of Onslow County (the "County") and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The County, which is governed by a seven-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Onslow 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 has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Onslow County Hospital authority (the Hospital), which has a September 30 year-end, is presented as if it were a proprietary fund. The Onslow County ABC Board (the Board), which has a June 30 year-end, is presented as if it were a proprietary fund.

Discretely Presented Component Units

Onslow County Industrial Facility and Pollution Control Financing Authority

The Authority is governed by a seven-member Board of Commissioners that is appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. As of and for the year end June 30, 2023 the authority had no balances or activity, therefore no separate Financial Statements are issued and there is no column presented on the County's Statement of Net Position or the Statement of Activities.

Onslow County Hospital Authority

The Hospital is a public hospital operated by a not-for-profit corporation, which has leased the hospital facilities from the County until September 30, 2056. The County appoints the Board of Trustees for the Hospital. The County has also issued general obligation debt on behalf of the hospital.

Complete financial statements for the Hospital can be obtained from the Hospital's administrative offices:

Onslow County Hospital Authority
317 Western Boulevard
Jacksonville, NC 28540

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Onslow County ABC Board

The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by state statute to distribute its surpluses to the General Fund of the County.

Complete financial statements for the ABC Board can be obtained from the Board's administrative offices:

Onslow County ABC Board
409 Center Street
Jacksonville, NC 28540

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (1) fees and charges paid by the recipients of goods or services offered by the programs, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds and its blended component unit. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The Reserve Fund, Benefit Fund, Burton Park Fund, Workers Compensation Fund, Health Insurance Fund, Disaster Contingency Fund, LEO Special Separation Allowance Fund and Capital Improvement Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No., they are consolidated into the General Fund.

Capital Project Fund. This fund accounts for various construction projects. These projects will normally span more than one year.

School Construction Fund. This fund accounts for construction projects related to schools. These projects will normally span over more than one year.

Grant Project Fund. This special revenue fund is used to accounts for funds received for various grant projects.

The County reports the following major enterprise funds:

Solid Waste Fund. This fund is used to account for the operations of the County landfill.

Airport Operations Fund. This fund is used to account for the operations of the Albert J. Ellis Airport.

The County also reports the following fund types:

Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains five nonmajor special revenue funds: Memorial Fund, Emergency Telephone Systems Fund (E-911), Register of Deeds Fund, Community Assistance Fund, and Opioid Settlement Fund.

Fiduciary Funds. Agency Funds – Agency funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Agency funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Collection Fund, which accounts for ad

ONSLow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but are not revenues to the County,

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting. *Government-Wide, Proprietary, and Fiduciary Fund Financial Statements*. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, propriety fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. The County also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital position. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the

ONSLow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and held by the state at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the general fund, special revenue funds (excluding the Grant Project Fund and the Opioid Settlement Fund), and the enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Project Fund, School Construction Fund, the Grant Project Fund, and the Opioid Settlement Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. As allowed by statute, the Board has authorized the County Manager to transfer monies from one appropriation to another within the same fund, subject to such limitations and procedures as it may authorize. Department heads may request transfers of appropriations within a department. These requests are subject to the approval of the County Manager. The County Manager may transfer amounts between objects of expenditures and revenues within a function without limitation and may transfer amounts up to \$100,000 between functions of the same fund. The County Manager may not transfer any amounts between funds without action of the Board of Commissioners except when transferring amounts within and between funds for the sole purpose of funding salary and benefits adjustments consistent with the Onslow County Personnel Policy. The Finance Officer

ONSLow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

is to ensure that procedures are implemented to administer this policy. During the year, several amendments to the original budget were necessary.

The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.

June 1 The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1 The budget ordinance shall be adopted by the governing board.

As required by state law [G.S. 159-26(d)], the County maintains encumbrance accounts, which are considered to be “budgetary accounts.” Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as “reserved for encumbrances” in the fund balance section of the governmental funds balance sheet and will be charged against the subsequent year’s budget.

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

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

State law [G.S. 159-30(c)(8)] authorizes the County, the Hospital, and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County, the Hospital, and the ABC Board’s investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value. The NCCMT Government Portfolio, is a SEC-registered (2a-7) fund which invests in treasuries and

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

government agencies and is rated AAAM by S&P and AAA-mf by Moody’s Investor Services. The Government Portfolio is reported at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

In accordance with state law, the County, the Hospital, and the ABC Board have invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

Cash and Cash Equivalents

The County pools their money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are considered cash and cash equivalents. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of each month. The ABC Board considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash and cash equivalents and records them at cost. For the Hospital, cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Restricted Assets

The unspent grant proceeds in the Grant Project Fund and the Airport Operations Fund are classified as restricted assets. Cash in the School Construction Fund from unspent debt and in the Opioid Settlement Fund from unexpended opioid settlement proceeds are classified as restricted.

Fund	Description	Amount
Governmental Activities:		
Capital Project Fund	Unspent debt proceeds	\$ 234
School Construction Fund	Unspent debt proceeds	47,838,929
Grant Project Fund	Advance from grantor	32,045,567
Opioid Settlement Fund	Unspent opioid settlement proceeds	1,345,382
Total		<u>\$ 81,230,112</u>
Business-Type Activities:		
Airport Fund	Advance from grantor	<u>\$ 42,141,710</u>

Restricted funds of the Hospital are used to differentiate resources, the use of which is restricted by donors, or grantors, from resources of general funds on which donors or grantors place no restriction or that arise as a result of the operations of the Hospital for its stated purposes. Funds restricted by donors for plant replacement and expansion are reclassified to the unrestricted fund balance to the extent expended within the period. Funds restricted by donors for specific operating purposes are reported in other revenue to the extent used within the period for the designated purpose. Restricted cash and investments include assets set aside

ONSLow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

by the Hospital's Board for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, therefore these assets are not considered to be cash equivalents.

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2022. The County does not currently allow discounts that apply to taxes paid prior to the due date.

Leases Receivable.

The County's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Allowances for Doubtful Accounts

Allowances for doubtful accounts are maintained on all types of receivables that historically experience uncollectable amounts. Allowances are based on collection experience and management evaluation of the current status of existing receivables.

Inventories and Prepaid Items

The inventories of the County, the Hospital, and the ABC Board are valued at cost (first-in, first-out), which approximates market values. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's enterprise funds as well as those of the Hospital and the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds and that of the Hospital and the ABC Board is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items for the County's governmental funds are treated using the consumption method.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

estimated historical cost. The County has established capitalization thresholds of \$1,500 for technological equipment and \$5,000 for all other capital items. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Boards of Education properties that are included in the County's 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 Boards of Education give those entities 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 respective entities once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Boards of Education.

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

Assets	Estimated Useful Lives
Furniture and office equipment	3 to 5 years
Maintenance and construction equipment	10 years
Buildings and improvements	15 to 30 years
Automobiles and trucks	4 years

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

Assets	Estimated Useful Lives
Buildings and improvements	10 to 40 years
Land improvements	10 to 40 years
Equipment	5 to 15 years

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Assets	Estimated Useful Lives
Buildings	20 years
Furniture and equipment	10 years
Vehicles	3 to 5 years
Leasehold improvements	10 to 20 years

Right to Use Assets. The County has recorded right to use assets as a result of implementing GASB 87 and GASB 96. The right to use assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made prior to the term, less

ONSLow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

incentives and plus ancillary charges necessary to place the asset into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criteria – a charge on refunding, OPEB deferrals and pension deferrals.

In addition to liabilities, the Statement of Net Position can also 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 a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – property taxes receivable, prepaid taxes, ambulance receivable, lease deferrals, OPEB deferrals and pension deferrals.

Long-Term Obligations

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

Bond premium and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expenses over the life of the debt.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

Compensated Absences

The vacation policies of the County, the Hospital, and the ABC Board provide for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. For the County's government-wide and proprietary funds, the Hospital, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as leave when earned.

The sick leave policies of the County, the Hospital, and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the

ONSLow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

County or its component units.

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 \$965,856 as part of this settlement in fiscal year 2023. Per the terms of the MOA, the County created a separate special revenue fund, the Opioid Settlement, 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. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

ONSLow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Prepaid Items – portion of fund balance that is not an available resource because it represents the year-end balance of prepaids, which are not spendable resources.

Notes Receivable – portion of fund balance that is not an available resource because it represents the year-end balance of the loan receivable, which is not spendable resources.

Lease Deferrals – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. 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 – portion of fund balance in the General Fund restricted for use of law enforcement from controlled substance tax, SCIF grants, and federal equity sharing monies. Also, included are private donations for animal control. In the other governmental funds, it represents the aggregate fund balance for two special revenue funds: the Memorial Fund and Emergency Telephone System Fund.

Restricted for Economic and Physical Development – portion of fund balance that can only be used for economic development.

Restricted for Human Services – portion of fund balance in the General Fund to be used to pay program costs and amounts restricted by the revenue source for program expenditures. In the other governmental funds, it is the portion of the fund balance remaining as result of undistributed guardianship receipts.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Restricted for General Government - ending fund balance of the capital project fund that represents unexpended bond proceeds.

Restricted for Occupancy Tax – portion of fund balance in the General Fund that is restricted to further the development of travel, tourism, and convention.

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue sources to pay for the equipment and imaging technology for the Register of Deeds office.

Restricted for School Construction – portion of fund balance that can only be used for School Capital per G.S. 159-18-22.

Restricted fund balance at June 30, 2023 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>School Construction Fund</u>	<u>Grant Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Restricted</u>
Stabilization by state statute	\$ 26,649,097	\$ 82,905	\$ 67,932	\$ 24,843	\$ 26,887	26,851,664
Restricted, all other:						
Public safety	683,027	-	-	-	381,527	1,064,554
Economic and physical development	1,858,699	-	-	-	101,293	1,959,992
Human services	6,831,269	-	-	-	612,652	7,443,921
General Government	-	234	-	-	-	234
Occupancy tax	9,710,592	-	-	-	-	9,710,592
Register of Deeds	-	-	-	-	465,869	465,869
School Construction	-	-	47,838,929	-	-	47,838,929
Total	<u>\$ 45,732,684</u>	<u>\$ 83,139</u>	<u>\$ 47,906,861</u>	<u>\$ 24,843</u>	<u>\$ 1,588,228</u>	<u>\$ 95,335,755</u>

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing body is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Economic and Physical Development – represents the portion of fund balance that has been committed to economic projects necessary for continued development within the County.

Committed for Public Safety – represents the portion of fund balance committed for LEO Separation Allowance.

Committed for General Government – represents the portion of fund balance in the Capital Reserve fund that is committed for County capital projects, as well as fund balances for workers’ compensation and other benefits.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Committed for Education – represents the portion of fund balance in the Capital Reserve fund that is committed for capital projects relating to Onslow County Schools and Coastal Carolina Community College.

Committed fund balance at June 30, 2023 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
Committed:			
Economic and physical development	\$ 1,834,369	\$ -	\$ 1,834,369
Public safety	1,837,038	-	1,837,038
General government	7,575,743	5,727,574	13,303,317
Education	36,278,065	-	36,278,065
Total	<u>\$ 47,525,215</u>	<u>\$ 5,727,574</u>	<u>\$ 53,252,789</u>

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that Onslow County intends to use for specific purposes. The County's governing body has the authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted and committed. The governing body approves the appropriation.

Assigned for General Government – represents the portion of fund balance that has not yet been expended on the Public Safety Memorial and is being held in a separate account for that specific purpose.

<u>Purpose</u>	<u>Governmental Funds</u>
Assigned:	
Subsequent year's expenditures	\$ 8,708,614
Other governmental funds	42,510
Total	<u>\$ 8,751,124</u>

Unassigned Fund Balance – Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may report a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative fund balance.

Onslow County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

ONslow COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 191,569,571
Less:	
Inventories	(790,295)
Prepaid items	(119,005)
Note receivable	(982,181)
Lease deferrals	(50,194)
Stabilization by state statute	<u>(26,649,097)</u>
Total available fund balance	<u><u>\$ 162,978,799</u></u>

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end.

Purpose	General Fund	Capital Project Fund	School Construction Fund
Encumbrances	<u>\$ 3,816,506</u>	<u>\$ -</u>	<u>\$ -</u>

Defined Benefit Cost-Sharing Plans

The County participates in two cost-sharing, multi-employer, defined benefit pension plans that are administered by the state; the Local Governmental Employees’ Retirement System (LGERS) and the Registers of Deeds’ Supplemental Pension Fund (RODSPF) (collectively, the “state-administered defined benefit pension plans”). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2. Detail Notes On All Funds

A. Assets

Deposits

All of the County's, the Hospital's, and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, the Hospital's, or the ABC Board's names. 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, the Hospital, and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the Hospital, or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Hospital, or the ABC Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer 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 strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method and to monitor them for compliance. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County, the Hospital, and the ABC Board rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the County's deposits had a carrying amount of \$16,609,182, and a bank balance of \$19,271,142. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remaining balance was covered by collateral held under the Pooling Method. At June 30, 2023, the County had \$27,990 cash on hand.

At September 30, 2022, the Hospital's deposits had a carrying amount of approximately \$16,132,570 and a bank balance of approximately \$16,247,000. Of the bank balance, approximately \$500,000 was covered by federal depository insurance, and the remaining balance was covered by collateral held under the Pooling Method.

At June 30, 2023, the ABC Board's deposits had a carrying amount of approximately \$6,307,428 and a bank balance of approximately \$6,872,447. Of the bank balance, approximately \$250,000 was covered by federal depository insurance, and the remaining balance was covered by collateral held under the Pooling Method.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Investments

At June 30, 2023, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>
Certificate of Deposit - First Bank	N/A-Cost Basis	\$ 2,627,239	\$ 2,627,239
Money Market - PNC Bank	N/A-Cost Basis	13,451,395	13,451,395
Money Market - First Bank	N/A-Cost Basis	1,005	1,005
Money Market - First Citizens Bank	N/A-Cost Basis	969,609	969,609
North Carolina Capital Management Trust - Government Portfolio	Fair Value - Level 1	279,556,106	279,556,106
North Carolina Capital Management Trust - Government Portfolio (held through US Bank)	Fair Value - Level 1	46,455,012	46,455,012
Total		<u>\$ 343,060,366</u>	<u>\$ 343,060,366</u>

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

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of Fair Value Hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

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). As of June 30, 2023, the County's investments with/in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investor Service. The County has no formal policy on credit risk.

ON SLOW COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no policy on custodial credit risk. The County utilizes a third-party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the Director of Finance.

At September 30, 2022, the Hospital’s investments consisted of the following:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less than Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>Allocation Percentage</u>
Cash and cash equivalents	Fair Value - Level 1	\$ 1,140,409	\$ 1,140,409	\$ -	\$ -	1%
Short-term bond index fund	Fair Value - Level 1	64,457	64,457	-	-	6%
US Treasury notes	Fair Value - Level 1	3,415,225	1,626,291	1,788,934	-	70%
Corporate obligations	Fair Value - Level 2	11,411,780	11,411,781	-	-	14%
Foreign obligations	Fair Value - Level 2	4,058,602	4,058,602	-	-	8%
Federal agency obligations	Fair Value - Level 2	3,613,215	3,613,215	-	-	
Total liquid funds and interest		<u>23,703,688</u>	<u>\$ 21,914,755</u>	<u>\$ 1,788,934</u>	<u>\$ -</u>	
Equities:						
Other		<u>378,923</u>				1%
	Fair Value - Level 1					
Total fair value		<u>\$ 24,082,611</u>				<u>100%</u>

The Hospital’s investment policy is subject to the Hospital Authorities Act North Carolina General Statute 159-30. The Hospital may, for fund not required for immediate disbursement, make investments which are permissible for trustees, executors, and other fiduciaries under North Carolina law. Funds designated by the Board of Commissioners are not needed for immediate operating needs and, as such, are invested in a mix of eligible investments, including cash equivalents.

Interest Rate Risk. The Hospital’s fixed-income portfolio, the asset class within the total pension plan that is most susceptible to changes in interest rates, is bound with respect to duration (a measure of an investment’s sensitivity to interest rate changes). The duration of the fixed-income portfolio should not exceed 130%, nor should it be less than 70%, of the Barclay Capital Aggregate Index (formerly the Lehman Brothers Aggregate Index), a fixed-income benchmark.

Credit Risk. The following details the Hospital’s policy regarding credit risk.

Allowable Instruments:

The fixed-income manager must adhere to the following portfolio guidelines for investments:

- a) Instruments issued and fully guaranteed by the U.S. government or any of its agencies and instrumentalities.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

- b) Mortgage-backed securities and collateralized mortgage obligations are acceptable, as long as the manager can demonstrate that they meet the specific maturity guidelines outlined for the portfolio. Mortgages are limited to 40% of the fixed-income portfolio.
- c) Instruments issued by domestic corporations, including corporate notes and floating rate notes. Commercial paper must be rated A1, P1, or F1 by the appropriate and approved rating agencies.
- d) Obligations of domestic banks, including banker's acceptances, certificates of deposit, time deposits, notes, and other debt instruments.
- e) Instruments of foreign countries, foreign banks, or foreign corporations must be denominated in U.S. dollars. These instruments are limited to 15% of the fixed-income portfolio.
- f) The following types of Euro issues are permitted: Euro certificates of deposit, banker's acceptances, time deposits, bonds, and floating rate notes
- g) Yankee securities (dollar-denominated securities of foreign issues) are permitted subject to the quality constraints outlined below.

Credit Quality. This guideline is intended to give the investment manager sufficient latitude to periodically take advantage of bond quality yield spreads. The average quality shall be no less than 3 based on the following scale:

U.S. Government and Agencies	5.0
AAA	4.0
AA	3.0
A	2.0
BBB	1.0

The minimum quality of any individual security is BBB. If a security is downgraded to below BBB, the manager has the latitude to hold the security if deemed prudent. No more than 10% of the portfolio can be held in bonds rated below A-.

Custodial Credit Risk. All investments are uninsured and unregistered and are held by the broker's or dealer's trust department or agent in the Hospital's name.

Concentration of Credit Risk. In accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3, the Hospital's investments are categorized by investment type. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes could materially affect amounts reported in the financial statements.

Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Ended</u> <u>June 30</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,345,712	\$ 440,721	\$ 1,786,432
2020	1,343,969	319,193	1,663,162
2021	1,383,623	204,084	1,587,707
2022	1,453,512	83,577	1,537,088
Total	<u><u>\$ 5,526,815</u></u>	<u><u>\$ 1,047,574</u></u>	<u><u>\$ 6,574,390</u></u>

Receivables

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

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 19,653,120	\$ 4,311,528	\$ 19,631,318	\$ 43,595,966
Capital Projects Fund	445	-	82,460	82,905
School Construction Fund	2,357	-	65,575	67,932
Grants Fund	2,000	-	22,843	24,843
Other governmental	760	-	12,370	13,130
Total receivables	<u>19,658,682</u>	<u>4,311,528</u>	<u>19,814,566</u>	<u>43,784,776</u>
Allowance for doubtful accounts	(15,799,444)	(1,231,715)	-	(17,031,159)
Total governmental activities	<u><u>\$ 3,859,238</u></u>	<u><u>\$ 3,079,813</u></u>	<u><u>\$ 19,814,566</u></u>	<u><u>\$ 26,753,617</u></u>
Business-Type Activities:				
Solid Waste	\$ 769,825	\$ -	\$ 82,070	\$ 851,895
Airport	210,133	-	56,222	266,355
Total business-type activities	<u><u>\$ 979,958</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 138,292</u></u>	<u><u>\$ 1,118,250</u></u>

Due from other governments consisted of the following:

Governmental Activities:	
Local option sales tax	\$ 17,419,864
Other tax	1,467,191
Sales tax reimbursement	927,511
Total	<u>19,814,566</u>
Business-Type Activities:	
Sales tax reimbursement	138,292
Total	<u><u>\$ 19,952,858</u></u>

The custodial funds' accounts receivable is presented net of the allowance for uncollectible accounts of \$509,737. The allowance for uncollectible accounts was \$371,512 for fiscal year ending June 30, 2023.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Lease Receivables

For the year ended June 30, 2023, the County has entered into various arrangements to lease buildings and land owned by the County to others. For additional information, refer to the disclosures below.

On July 1, 2021, Onslow County, NC entered into a 332-month lease as Lessor for the use of Viper Tower - Communication Tower. An initial lease receivable was recorded in the amount of \$23,875. As of June 30, 2023, the value of the lease receivable is \$22,606. The lessee is required to make monthly fixed payments of \$100. The lease has an interest rate of 2.5420%. The value of the deferred inflow of resources as of June 30, 2023, was \$22,149, and Onslow County recognized lease revenue of \$863 during the fiscal year. The lessee has 2 extension option(s), each for 120 months.

On July 1, 2021, Onslow County, NC entered into a 18-month lease as Lessor for the use of OAJ Mechanical room #207 - Second Floor. An initial lease receivable was recorded in the amount of \$239. As of June 30, 2023, the value of the lease receivable is \$0. The lessee is required to make annual fixed payments of \$120. The lease has an interest rate of 0.5140%. The value of the deferred inflow of resources as of June 30, 2023, was \$80, and Onslow County recognized lease revenue of \$80 during the fiscal year. Onslow County had a termination period of 1 month as of the lease commencement.

On July 1, 2021, Onslow County, NC entered into a 94-month lease as Lessor for the use of OAJ Space - Room 233. An initial lease receivable was recorded in the amount of \$15,901. As of June 30, 2023, the value of the lease receivable is \$11,495. The lessee is required to make annual fixed payments of \$2,400. The lease has an interest rate of 1.4510%. The value of the deferred inflow of resources as of June 30, 2023, was \$11,848, and Onslow County recognized lease revenue of \$2,026 during the fiscal year. The lessee has 1 extension option(s), each for 60 months. The lessee had a termination period of 1 month as of the lease commencement.

On July 1, 2021, Onslow County, NC entered into a 46-month lease as Lessor for the use of Land - 264 A J Ellis Airport Rd. An initial lease receivable was recorded in the amount of \$57,755. As of June 30, 2023, the value of the lease receivable is \$19,397. The lessee is required to make annual fixed payments of \$19,570. The lease has an interest rate of 0.8930%. The value of the deferred inflow of resources as of June 30, 2023, was \$27,731, and Onslow County recognized lease revenue of \$15,012 during the fiscal year.

On July 1, 2021, Onslow County, NC entered into a 236-month lease as Lessor for the use of Meadowview Ground Lease. An initial lease receivable was recorded in the amount of \$152,576. As of 06/30/2023, the value of the lease receivable is \$138,503. The lessee is required to make annual fixed payments of \$10,000. The lease has an interest rate of 2.3780%. The value of the deferred inflow of resources as of June 30, 2023, was \$137,073, and Onslow County, NC recognized lease revenue of \$7,752 during the fiscal year.

On 11/30/2022, Onslow County, NC entered into a 18 month lease as Lessor for the use of USDA Office Space - Government Center Bldg.. An initial lease receivable was recorded in the amount of \$44,830. As of 06/30/2023, the value of the lease receivable is \$27,588. The lessee is

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

required to make monthly fixed payments of \$2,550. The lease has an interest rate of 3.3470%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,345, and Onslow County recognized lease revenue of \$17,484 during the fiscal year.

Governmental Activities			
Year Ending			
June 30	Principal	Interest	Total
2024	\$ 28,221	\$ 1,031	\$ 29,252
2025	649	551	1,200
2026	666	534	1,200
2027	683	517	1,200
2028	700	500	1,200
2029-2033	3,781	2,219	6,000
2034-2038	4,293	1,707	6,000
2039-2043	4,874	1,126	6,000
2044-2048	5,534	466	6,000
2049	793	8	801
Total	\$ 50,194	\$ 8,659	\$ 58,853

Business-Type Activities			
Year Ending			
June 30	Principal	Interest	Total
2024	\$ 28,336	\$ 3,634	\$ 31,970
2025	9,131	3,269	12,400
2026	9,328	3,072	12,400
2027	9,528	2,872	12,400
2028	9,733	2,667	12,400
2029-2033	39,550	10,450	50,000
2034-2038	44,481	5,519	50,000
2039-2043	19,308	691	19,999
Total	\$ 169,395	\$ 32,174	\$ 201,569

ON SLOW COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital Assets

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

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2023</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 14,727,257	\$ -	\$ (22,022)	\$ -	\$ 14,705,235
Construction in progress	2,348,609	1,050,955	(2,304,507)	-	1,095,057
Total non-depreciable capital assets	<u>17,075,866</u>	<u>1,050,955</u>	<u>(2,326,529)</u>	<u>-</u>	<u>15,800,292</u>
Depreciable Capital Assets:					
Buildings	141,529,579	50,296	-	-	141,579,875
Improvements	31,974,349	167,886	-	-	32,142,235
Equipment	22,550,533	440,536	(70,223)	-	22,920,846
Computer equipment	8,357,611	2,762,651	-	-	11,120,262
Vehicles	11,988,869	2,193,587	(192,544)	(19,498)	13,970,414
Heavy equipment	338,488	639,224	-	-	977,712
Total depreciable capital assets	<u>216,739,429</u>	<u>6,254,180</u>	<u>(262,767)</u>	<u>(19,498)</u>	<u>222,711,344</u>
Less Accumulated Depreciation:					
Buildings	50,776,016	4,152,988	-	-	54,929,004
Improvements	15,440,275	1,422,553	-	-	16,862,828
Equipment	12,598,407	1,344,337	(49,063)	-	13,893,681
Computer equipment	7,606,501	917,380	-	-	8,523,881
Vehicles	9,077,004	1,636,999	(168,624)	(19,498)	10,525,881
Heavy equipment	293,471	42,422	-	-	335,893
Total accumulated depreciation	<u>95,791,674</u>	<u>\$ 9,516,679</u>	<u>\$ (217,687)</u>	<u>\$ (19,498)</u>	<u>105,071,168</u>
Total depreciable capital assets	<u>120,947,755</u>				<u>117,640,176</u>
Total depreciable capital assets, net	<u>\$ 138,023,621</u>				<u>\$ 133,440,468</u>

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

General government	\$ 2,395,900
Public safety	5,233,531
Economic and physical development	91,773
Human services	1,299,834
Cultural and recreational	469,423
Environmental protection	26,218
Total	<u>\$ 9,516,679</u>

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Balance July 1, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
Business-Type Activities:					
Solid Waste:					
Non-Depreciable Capital Assets:					
Land	\$ 1,284,081	\$ -	\$ -	\$ -	\$ 1,284,081
Construction in progress	541,065	1,395,345	-	-	1,936,410
Total non-depreciable capital assets	1,825,146	1,395,345	-	-	3,220,491
Depreciable Capital Assets:					
Buildings	2,213,018	-	-	-	2,213,018
Improvements	29,774,144	-	-	-	29,774,144
Equipment	899,540	188,821	(10,057)	-	1,078,304
Computer equipment	67,645	2,586	-	-	70,231
Vehicles	715,238	-	(125,380)	19,498	609,356
Heavy equipment	6,317,746	196,799	(75,000)	-	6,439,545
Total depreciable capital assets	39,987,331	388,206	(210,437)	19,498	40,184,598
Less Accumulated Depreciation:					
Buildings	2,131,778	5,366	-	-	2,137,144
Improvements	21,022,137	881,454	-	-	21,903,591
Equipment	529,056	160,137	(10,057)	-	679,136
Computer equipment	29,425	1,341	-	-	30,766
Vehicles	711,421	3,819	(125,380)	19,498	609,358
Heavy equipment	3,544,966	486,374	(28,785)	-	4,002,555
Total accumulated depreciation	27,968,783	\$ 1,538,491	\$ (164,222)	\$ 19,498	29,362,550
Total depreciable capital assets	12,018,548				10,822,048
Total depreciable capital assets, net	13,843,694				14,042,539
Airport:					
Non-Depreciable Capital Assets:					
Land	870,894	\$ -	\$ -	\$ -	870,894
Construction in progress	237,252	6,395,622	-	-	6,632,874
Total non-depreciable capital assets	1,108,146	6,395,622	-	-	7,503,768
Depreciable Capital Assets:					
Buildings	36,022,545	-	-	-	36,022,545
Improvements	32,819,625	714,295	-	-	33,533,920
Equipment	6,155,067	151,906	(18,746)	-	6,288,227
Computer equipment	44,742	-	-	-	44,742
Vehicles	1,514,488	37,277	-	-	1,551,765
Heavy equipment	227,973	-	(21,232)	-	206,741
Total depreciable capital assets	76,784,440	903,478	(39,978)	-	77,647,940
Less Accumulated Depreciation:					
Buildings	6,705,709	1,177,971	-	-	7,883,680
Improvements	10,912,977	1,511,319	-	-	12,424,296
Equipment	1,761,229	379,425	(18,746)	-	2,121,908
Computer equipment	44,742	-	-	-	44,742
Vehicles	803,470	209,555	-	-	1,013,025
Heavy equipment	116,887	12,518	(21,232)	-	108,173
Total accumulated depreciation	20,345,014	\$ 3,290,788	\$ (39,978)	\$ -	23,595,824
Total depreciable capital assets, net	56,439,426				54,052,116
Airport capital asset, net	57,547,572				61,555,884
Business-type activities capital assets, net	\$ 71,391,266				\$ 75,598,423

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The Hospital leases the Hospital's property and plant from the County of Onslow. The real estate is leased to the Hospital under a long-term lease that ends December 31, 2056. Under this lease agreement, the Hospital has the ability to grant a mortgage on the Hospital's leasehold interest over the real estate to the holder of the mortgage securing the Hospital financing for the repaying of principal and interest on any of the bonds originally issued to partially finance construction of the Hospital's expansion of its facilities.

Capital asset activity for the Hospital for the year ended September 30, 2022, was as follows:

	Balance September 30, 2021	Increases	Decreases	Balance September 30, 2022
Non-Depreciable Capital Assets:				
Land	\$ 4,629,518	\$ -	\$ -	\$ 4,629,518
Construction in progress	2,904,434	3,294,454	(4,115,963)	2,082,925
Total non-depreciable capital assets	<u>7,533,952</u>	<u>3,294,454</u>	<u>(4,115,963)</u>	<u>6,712,443</u>
Depreciable Capital Assets:				
Land improvements	1,040,282	-	-	1,040,282
Buildings and improvements	91,771,728	115,919	-	91,887,647
Equipment	87,252,553	5,009,672	(780,740)	91,481,485
Total depreciable capital assets	<u>180,064,563</u>	<u>5,125,591</u>	<u>(780,740)</u>	<u>184,409,414</u>
Less Accumulated Depreciation:				
Total accumulated depreciation	123,169,776	6,431,343	(1,140,962)	128,460,157
Total depreciable capital assets	<u>56,894,787</u>	<u>\$ (1,305,752)</u>	<u>\$ 360,222</u>	<u>55,949,257</u>
Total depreciable capital assets, net	<u>\$ 64,428,739</u>			<u>\$ 62,661,700</u>

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Non-Depreciable Capital Assets:				
Land	\$ 2,373,627	\$ -	\$ -	2,373,627
Construction in progress	\$ -	\$ 670,156	\$ -	670,156
Land	<u>\$ 2,373,627</u>	<u>\$ 670,156</u>	<u>\$ -</u>	<u>\$ 3,043,783</u>
Depreciable Capital Assets:				
Buildings	5,594,802	-	-	5,594,802
Furniture/equipment	1,257,766	16,500	-	1,274,266
Vehicles	296,807	-	-	296,807
Leasehold improvements	559,791	-	-	559,791
Total depreciable capital assets	<u>7,709,166</u>	<u>16,500</u>	<u>-</u>	<u>7,725,666</u>
Less Accumulated Depreciation:				
Buildings and fixed equipment	1,973,395	164,351	-	2,137,746
Furniture/equipment	961,470	93,172	-	1,054,642
Vehicles	180,344	33,045	-	213,389
Leasehold improvements	205,764	25,123	-	230,887
Total accumulated depreciation	<u>3,320,973</u>	<u>315,691</u>	<u>-</u>	<u>3,636,664</u>
Total depreciable capital assets	<u>4,388,193</u>	<u>\$ (299,191)</u>	<u>\$ -</u>	<u>4,089,002</u>
Total ABC Board capital assets, net	<u>\$ 6,761,820</u>			<u>\$ 7,132,785</u>

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Right-to-Use Capital Assets

The County has recorded ninety-three right-to-use leased capital assets. These assets are for leased land, leased vehicles/equipment, and leased building/infrastructure. The related leases are discussed in the leases subsection of the long-term obligations section of this note. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases.

	July 1, 2022, as restated	Additions	Retirements	June 30, 2023
Governmental Activities:				
Right-to-use assets:				
Leased buildings and infrastructure	\$ 20,897	\$ 165,687	\$ (20,897)	\$ 165,687
Leased vehicles and equipment	1,297,798	1,530,565	-	2,828,363
Subscription assets	1,091,755	1,180,628	-	2,272,383
Total right-to-use assets	2,410,450	2,876,880	(20,897)	5,266,433
Less: accumulated amortization:				
Leased buildings and infrastructure	10,448	13,807	(20,897)	3,358
Leased vehicles and equipment	376,361	746,775	-	1,123,136
Subscription assets	291,135	681,203	-	972,338
Total accumulated amortization	677,944	1,441,785	(20,897)	2,098,832
Total right-to-use assets, net	\$ 1,732,506	\$ 1,435,095	\$ -	\$ 3,167,601
	July 1, 2022	Additions	Retirements	June 30, 2023
Business-Type Activities:				
Solid Waste:				
Right-to-use assets:				
Leased land	\$ 14,879	\$ -	\$ (7,487)	\$ 7,392
Less: accumulated amortization:				
Leased land	7,215	4,469	(7,487)	4,197
Total right-to-use assets, net	\$ 7,664	\$ (4,469)	\$ -	\$ 3,195

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

B. Liabilities

Payables

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Deposits</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 10,017,631	\$ 1,691,790	\$ 2,540,952	\$ 14,250,373
Capital Projects Fund	67,400	-	-	67,400
School Construction Fund	244,750	-	-	244,750
Grant Projects Fund	125,997	-	-	125,997
Other governmental	29,287	-	-	29,287
Total governmental activities	<u>\$ 10,485,065</u>	<u>\$ 1,691,790</u>	<u>\$ 2,540,952</u>	<u>\$ 14,717,807</u>
Business-Type Activities:				
Solid Waste	\$ 376,041	\$ 109,533	\$ -	\$ 485,574
Airport	5,375,024	86,485	-	5,461,509
Total business-type activities	<u>\$ 5,751,065</u>	<u>\$ 196,018</u>	<u>\$ -</u>	<u>\$ 5,947,083</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The County and the ABC Board are participating employers in the state-wide 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 for the State of North Carolina. The state's Annual Comprehensive Financial Report 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 a 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

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at the 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2023 was 13.04% of compensation for law enforcement officers and 12.14% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the plan from the County were \$8,179,548 for the year ended June 30, 2023. Contributions to the pension plan by the ABC Board were \$338,915 for the year ended June 30, 2023.

Refunds of Contributions – County and ABC Board 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 \$45,244,253 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

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measured as of June 30, 2022), the County's proportion was 0.8020%, which was a decrease of 0.0199% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$12,306,375. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,949,534	\$ 191,142
Changes of assumptions	4,514,362	-
Net difference between projected and actual earnings on pension plan investments	14,953,699	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	681,360
County's contributions subsequent to the measurement date	8,179,548	-
Total	\$ 29,597,143	\$ 872,502

\$8,179,548 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2024	\$ 6,167,991
2025	5,573,267
2026	1,679,614
2027	7,124,222
Total	\$ 20,545,094

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	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor of 3.25%
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The plan currently uses mortality rate 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, 2021 valuation, with the exception of the discount rate, 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 the multiple horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.1%
Global Equity	42.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	7.5%
Opportunistic Fixed Income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
Total	<u>100.00%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems. 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

ONslow COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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 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%, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) 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)	<u>\$ 81,660,049</u>	<u>\$ 45,244,253</u>	<u>\$ 15,235,522</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

ABC Board

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the Board reported a liability of \$1,444,206 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 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 Board’s proportion of the net pension asset was based on a projection of the Board’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the Board’s proportion was 0.02560% which was an increase of .02255% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Board recognized pension expense of \$448,326. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,230	\$ 6,101
Changes of assumptions	144,099	-
Net difference between projected and actual earnings on pension plan investments	477,325	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	151,246	-
Board's contributions subsequent to the measurement date	338,915	-
Total	\$ 1,173,815	\$ 6,101

\$338,915 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2024	\$ 285,392
2025	234,701
2026	81,299
2027	227,407
Total	\$ 828,799

The Board's plan uses the same actuarial assumptions, and discount rate information as previously reported.

Sensitivity of the Board's Proportionate Share of the Net Pension as Set to Changes in the Discount Rate. The following represents the Board's proportionate share of the net pension asset calculated using the discount rate of , as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	1% Decrease (5.50)%	Discount Rate (6.50)%	1% Increase (7.50)%
Board's proportionate share of the net pension liability (asset)	\$ 2,606,605	\$ 1,444,206	\$ 486,321

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Law Enforcement Officers' Special Separation Allowance

Plan Description. Onslow 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 under the age of 62 who have completed at least 30 years of creditable service or have attained the age of 55 years of age and have completed five years or more of creditable service. 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 was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2021, the Separation Allowance's membership consisted of 154 active plan members and 21 retired members receiving benefits.

Summary of Significant Accounting Policies

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 are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB Statements 73.

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation
Investment rate of return	4.31 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index. The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

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

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

ONSLow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-Median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

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. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County paid \$293,696 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

At June 30, 2023, the County reported a total pension liability of \$4,485,820. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$587,977.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 316,523	\$ 193,824
Changes of assumptions	681,250	807,131
County's benefit payments and plan administrative expense made subsequent to the measurement date	276,298	-
Total	\$ 1,274,071	\$ 1,000,955

The County paid \$276,298 in benefit payments made subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

expense as follows:

Year Ending June 30	Total
2024	\$ 104,306
2025	124,595
2026	84,647
2027	(161,904)
2028	(154,826)
Total	<u>\$ (3,182)</u>

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%, 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%) or 1-percentage-point higher (5.31%) than the current rate:

	1% Decrease (3.31)%	Discount Rate (4.31)%	1% Increase (5.31)%
Total pension liability	<u>\$ 4,875,415</u>	<u>\$ 4,485,820</u>	<u>\$ 4,133,512</u>

Schedule of Changes in Total Pension Liability Law Enforcement Officer's Special Separation Allowance	
	2023
Beginning balance	\$ 5,342,353
Service cost	316,530
Interest on total pension liability	116,899
Differences between expected and actual experience in the measurement of the total pension liability	(150,134)
Changes of assumptions or other inputs	(846,132)
Benefit payments	(293,696)
Ending balance of the total pension liability	<u>\$ 4,485,820</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.25 percent at December 31, 2021 to 4.31 percent at December 31, 2022.

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

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Government Employee' Retirement System for the five-year period ended December 31, 2019.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the 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 Annual Comprehensive Financial Report for the State of North Carolina. The state's Annual Comprehensive Financial Report includes 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 that the County contribute each month an amount equal to 6.165% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The County contributed \$904,532 for the reporting year, which consisted of \$557,625 from the County and \$346,907 from the law enforcement officers and other employees. No amounts were forfeited.

Supplemental Retirement Income Plan (401k) for Non Law Enforcement Officers

The County has chosen to extend the supplemental retirement income plan (401k) to non-law enforcement employees. The County has two methods for contributions to permanent full-time employees. The first method applies to eligible employees hired prior to July 2009. Eligible employees receive a 1% to 4% matching contribution from the County. If eligible employees do not contribute, the County still contributes 1% of gross earnings. The second method applies to eligible employees hired July 2009 and later. Eligible employees receive a .5% to 2% matching contribution from the County. If eligible employees do not contribute, the County still contributes .5% of gross earnings. Contributions for the year ended June 30, 2023 were \$4,253,304, which consisted of \$1,839,699 from the County and \$2,413,504 from employees.

Deferred Compensation Plan

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

The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts, which had been

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

deferred by the plan participants, were required to be reported as assets of the County. In accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the County's Deferred Compensation Plan is no longer reported within the County's Custodial Funds.

Register of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined benefit plan administered by the North Carolina Department of State Treasurer. The RODSPF provides supplemental pension benefits to any eligible county Register of Deeds who is retired under the Local Governmental 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 Annual Comprehensive Financial Report for the State of North Carolina. The state's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing 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 the General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$21,798 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of \$310,024 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 County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

employers. At June 30, 2022 (measurement date), the County's proportion was 2.34157%, which was an increase of 0.15349% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of \$46,393. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,388	\$ 5,620
Changes of assumptions	16,414	-
Net difference between projected and actual earnings on pension plan investments	128,857	-
Changes in proportion and differences between County contributions and proportionate share of contributions	5,210	21,004
County's contributions subsequent to the measurement date	21,798	-
Total	\$ 174,667	\$ 26,624

\$21,798 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2023. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2024	\$ 32,899
2025	18,042
2026	42,898
2027	32,406
Total	\$ 126,245

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

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). 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.

ONSLow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study completed for a five-year period ending December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and, 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 0.78%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy for the North Carolina Retirement Systems. 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. 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.

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

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	1% Decrease (2.00)%	Discount Rate (3.00)%	1% Increase (4.00)%
County's proportionate share of the net pension liability (asset)	\$ (219,007)	\$ (310,024)	\$ (386,663)

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

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

The net pension liability for LGERS and ROD was measure as of June 30, 2022, and 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 for LEOSSA was measured as of June 30, 2022, with an actuarial valuation date of December 31, 2021. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate share of net pension liability (asset)	\$ 45,244,253	\$ (310,024)	\$ -	\$ 44,934,229
Proportion of the net pension liability (asset)	0.80200%	2.34157%	N/A	-
Total pension liability	-	-	4,485,820	4,485,820
Pension expense	12,306,375	46,393	587,977	12,940,745

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ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources:				
Pensions - difference between expected and actual experience	\$ 1,949,534	\$ 2,388	\$ 316,523	\$ 2,268,445
Changes of assumptions	4,514,362	16,414	681,250	5,212,026
Net differences between projected and actual earnings on pension plan investments	-	128,857	-	128,857
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	14,953,699	5,210	-	14,958,909
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	8,179,548	21,798	276,298	8,477,644
Total	\$ 29,597,143	\$ 174,667	\$ 1,274,071	\$ 31,045,881
	LGERS	ROD	LEOSSA	Total
Deferred Inflows of Resources:				
Pensions - difference between expected and actual experience	\$ 191,142	\$ 5,620	\$ 193,824	\$ 390,586
Pensions - difference between projected and actual investment earnings	-	-	-	-
Changes of assumptions	-	-	807,131	807,131
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	681,360	21,004	-	702,364
Total	\$ 872,502	\$ 26,624	\$ 1,000,955	\$ 1,900,081

Other Post-Employment Benefits - Healthcare Benefits

Plan Description. Under County policy, Onslow County provides postemployment healthcare benefits through a single- employer defined benefit Healthcare Benefits Plan (HCB Plan). The Board of Commissioners may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. As of July 1, 2009, this plan does not provide postemployment healthcare benefits to retirees of the County with a hire date after June 30, 2009. For employees hired prior to July 1, 2009, this plan provides postemployment healthcare benefits to retirees who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least ten years of continuous employment with Onslow County Government immediately preceding retirement, twelve months of which may be represented by accumulated sick leave as calculated by the System. The County has elected to a portion of the cost of coverage for these

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

benefits to qualified retirees until the age of 65. Also, qualified County retirees can purchase coverage for their dependents at the County’s group rates. A separate report was not issued for the plan.

Membership of the plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	131
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	193
Total	<u>324</u>

Total OPEB Liability

The County’s total OPEB liability of \$18,337,864 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases	
General employees	3.25 to 8.41 percent, including wage inflation
Firefighters	3.25 to 8.15 percent, including wage inflation
Law enforcement officers	3.25 to 7.90 percent, including wage inflation
Municipal Bond Index Rate:	
Prior measurement date	2.16 percent
Measurement date	3.54 percent
Healthcare Cost Trends:	
Pre-Medicare	7.00 percent for 2021 decreasing to an ultimate rate of 4.50% by 2031

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 20,720,525
Change for the year:	
Service cost	425,609
Interest	437,521
Differences between expected and actual experience	115,100
Changes of assumptions or other inputs	(1,570,214)
Benefit payments	(1,790,677)
Net changes	(2,382,661)
Balance at June 30, 2022	\$ 18,337,864

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.16% to 3.54%.

The County selected a Municipal Bond Index Rate equal to the Bond Buyer 20-Year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the total OPEB liability.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 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 (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. 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 a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54)%	Current (3.54)%	1% Increase (4.54)%
Total OPEB liability	\$ 19,459,402	\$ 18,337,864	\$ 17,298,877

Sensitivity of the Total 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

ON SLOW COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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	Discount Rate	1% Increase
Total OPEB liability	\$ 17,010,571	\$ 18,337,864	\$ 19,816,171

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

For the year ended June 30, 2023, the County recognized OPEB expense (income) of (\$286,820). At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 104,400	\$ 613,777
Changes of assumptions	920,907	1,071,733
Benefit payments and plan administrative expense made subsequent to the measurement date	1,005,753	-
Total	\$ 2,031,060	\$ 1,685,510

\$1,005,753 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2023	\$ (121,111)
2024	(469,801)
2025	(69,291)
Total	\$ (660,203)

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multi-employer, state-administered, cost-sharing plan funded on a one-year term cost basis.

Lump-sum death benefits are provided to beneficiaries 1) who die in active service after one year of contributing membership in the System, or 2) who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

System at the time of death. This payment is equal to the employee's 12 highest months' salary in a row during the 24 months prior to his or her death. The death benefit payments to beneficiaries must be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payrolls based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Onslow County Hospital Authority Healthcare Benefits

Plan Description: The Hospital maintains a single-employer defined-benefit medical benefit plan (the OPEB Plan), providing medical insurance benefits to eligible retirees. The Hospital does not issue separate financial statement for this the OPEB Plan.

Benefits Provided: The healthcare plan provides two benefits. Under one benefit, eligible employees who retire between the age 55 and 65, who have been continuously employed full time for a minimum of 10 years and have been covered under the current health insurance program for that period immediately preceding retirement may opt to continue health coverage under the current health plan until the eligible employee attains age 65. The Hospital will pay 5% of the premium cost for the retired employee for each year of full-time employment subject to a maximum of 100%. This benefit is referred to as the 55 to 65 benefit.

Under a second benefit, the Hospital will purchase a Medicare supplement insurance policy for eligible employees retiring at or over age 65 who have been continuously employed full time for a minimum of 10 years and has been covered under the current health insurance program for that period immediately preceding retirement and employees attaining age 65. The Hospital also purchases a Medicare supplement insurance policy for individuals receiving the 55 to 65 benefit once they attain age 65. This benefit is referred to as the 65 and over benefit.

Contributions: The Hospital does not pre-fund benefits. The current funding policy is to pay benefits directly from general on a pay-as-you-go basis and there is not a trust for accumulating plan assets.

Employees Covered by Benefit Terms: With respect to eligibility, employees hired before June 1, 2013, are eligible (upon meeting the requirements described above) for the 55 to 65 benefit and the 65 and over benefit. Employees hired after June 1, 2013, are eligible (upon meeting the requirements described above) for the 55 to 65 benefit but are not able to participate in the 65 and over benefit. Employee dependents are not covered by the OPEB program. The Board of Commissioners of the Hospital may amend the benefit provisions.

Employee dependents are not covered by the OPEB program. The Board of Commissioners of the Hospital may amend the benefit provisions.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Effective October 1, 2018, actives hired on or after October 1, 2009 are not eligible for benefits. The following is a summary of the participants in the OPEB program as of September 30, 2022:

	Hired Before October 1, 2009
Active employees	228
Retirees	177
Total	405

Total OPEB Liability: The Hospital's total net OPEB liability of \$14,352,790 was measured as of September 30, 2022 and was determined by an actuarial valuation as of September 30, 2022.

Actuarial Assumptions: The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. Under this method a projected retirement benefit at assumed retirement age is computed for each participant using anticipated future pay increases. The normal cost for each participant is computed as the level percentage of pay which, if paid from each participant's date of employment by the employer or any predecessor employer (thus, entry age) to his or her assumed retirement date, would accumulate with interest at the rate assumed in the valuation to an amount sufficient to fund his or her projected retirement benefit.

The discount rate used to measure the total OPEB liability represents the Bond Buyer's 20-year General Obligation Index coinciding with the measurement date.

The total OPEB Plan liability was determined during the following actuarial assumptions, applied to all periods included in the measurement:

	2021
Discount rate	2.26%
Salary increases, including inflation	2.50%
Mortality:	
Base table	Pub-2010
Projected scale	MP-2020
Medical trend rates:	
Pre-65 medical	
Initial trend rate	5.70%
Ultimate trend rate	3.70%
Year rate reaches ultimate trend	2073+
Post-665 medical	
Initial trend rate	5.50%
Ultimate trend rate	3.70%
Year rate reaches ultimate trend	2073+

ON SLOW COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Changes in Total OPEB Liability. For the years ended September 30, the Hospital's OPEB plan liability changed as follows:

	Total OPEB Liability
Balance at June 30, 2021	\$ 14,129,772
Change for the year:	
Service cost	112,521
Interest	305,218
Differences between expected and actual experience	763,486
Changes of assumptions or other inputs	(90,358)
Benefit payments	(867,849)
Net changes	223,018
Balance at June 30, 2022	\$ 14,352,790

At September 30, 2022 the Hospital reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 358,983	\$ -
Changes of assumptions	134,518	(2,174,841)
Benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 493,501	\$ (2,174,841)

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

Year Ending June 30	Total
2023	\$ (538,170)
2024	(672,410)
2025	(470,760)
Total	\$ (1,681,340)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Hospital, as well as what the Hospital's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.02 percent) or 1-percentage-point higher (5.02 percent) than the current discount rate:

	1% Decrease (3.02)%	Discount Rate (4.02)%	1% Increase (5.02)%
Total OPEB liability	\$ 12,679,769	\$ 11,186,335	\$ 9,982,767

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

	1% Decrease	Healthcare Cost Trend	1% Increase
Total OPEB liability	\$ 9,792,715	\$ 11,186,335	\$ 12,904,103

Onslow County Hospital Authority Retirement Savings Plan

The Hospital offers a voluntary 403(b) retirement savings plan that is available to all employees. Participants are fully vested in all funds they contribute to the plan. The Hospital matches 50% of each employee's contribution up to a maximum of 3% of eligible earnings. Employees do not become vested in the Hospital's matching contribution until the completion of five years of employment involving a minimum of 1,000 hours of service in each year. Employees become 100% vested in the Hospital's matching contribution to the plan upon completion of the fifth year of employment. The Hospital recognized expense for contributions and plan fees totaling approximately \$869,000 for the year ended September 30, 2022.

During the fiscal year 2015, the Hospital began making supplemental nonmatching contributions to the 403(b) retirement savings plan on behalf of employees with two or more years of service. Employees with more than two but less than 10 years of service receive a nonmatching contribution of 2% of eligible earnings. Employees with 10 or more years of service receive a nonmatching contribution of 3% of eligible earnings. This supplemental contribution was implemented to supplement the overall employee benefits program as a result of the termination of the defined benefit pension plan during fiscal year 2015. The Hospital recognized expense for nonmatching contributions of \$1,635,000 for the year ended September 30, 2022. Accrued expenses as of September 30, 2022, include approximately \$632,000 related to these supplemental nonmatching contributions.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Deferred Outflows and Inflows of Resources

Deferred Outflows of Resources:

Difference between expected and actual experience (LGERS, ROD, LEOSSA, OPEB)	\$ 4,336,963
Changes of assumptions (LGERS, ROD, LEOSSA, OPEB)	10,436,614
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions (ROD)	21,196
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA, OPEB) subsequent to the measurement date	7,978,125
Charge on refunding of debt	5,354,572
	<u>\$ 28,127,470</u>

Deferred Inflows of Resources:

Difference between expected and actual experience (LGERS, ROD, LEOSSA, OPEB)	\$ 2,407,280
Pensions - difference between projected and actual investment earnings (LGERS, ROD)	17,137,697
Changes of assumptions (LEOSSA, OPEB)	217,035
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions (LGERS, ROD)	1,228,055
Prepaid taxes not yet earned (General Fund)	256,896
Taxes receivable, net (General Fund)	2,645,986
Other receivables, net (General Fund)	386,003
Lease deferrals	224,533
	<u>\$ 24,503,485</u>

ABC Board Healthcare Benefits

Plan Description. Under the terms of a Board resolution, the Board administers a single-employer defined benefit, Healthcare Benefits Plan (the HCB Plan).

Benefits Provided. As of February 19, 2008, this plan provides post-employment healthcare benefits to retirees of the Board, provided they participate in the North Carolina Local Governmental Employee's Retirement System and have at least thirty continuous years of creditable service with the Board. The Board pays the full cost of these benefit premium payments for the remainder of their lives. At the age of sixty-five retirees must secure their Medicare Part D prescription drug coverage. The Board will continue to pay 100% of the medical supplement plan and Medicare D prescription drug insurance premiums. Also, the Board's retirees cannot purchase spouse or dependent coverage.

ON SLOW COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	2
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>55</u>
Total	<u><u>57</u></u>

The Board's total OPEB liability of \$421,158 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases:	
General employees	3.25 to 8.41 percent, including wage inflation
Municipal Bond Index Rate:	
Prior measurement date	2.16 percent
Measurement date	3.54 percent
Healthcare Cost Trends:	
Pre-Medicare	7.00 percent for 2021 decreasing to an ultimate rate of 4.50% by 2031

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

	Total OPEB Liability
Balance at June 30, 2021	<u>\$ 467,979</u>
Change for the year:	
Service cost	34,413
Interest	10,759
Differences between expected and actual experience	(40)
Changes of assumptions or other inputs	(83,357)
Benefit payments	<u>(8,596)</u>
Net changes	<u>(46,821)</u>
Balance at June 30, 2022	<u><u>\$ 421,158</u></u>

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

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Mortality rates were based on the PUB-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

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 2015 through December 2019, adopted by LGERS.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the ABC Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54)%	Discount Rate (3.54)%	1% Increase (4.54)%
Total OPEB liability	\$ 479,602	\$ 421,158	\$ 371,726

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

	1% Decrease	Healthcare Cost Trend	1% Increase
Total OPEB liability	\$ 359,721	\$ 421,158	\$ 498,000

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

For the year ended June 30, 2023, the Board recognized OPEB expense (income) of (\$29,158). At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 385,838
Changes of assumptions	90,899	138,566
Benefit payments and plan administrative expense made subsequent to the measurement date	3,622	-
Total	\$ 94,521	\$ 524,404

\$3,622 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other

ONslow COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Year Ending	
June 30	Total
2024	\$ (74,330)
2025	(74,330)
2026	(74,330)
2027	(74,330)
2028	(73,865)
Thereafter	(62,320)
Total	<u>\$ (433,505)</u>

Landfill Closure and Post-Closure Care Costs- Onslow County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its two landfill facilities when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$17,734,638 reported as landfill closure and post-closure care liability at June 30, 2023 represents a cumulative amount reported to date based on the percentage used of the total estimated capacity of all county landfills. The County will recognize the remaining estimated cost of closure and post-closure care as the remaining estimated capacity is filled. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Onslow County closed one facility in the fiscal year ended 1998. As of June 30, 2023, the estimated post-closure care liability for the closed landfill amounted to \$693,554.

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. The County is not currently required to fund the estimated closure costs of this facility based upon its present financial stability. As of June 30, 2023, the County has used approximately 92.36% of its landfill currently in operation.

Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. Onslow County is self-insured for worker’s compensation coverage and contracts with Compensation Claims Solutions for the administration of the plan. The County provides coverage up to the statutory limits and acquires excess loss coverage from a third party provider. Employer’s liability coverage is provided up to \$1,000,000 for bodily injury by accident or disease. Current year operations are reported in the Worker’s Compensations Fund.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The County is self-insured for its employee health insurance. The plan is administered by Blue Cross Blue Shield of NC. There is a specific stop loss of \$500,000 per covered employee/dependent and an aggregate stop loss of 125% of expected net paid claims. Blue Cross Blue Shield underwrites the reinsurance policies for both the specific and aggregate stop-loss coverage. The County offers employees two types of plan options: 1). Traditional co-pay structured plan (PPO) and 2). Straight Deductible Plan (SDP). The County subsidizes employee premiums based plan type and coverage selections.

The County is fully insured for its employee dental insurance. The policy is provided by MetLife. The County subsidizes the employee premium amounts. The plan is self-sustaining through premiums.

A summary of changes in the aggregate liabilities for health claims are as follows:

	Year Ended June 30	
	2022	2023
Unpaid claims:		
Beginning of year - July 1	\$ 839,106	\$ 409,571
Incurred claims	8,720,457	10,308,868
Claim payments	(9,149,992)	(10,050,675)
End of year - June 30	\$ 409,571	\$ 667,764

A summary of charges in the aggregate liabilities for workers compensation claims are as follows:

	Year Ended June 30	
	2022	2023
Unpaid claims:		
Beginning of year - July 1	\$ 14,452	\$ 2,090
Incurred claims	308,658	747,132
Claim payments	(321,020)	(748,618)
End of year - June 30	\$ 2,090	\$ 604

The County carries commercial insurance for all other risks of loss such as general liability, buildings & contents, flood, auto, and wind & hail. There have been no significant reductions in insurance coverage from the previous year and settled claims from these risks have not exceeded the total commercial insurance coverage in any of the last three fiscal years.

In addition to the insurance above, 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 \$500,000 per structure through the NFIP. The County has purchased flood coverage for its beach access site #2. The County was unable to purchase coverage for their other two beach access sites as they are in a Coastal Barrier Resources Area (CBRA).

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

In accordance with G.S. 159-29, County 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 is individually bonded for \$1,000,000 and the tax collector is individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000 with a deductible of \$1,000.

Onslow County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, auto liability, workmen's compensation and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

Claims and Judgments

At June 30, 2023, the County was a defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

The Hospital Authority is subject to legal proceedings and claims that arise in the course of providing healthcare services. The Hospital Authority maintains malpractice insurance coverage (after self-insured retention limits) for claims made during the policy year, up to the maximum amounts stated in the insurance policy. The Hospital also carries excess malpractice coverage up to specified limits to cover claims in excess of the maximum amounts stated in the basic policy. In the Hospital Authority's management opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for asserted and unasserted claims not covered by the policy and any uninsured liability.

Long-Term Obligations

Leases

The County has entered into three lease arrangements for buildings. The lease(s) have interest rates between 0.514% and 2.61% and expiration dates between June 30, 2023 and April 30, 2025. These intangible assets are recorded in capital assets as right-to-use assets, buildings, as noted in the Right-to-Use Assets section of Footnotes.

The County has entered into four lease arrangements for land. The lease(s) have interest rates between 0.387% and 2.449% and expiration dates between September 30, 2022 and April 30, 2025. These intangible assets are recorded in capital assets as right-to-use assets, land, as noted in the Right-to-Use Assets section of Footnotes.

The County has entered into eighty-four lease arrangements for vehicles. The lease(s) have interest rates between 0.411% and 2.796% and expiration dates between November 30, 2023 and

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

August 31, 2027. These intangible assets are recorded in capital assets as right-to-use assets, vehicles, as noted in the Right-to-Use Assets section of Footnotes.

The County has entered into two lease arrangements for equipment. The lease(s) have interest rates between 2.366% and 2.536% and expiration dates between 9/6/2027 and 9/17/2027. These intangible assets are recorded in capital assets as right-to-use assets, equipment, as noted in the Right-to-Use Assets section of Footnotes.

The following represents the future minimum payments for governmental and business-type required under the lease arrangements as of June 30, 2023:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 843,259	\$ 33,372	\$ 876,631
2025	383,626	23,221	406,847
2026	454,365	14,625	468,990
2027	262,831	6,171	269,002
2028	11,765	48	11,813
Total	\$ 1,955,846	\$ 77,437	\$ 2,033,283

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2024	1,486	14	1,500
Total	\$ 1,486	\$ 14	\$ 1,500

Subscription-Based Information Technology Arrangements (SBITAs)

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.

Onslow County has entered into four arrangements for the right to use certain software programs. The arrangements have interest rates between 2.184% and 3.238% and expiration dates between 3/31/2025 and 12/14/2025. These intangible assets are recorded in capital assets as right-to-use assets, Subscription Assets, as noted in the Right-to-Use Assets section of Footnotes.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The following represents the future minimum payments for governmental required under the lease arrangements as of June 30, 2023:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 793,739	\$ 23,098	\$ 816,837
2025	399,877	5,616	405,493
Total	\$ 1,193,616	\$ 28,714	\$ 1,222,330

Direct Placement Installment Purchases

As authorized by state law (G.S. 160A-20 and 153A-158.1) the County has entered in installment purchase contracts for the purchase of capital equipment needs in the County. The installment purchases were issued pursuant deed of trust, which required that legal title remain with the County as long as the debt is outstanding. The lease term is the same as that of the installment purchase obligation. The capital assets associated with the installment purchase obligation are recorded in the capital assets of the County. The County's installment purchase obligations payable at June 30, 2023 are as follows:

Maintenance Building Coastal Carolina Community College and Demolition of the Old Jail Facility executed October 8, 2013 for a 12-year period at 1.56% with yearly payments of \$550,000 plus interest beginning October 8, 2014 through October 2026.

\$ 1,650,000

Annual debt service requirements to maturity for the County's direct placement installment financing are as follows:

Year Ending June 30	Principal	Interest
2024	550,000	25,740
2025	550,000	17,160
2026	550,000	8,580
Total	\$ 1,650,000	\$ 51,480

Certificates of Participation

The County's certificates of participation issued through the Onslow County Facilities Company at June 30, 2023 are comprised of the following:

Certificates of Participation:

Series 2008 Justice Complex COPS for Jail and Sheriff Administration Building. Total issue of \$57,000,000. Collateralized by the Justice Complex. A rate modification was issued October 20, 2020 for 1.58% with PNC. Payments are due in December and June with interest at 1.58% maturing June 2028.

\$ 5,550,000

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Annual debt service requirements to maturity are as follows:

Year Ending		
June 30	Principal	Interest
2024	1,110,000	87,690
2025	1,110,000	70,152
2026	1,110,000	52,614
2027	1,110,000	35,076
2028	1,110,000	17,538
Total	<u>\$ 5,550,000</u>	<u>\$ 263,070</u>

Limited Obligation Indebtedness

The County's limited obligation bonds are serviced by the Capital Projects Fund and School Construction Fund. They are collateralized by the full faith credit and taxing power of the County. The limited obligation bonds were issued to provide funds for the acquisition and construction of county buildings and schools. These bonds, which are recorded in the Capital Projects Fund and School Construction Fund, are collateralized by full faith credit and taxing power of the County. Principal and interest payments are appropriated when due.

The County's limited obligation bonds payable at June 30, 2023 are comprised of the following individual issues:

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ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Governmental Activities:

Series 2012A Limited Obligation Bonds for 800 MHZ, Sneads Ferry Library/Environmental Center and Government Center. Total issue of \$30,035,000. Payments are due in December and June with interest from 1.49% to 3.71% maturing June 2033.	\$ 12,825,000
Series 2015 Advanced Refunding LOBS, total issue of \$30,500,000. Collateralized by Meadowview Elementary School. Payments are due in December and June with interest from 2.00% to 5.00% maturing October 2027.	12,935,000
Series 2015 Limited Obligation Bonds for Dixon Middle School, Consolidated Human Service Building & Vehicle Maintenance Building. Total issue of \$46,965,000 Payments are due in December and June with interest from 1.10% to 3.86%.	31,310,000
Series 2016 Limited Obligation Bonds for Richlands Elementary School, Courthouse, Consolidated Human Service Building Parking Lot & Justice Complex HVAV Replacement Total issue of \$42,865,000. Payments are due in December and June with interest from .91% to 2.95%	32,405,000
Series 2019 Limited Obligation Bonds for New Souther Elementary School and Animal Control renovations and additions. Total issue of \$30,500,000. Payments are due in December and June with interest from 1.29% to 2.49%.	28,050,000
Series 2020 Limited Obligation Bonds for West Central Elementary School. Total issue of \$25,115,000. Payments are due in December and June with interest from 1.29% to 2.49%.	23,715,000
Series 2023 Limited Obligation Bonds for the Northwest Elementary School and partial refunding of Series 2012A Limited Obligation Bond. Total issue of 49,540,000. Payments are due in December and June with interest from 4.00% to 5.00%	<u>49,540,000</u>
Total governmental limited obligation bonds payable	<u>\$ 190,780,000</u>

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Annual debt service requirements to maturity for the County's limited obligation indebtedness are as follows:

Year Ending June 30	Principal	Interest
2024	13,000,000	8,426,395
2025	15,425,000	8,000,094
2026	15,000,000	6,648,794
2027	14,205,000	5,946,544
2028-2032	62,780,000	22,246,829
2033-2037	46,825,000	9,422,038
2038-2042	19,425,000	2,431,225
2043-2044	\$ 4,120,000	\$ 164,800
Total	<u>\$ 190,780,000</u>	<u>\$ 63,286,719</u>

General Obligation Indebtedness

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 County's general obligation bonds payable at June 30, 2023 are comprised of the following individual issues and serviced by the General Fund:

Governmental Activities:

\$33,325,000 School Refunding Bonds Series 2013 Payments are due December and June through 2026 with interest from 3.00% to 5.00%	\$ 8,410,000
\$22,870,000 School Refunding Bond Series 2015 Payments are due October and April through 2024. No principal payments the first three years with interest from 3.00% to 5.00%	<u>13,470,000</u>
Total	<u>\$ 21,880,000</u>

ONSLow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Annual debt service requirements to maturity for the County’s general obligation bonds are as follows:

Year Ending	Principal	Interest
June 30		
2024	5,650,000	878,150
2025	5,645,000	614,575
2026	4,810,000	372,000
2027	3,925,000	153,625
2028	1,850,000	27,750
Total	\$ 21,880,000	\$ 2,046,100

Loan Payable

In FY23 the County entered into a Promissory Note with Jones-Onslow Electric Membership Corporation in the amount of \$600,000 on behalf of Backswamp Volunteer Fire Department.

The County’s loan payable at June 30, 2023 was \$600,000 and serviced by a reduction in the County's contribution to Backswamp Volunteer Fire Department:

Annual debt service requirements to maturity for the County’s loan payable are as follows:

Year Ending	Principal	Interest
June 30		
2024	-	-
2025	75,000	-
2026	75,000	-
2027	75,000	-
2028-2032	375,000	-
Total	\$ 600,000	\$ -

At June 30, 2023, the County had no bonds authorized, but unissued, and a legal debt margin of \$1,731,563,000².

Current Refunding: In June of 2023 the County issued \$8,295,000 par of Series 2023 limited obligation bonds to provide necessary resources, together with other available resources, to current refund \$8,555,000 of the outstanding Series 2012A LOBS. As a result, the refunded bonds are legally defeased and the liability has been removed from the governmental activities column on the County's Statement of Net Position. The funds were held in trust and were paid out by the trust on July 10, 2023.

Debt related to Capital Activities. Of the total Governmental Activities debt listed \$170,576,157 relates to school board assets which the County does not hold title.

² The County discovered there was an error in the calculation of the legal debt margin. The correct legal debt margin as of June 30, 2023 is \$1,405,024. See footnote on page B-169.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

	Balance July 1, 2022, as Restated	Increases	Decreases	Balance June 30, 2023	Current Portion of Balance
Governmental Activities:					
Limited obligation bonds	\$ 162,825,000	\$ 49,540,000	\$ (21,585,000)	\$ 190,780,000	\$ 13,000,000
Premium on LOBS debt	22,570,981	4,302,446	(1,150,726)	25,722,701	1,698,423
General obligation debt	27,510,000	-	(5,630,000)	21,880,000	5,650,000
Premium on GO debt	3,628,613	-	(823,617)	2,804,996	823,617
Direct placement installment purchase contracts	2,200,000	-	(550,000)	1,650,000	550,000
Certificates of Participation	6,660,000	-	(1,110,000)	5,550,000	1,110,000
Loan Payable	-	600,000	-	600,000	-
Lease liabilities	1,018,089	1,696,252	(758,495)	1,955,846	843,259
Software subscription liabilities	800,620	1,180,628	(787,632)	1,193,616	793,739
Net OPEB liability	19,477,293	-	(2,384,592)	17,092,701	-
Compensated absences	4,077,627	8,742,259	(8,399,761)	4,420,125	1,193,434
Net pension liability (LEOSSA)	5,342,353	-	(856,533)	4,485,820	-
Net pension liability (LGERS)	11,428,754	32,046,381	-	43,475,135	-
Total governmental activities	<u>\$ 267,539,330</u>	<u>\$ 98,107,966</u>	<u>\$ (44,036,356)</u>	<u>\$ 321,610,940</u>	<u>\$ 25,662,472</u>
Business-Type Activities:					
Accrued landfill closure cost	\$ 17,006,524	\$ 728,114	\$ -	\$ 17,734,638	\$ -
Lease liabilities	4,424	-	(2,938)	1,486	1,486
Total OPEB liability	1,243,232	1,931	-	1,245,163	-
Compensated absences	196,335	381,901	(364,285)	213,951	57,797
Net pension liability (LGERS)	565,654	1,203,464	-	1,769,118	-
Total business-type activities	<u>\$ 19,016,169</u>	<u>\$ 2,315,410</u>	<u>\$ (367,223)</u>	<u>\$ 20,964,356</u>	<u>\$ 59,283</u>

Compensated absences, pension liabilities, and other post-employment benefits, typically have been liquidated in the General Fund. Compensated absences are accounted for on an LIFO basis, assuming that employees are taking leave time as it is earned.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2023 is computed as follows:

	Governmental Activities	Business-Type Activities
Net capital assets	\$ 133,440,468	\$ 75,598,423
Right to use assets	3,167,601	3,195
Less:		
Outstanding principal of capital debt (including school debt)	(251,537,160)	(1,486)
Plus:		
Outstanding principal of school debt for which the County does not hold title	170,576,157	-
Deferred charges related to advance refunding bond issues	4,670,363	-
Net investment in capital assets	\$ 60,317,429	\$ 75,600,132

Hospital Long-Term Debt

A summary of long-term debt at September 30, 2022 is as follows:

FHA insured Mortgage Bank Loan, including interest at 3.1% through March 2036 secured by a first lien on the Hospital's leasehold interest in the Hospital property owned by Onslow County	\$ 29,235,391
Other	1,466,605
Total	\$ 30,701,996

In March 2016, the Hospital obtained approval from the Department of Housing and Urban Development (HUD) to proceed with a transaction to defease the 2006 HUD Revenue Bond. Accordingly, in May 2016, the Hospital obtained a mortgage bank loan of approximately \$42,417,000. The interest rate is fixed at 3.1%. The net proceeds of this new financing arrangement were principally used to fund an escrow account in the amount of approximately \$45,733,000 for the advance refunding of approximately \$44,655,000 of outstanding borrowing related to the 2006 HUD Revenue Bond. The Hospital had made approximately \$4,290,000 of principal payments during 2016 prior to the defeasance. Accordingly, the 2006 HUD Revenue Bond was defeased. This reduced the Hospital's interest rate from approximately 5% to a fixed rate of 3.1%. The Hospital maintains the HUD insurance on the new mortgage loan. The mortgage loan is secured by a first lien on the Hospital's leasehold interest in the property and original buildings; the improvements thereon; and certain fixtures, equipment, and personal property of the Hospital. The Hospital is required to maintain specified financial qualitative covenants. The Hospital complied with these covenants as of and for the year ended September 30, 2022.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The Hospital's debt service requirements for outstanding long-term debt as of September 30, 2022 are as follows:

Year Ending June 30	Principal	Interest
2023	\$ 2,585,998	\$ 912,373
2024	2,666,668	831,705
2025	2,750,033	748,339
2026	2,835,914	662,458
2027	3,022,903	574,486
2027-2029	16,840,480	1,567,156
Total	<u>\$ 30,701,996</u>	<u>\$ 5,296,517</u>

A summary of changes in debt during 2022 is as follows:

	<u>9/30/2021</u>	<u>Additions</u>	<u>Payments</u>	<u>9/30/2022</u>
FHA Insured Mortgage Loan	\$ 31,492,338	\$ -	\$ 2,256,947	\$ 29,235,391
Other	1,775,670	-	309,065	1,466,605
Total	<u>\$ 33,268,008</u>	<u>\$ -</u>	<u>\$ 2,566,012</u>	<u>\$ 30,701,996</u>

Component Unit Term Debt

Onslow County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses served by the bond issuance. Neither the County, the Authority, the state, nor any political subdivision thereof is obligated in any manner for the repayment of bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2023 there were no outstanding bonds.

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ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Construction Commitments

The County has active construction projects at June 30, 2023. These projects include airport upgrades recreational and tourism related facilities, economic development projects and general facility needs. At year-end, the County's commitments with contractors are as follows:

<u>Project</u>	<u>Budget</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Discovery Gardens	\$ 1,205,390	\$ 1,118,206	\$ 87,184
Sylvester House Preservation	100,000	16,600	83,400
Burton Park bike Trail	448,784	384,991	63,793
Beach Access Repairs	709,000	519,688	189,312
Animal Shelter Expansion	4,255,000	4,132,229	122,771
Senior Services Building	7,500,000	283,459	7,216,541
Firearms Training Range	450,600	416,235	34,365
Hines Farm Playground	787,750	-	787,750
CAD-RMS-JMS	2,387,233	2,022,567	364,666
Landfill Projects	1,172,000	944,757	227,243
Convenience Site Projects	275,000	229,570	45,430
Landfill Expansion Phase 5	325,000	325,845	(845)
Landfill Expansion ARPA	7,500,000	1,343,361	6,156,639
Taxiway Runway Rehabilitation	17,293,644	12,030,999	5,262,645
Northwoods Park Middle Expansion	13,200,000	470,770	12,729,230
North East Elementary School	44,495,000	353,473	44,141,527
Regional Skills Training Center	12,792,910	10,517,718	2,275,192
West Central Elementart School	30,275,683	29,764,248	511,435
New Southern Elementary School	32,459,154	31,641,440	817,714
Total	<u>\$ 177,632,148</u>	<u>\$ 96,516,156</u>	<u>\$ 81,115,992</u>

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ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2023 consist of the following:

	Transfers		Purpose
	From	To	
General Fund	\$ 7,394,721	\$ -	
Reserve Fund (consolidated in General Fund)		6,256,495	Annual contributions or uses to/from County & Board of Education Capital Reserves
Revaluation Fund (consolidated in General Fund)		116,250	Annual transfer to Revaluation Fund
Capital Project Fund		733,875	Transfer for various projects
Airport Operations Fund		288,101	Transfer of tourism funding
Reserve Fund	2,446,000		
General Fund		2,446,000	Debt Service
School Construction Fund	758,012		
General Fund		758,012	Debt Service
Grant Project Fund	3,393,699		
General Fund		1,510,290	ARPA funds for salaries and benefits
Capital Project Fund		677,334	ARPA Senior Services Bldg Reno
Solid Waste Fund		16,546	ARPA funds for salaries and benefits
Solid Waste Construction Project Fund		1,171,205	ARPA funds or construction projects
Airport Operations Fund		18,324	ARPA funds for salaries and benefits
Opioid Settlement Fund	27,246		
General Fund		27,246	Opioid program expenditures
Airport Operations Fund	530,030		
General Fund		518,780	Debt service
Airport Construction Fund		11,250	Approved project
Airport Construction Fund	269,855		
Airport Operations Fund	-	269,855	PFC funds for debt and PFC audit
Total	<u>\$ 14,819,563</u>	<u>\$ 14,819,563</u>	

Balances due to/from other funds at June 30, 2023 consist of the following:

Due to the General Fund from the Solid Waste Fund for Health Savings Account amounts due.	<u>\$ 3,380</u>
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3. Joint Ventures

The County, in conjunction with the State of North Carolina and the Onslow County Board of Education, participates in a joint venture to operate the Coastal Carolina Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and

ONSLow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$4,328,647 and \$1,864,500 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2023. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2022. Complete financial statements for the community college may be obtained from the community college's administrative offices at 444 Western Boulevard, Jacksonville, NC 28546.

The County in conjunction with the City of Jacksonville and the Town of Richlands, Swansboro, Holly Ridge, and North Topsail Beach, participates in a joint venture to operate the Onslow County Water and Sewer Authority. The County and the City each appoint two members of the nine-member board with each town appointing one member each. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2023. Complete financial statements for the Authority may be obtained from the Authority's administrative offices at 232 Georgetown Road, Jacksonville, NC, 28546.

4. Jointly Governed Organization

The County, in conjunction with eight other counties and sixty-two municipalities, established the Eastern Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$19,272 to the Council during the fiscal year ended June 30, 2023.

5. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

The County has received proceeds from federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

6. Change in Accounting Principle

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-based Information Technology Arrangements (SBITAs)*. The primary objective of this statement is to establish a definition for SBITAs and provide uniform guidance for accounting and financial reporting that meets the definition of a SBITA. Under this statement, a government is required to report a subscription asset and subscription liability and to disclose essential information about the arrangement which will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. As of July 1, 2022, SBITA assets and liabilities were \$800,620 with no impact on net position.

ONslow COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

For the year ended June 30, 2023, the financial statements include the early adoption of GASB Statement No. 100, Accounting Changes and Error Corrections. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. See note 7 for more information.

7. Change in Financial Reporting Entity

A prior period of adjustment was made for fiscal year 2023 related to the Bear Creek Volunteer Fire Department Fiduciary Fund. Effective July 1, 2022, the County has full control of Bear Creek Fire Station and as such the County has elected to roll the remaining fund balance into the general fund for use by the County's Fire Department personnel for operation of the Fire Station. This resulted in a restatement of beginning fund balance of \$48,955 for Governmental Activities.

	General Fund	Custodial Funds
June 30, 2022	\$ 145,605,460	\$ 222,950
Change in Financial Reporting Entity	48,977	(48,977)
July 01, 2022	<u>\$ 145,654,437</u>	<u>\$ 173,973</u>

8. Reimbursements for Pandemic-Related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the coronavirus state and local fiscal recovery funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. Onslow County was awarded \$38,447,136 in American Rescue Plan funding. The County has received the full award. The County used \$4,191,776 for pandemic-related pay and other salaries and benefits, operating expenditures, capital projects, and capital outlay purchases in the fiscal year 2023. The remaining funds will be transferred to the appropriate funds as the funds are expended for their authorized purpose.

9. Subsequent Events

On December 4, 2023, the Board of Commissioners approved a contract with Clancy & Theys Construction Company in the amount of \$11,678,300 to complete the expansion and renovations to the Emergency Operations Center. The project is being funded by American Rescue Plan Act funding.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Law Enforcement Officer’s Special Allowance – Schedule of Changes in Total Pension Liability
- Law Enforcement Officer’s Special Allowance – Schedule of Total Liability as a Percentage of Covered-Employee Payroll
- Schedule of Changes in the Total OPEB Liability and Related Ratios
- Local Governmental Employees’ Retirement System – Proportionate Share of Net Pension Liability (Asset)
- Local Governmental Employees’ Retirement System – Contributions
- Register of Deeds’ Supplemental Pension Fund – Proportionate Share of Net Pension Liability (Asset)
- Register of Deeds’ Supplemental Pension Fund - Contributions

Please note: The Schedule of Changes in the Total Other Postemployment Benefits Liability for the Onslow County ABC Board and the Onslow County Hospital Authority can be found in the separately issued financial statements for the ABC Board and the Hospital. The financial statements are available from the ABC Board Finance Office and the Hospital Finance Office (see note 1A to the County statements for contact information).

ONslow COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance			
	2023	2022	2021	2020
Beginning balance	\$ 5,342,353	\$ 5,138,826	\$ 3,388,299	\$ 3,570,068
Service cost	316,530	324,675	201,393	173,561
Interest on the total pension liability	116,899	96,701	105,772	124,499
Differences between expected and actual experience	(150,134)	183,825	378,086	(279,886)
Changes of assumptions or other inputs	(846,132)	(144,871)	1,352,800	99,597
Benefit payments	(293,696)	(256,803)	(287,524)	(299,540)
Ending balance of the total pension liability	<u>\$ 4,485,820</u>	<u>\$ 5,342,353</u>	<u>\$ 5,138,826</u>	<u>\$ 3,388,299</u>

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

Pension schedules in the required supplementary information are intended to show information for ten years and that additional year's information will be displayed as it becomes available.

ONSLOW COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Beginning balance	\$ 3,509,954	\$ 3,071,164	\$ 3,059,849
Service cost	184,320	156,081	163,718
Interest on the total pension liability	106,421	113,817	105,825
Differences between expected and actual experience	182,393	201,476	-
Changes of assumptions or other inputs	(128,623)	212,511	(67,108)
Benefit payments	(284,397)	(245,095)	(191,120)
Ending balance of the total pension liability	<u>\$ 3,570,068</u>	<u>\$ 3,509,954</u>	<u>\$ 3,071,164</u>

ONslow COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL LIABILITY AS A PERCENTAGE
OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	2023	2022	2021	2020
Total pension liability	\$ 4,485,820	\$ 5,342,353	\$ 5,138,826	\$ 3,388,299
Covered-employee payroll*	9,007,775	8,724,800	8,037,130	7,504,605
Total pension liability as a percentage of covered-employee payroll	49.80%	61.23%	63.94%	45.15%

Notes to the Schedules:

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

Pension schedules in the required supplementary information are intended to show information for ten years and the additional year's information will be displayed as it becomes available.

*Valuation payroll

ONSLOW COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL LIABILITY AS A PERCENTAGE
OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Total pension liability	\$ 3,570,068	\$ 3,509,954	\$ 3,071,164
Covered-employee payroll*	7,397,093	6,975,465	6,623,826
Total pension liability as a percentage of covered-employee payroll	48.26%	50.32%	46.37%

ONslow COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS**

	Total OPEB Liability					
	2023	2022	2021	2020	2019	2018
Beginning balance	\$ 20,720,525	\$ 21,332,321	\$ 20,124,773	\$ 24,194,368	\$ 24,763,107	\$ 25,704,231
Service cost	425,609	584,491	443,943	643,834	659,925	703,391
Interest on TOL and cash flows	437,521	467,887	691,590	913,999	861,254	745,709
Differences between expected and actual experience	115,100	(1,681,217)	111,970	(4,700,472)	(405,245)	438,701
Changes of assumptions or other inputs	(1,570,214)	1,516,121	1,592,071	482,979	(533,433)	(955,325)
Benefit payments	(1,790,677)	(1,499,078)	(1,632,026)	(1,409,935)	(1,151,240)	(1,873,600)
Ending balance of the total OPEB liability	<u>\$ 18,337,864</u>	<u>\$ 20,720,525</u>	<u>\$ 21,332,321</u>	<u>\$ 20,124,773</u>	<u>\$ 24,194,368</u>	<u>\$ 24,763,107</u>
Covered-employee payroll	\$ 10,399,813	\$ 10,399,813	\$ 14,195,330	\$ 14,195,330	\$ 9,348,638	\$ 9,348,638
Total OPEB liability as a percentage of covered-employee payroll	176.33%	199.24%	150.28%	141.77%	258.80%	264.88%

Notes to Schedule:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

OPEB schedules in the required supplementary information are intended to show information for ten years and that additional year's information will be displayed as it becomes available.

Onslow County has no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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ONslow COUNTY, NORTH CAROLINA

**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	2023	2022	2021	2020	2019
County's proportion of the net pension liability (asset) (%)	0.80200%	0.78211%	0.79300%	0.84900%	0.86000%
County's proportion of the net pension liability (asset) (\$)	\$ 45,244,253	\$ 11,994,408	\$ 28,349,418	\$ 23,175,970	\$ 20,401,904
County's covered payroll (\$)	\$ 66,830,838	\$ 53,600,379	\$ 53,760,107	\$ 45,490,652	\$ 50,837,090
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	67.70%	22.38%	52.73%	50.95%	40.13%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%

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

**This will be the same percentage for all participant employers in the LGERS plan.

ONslow COUNTY, NORTH CAROLINA

**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.84200%	0.77900%	0.77800%	0.72200%	0.74700%
County's proportion of the net pension liability (asset) (\$)	\$ 12,864,344	\$ 16,522,378	\$ 3,491,809	\$ (4,255,843)	\$ 9,000,602
County's covered payroll (\$)	\$ 49,949,756	\$ 42,225,701	\$ 38,191,416	\$ 37,331,335	\$ 373,313,358
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.75%	39.13%	9.14%	-11.40%	2.41%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

ONSLOW COUNTY, NORTH CAROLINA

**ONSLOW COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	2023	2022	2021	2020	2019
Contractually required contribution	\$ 8,179,548	\$ 6,600,166	\$ 5,502,148	\$ 4,880,188	\$ 4,166,706
Contributions in relation to the contractually required contribution	<u>8,179,548</u>	<u>6,600,166</u>	<u>5,502,148</u>	<u>4,880,188</u>	<u>4,166,706</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 66,830,838	\$ 57,509,544	\$ 53,600,379	\$ 53,760,107	\$ 45,490,652
Contributions as a percentage of covered payroll	12.24%	11.48%	10.27%	9.08%	9.16%

ONSLOW COUNTY, NORTH CAROLINA

**ONSLOW COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,968,672	\$ 3,671,074	\$ 3,143,116	\$ 2,700,127	\$ 2,639,887
Contributions in relation to the contractually required contribution	<u>3,968,672</u>	<u>3,671,074</u>	<u>3,143,116</u>	<u>2,700,127</u>	<u>2,639,887</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 50,837,090	\$ 49,949,756	\$ 42,225,701	\$ 38,191,416	\$ 37,331,335
Contributions as a percentage of covered payroll	7.81%	7.35%	7.44%	7.07%	7.07%

ONslow COUNTY, NORTH CAROLINA

**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund				
	2023	2022	2021	2020	2019
County's proportion of the net pension liability (asset) (%)	2.34157%	2.18808%	2.26400%	2.03500%	2.25800%
County's proportion of the net pension liability (asset) (\$)	\$ (310,024)	\$ (420,396)	\$ (518,944)	\$ (401,765)	\$ (373,928)
County's covered payroll	\$ 74,996	\$ 307,956	\$ 294,435	\$ 288,792	\$ 284,081
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-413.39%	-136.51%	-176.25%	-139.12%	-131.63%
Plan fiduciary net position as a percentage of the total pension liability**	139.04%	156.53%	173.62%	164.11%	153.31%

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

**This will be the same percentage for all participant employers in the LGERS plan.

ONSLOW COUNTY, NORTH CAROLINA

**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund				
	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	2.21000%	2.28300%	2.28300%	2.28300%	2.45400%
County's proportion of the net pension liability (asset) (\$)	\$ (377,192)	\$ (415,405)	\$ (529,157)	\$ (516,372)	\$ (524,266)
County's covered payroll	\$ 263,098	\$ 263,098	\$ 263,098	\$ 269,519	\$ 269,519
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-143.37%	-157.89%	-201.13%	-191.59%	-194.52%
Plan fiduciary net position as a percentage of the total pension liability**	153.77%	160.17%	197.29%	193.88%	190.50%

ONSLOW COUNTY, NORTH CAROLINA

**ONSLOW COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

	Register of Deeds' Supplemental Pension Fund				
	2023	2022	2021	2020	2019
Contractually required contribution	\$ 21,798	\$ 26,843	\$ 26,260	\$ 21,681	\$ 19,343
Contributions in relation to the contractually required contribution	21,798	26,843	26,260	21,681	19,343
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 95,268	\$ 74,996	\$ 307,956	\$ 294,435	\$ 288,792
Contributions as a percentage of covered payroll	22.88%	35.79%	8.53%	7.36%	6.70%

ONSLOW COUNTY, NORTH CAROLINA

**ONSLOW COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

	Register of Deeds' Supplemental Pension Fund				
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 19,320	\$ 19,207	\$ 18,272	\$ 18,601	\$ 19,055
Contributions in relation to the contractually required contribution	19,320	19,207	18,272	18,601	19,055
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 284,081	\$ 263,098	\$ 263,098	\$ 263,098	\$ 269,519
Contributions as a percentage of covered payroll	6.80%	7.30%	6.94%	7.07%	7.07%

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

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The General Fund

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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ONslow COUNTY, NORTH CAROLINA

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

	General Fund	Reserve Fund	Revaluation Fund	Eliminating	Total General Fund
Revenues:					
Ad valorem taxes	\$ 134,810,104	\$ -	\$ -	\$ -	\$ 134,810,104
Other taxes and licenses	84,591,883	-	-	-	84,591,883
Unrestricted intergovernmental revenues	2,231,489	-	-	-	2,231,489
Restricted intergovernmental revenues	26,180,255	5,858,236	-	-	32,038,491
Permits and fees	3,507,689	-	-	-	3,507,689
Sales and services	16,707,085	-	-	-	16,707,085
Investment earnings	5,052,737	945,317	2,988	-	6,001,042
Miscellaneous	13,505,920	-	-	-	13,505,920
Total revenues	<u>286,587,162</u>	<u>6,803,553</u>	<u>2,988</u>	<u>-</u>	<u>293,393,703</u>
Expenditures:					
Current:					
General government	30,496,736	-	88,565	-	30,585,301
Public safety	60,793,563	-	-	-	60,793,563
Transportation	340,688	-	-	-	340,688
Economic and physical development	3,483,710	-	-	-	3,483,710
Human services	41,676,466	-	-	-	41,676,466
Environmental protection	390,683	-	-	-	390,683
Cultural and recreation	5,663,760	-	-	-	5,663,760
Capital outlay	6,559,611	-	-	-	6,559,611
Education	73,957,752	-	-	-	73,957,752
Debt service:					
Principal	29,683,430	-	-	-	29,683,430
Interest	8,232,585	-	-	-	8,232,585
Total expenditures	<u>261,278,984</u>	<u>-</u>	<u>88,565</u>	<u>-</u>	<u>261,367,549</u>
Revenues over (under) expenditures	<u>25,308,178</u>	<u>6,803,553</u>	<u>(85,577)</u>	<u>-</u>	<u>32,026,154</u>
Other Financing Sources (Uses):					
Bond premiums issued	324,748	-	-	-	324,748
Transfers in	8,040,516	6,256,495	116,250	(11,598,933)	2,814,328
Transfers (out)	(10,174,909)	(2,446,000)	-	11,598,933	(1,021,976)
Lease liability issued	1,696,252	-	-	-	1,696,252
SBITA liability issued	1,180,628	-	-	-	1,180,628
Proceeds from direct placement installment debt	8,895,000	-	-	-	8,895,000
Total other financing sources (uses)	<u>9,962,235</u>	<u>3,810,495</u>	<u>116,250</u>	<u>-</u>	<u>13,888,980</u>
Net change in fund balances	35,270,413	10,614,048	30,673	-	45,915,134
Fund Balance:					
Beginning of year - July 1	114,341,487	31,180,355	83,618	-	145,605,460
Restatement, Note 7	48,977	-	-	-	48,977
Beginning of year - as restated	<u>114,390,464</u>	<u>31,180,355</u>	<u>83,618</u>	<u>-</u>	<u>145,654,437</u>
End of year - June 30	<u>\$ 149,660,877</u>	<u>\$ 41,794,403</u>	<u>\$ 114,291</u>	<u>\$ -</u>	<u>\$ 191,569,571</u>

ONslow COUNTY, NORTH CAROLINA

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

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes - current	\$ 131,212,895	\$ 134,315,377	\$ 3,102,482
Penalties and interest	350,000	494,727	144,727
Total	<u>131,562,895</u>	<u>134,810,104</u>	<u>3,247,209</u>
Other Taxes and Licenses:			
Local option sales tax	59,387,719	77,506,860	18,119,141
Occupancy and tourism tax	3,026,060	4,201,708	1,175,648
Other taxes and licenses	2,151,930	2,883,315	731,385
Total	<u>64,565,709</u>	<u>84,591,883</u>	<u>20,026,174</u>
Unrestricted Intergovernmental Revenues:			
Beer and wine tax	500,000	555,863	55,863
Cablevision fees	855,000	815,303	(39,697)
ABC profit distribution	1,000,000	860,323	(139,677)
Total	<u>2,355,000</u>	<u>2,231,489</u>	<u>(123,511)</u>
Restricted Intergovernmental Revenues:			
Onslow County ABC Board - law enforcement	50,000	76,060	26,060
Social service	16,593,344	14,803,187	(1,790,157)
Health department	7,275,112	6,248,012	(1,027,100)
Federal and state grants	2,400,898	2,616,702	215,804
Local grants	1,949,048	1,810,297	(138,751)
Miscellaneous	1,010,112	625,997	(384,115)
Total	<u>29,278,514</u>	<u>26,180,255</u>	<u>(3,098,259)</u>
Permits and Fees:			
Building permits	1,200,000	1,107,523	(92,477)
Register of Deeds	1,061,225	1,066,116	4,891
Other fees	1,163,155	1,334,395	171,240
Total	<u>3,424,380</u>	<u>3,508,034</u>	<u>83,654</u>
Sales and Services:			
Rescue squad	10,290,000	10,180,245	(109,755)
Rents and other	258,975	352,115	93,140
Health department fees	2,083,372	3,474,279	1,390,907
Other fees	2,887,510	2,700,101	(187,409)
Total	<u>15,519,857</u>	<u>16,706,740</u>	<u>1,186,883</u>

ONslow COUNTY, NORTH CAROLINA

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

	2023		Variance Over/Under
	Budget	Actual	
Guardianship deposits	225,000	1,163,423	938,423
Investment earnings	5,000	5,052,737	5,047,737
Miscellaneous:			
Health insurance	12,051,085	10,769,122	(1,281,963)
Contributions	-	210,718	210,718
Other	1,309,100	1,362,657	53,557
Total	<u>13,360,185</u>	<u>12,342,497</u>	<u>(1,017,688)</u>
Total revenues	<u>260,296,540</u>	<u>286,587,162</u>	<u>26,290,622</u>
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits	350,623	326,980	23,643
Operating expenditures	131,137	122,084	9,053
Total	<u>481,760</u>	<u>449,064</u>	<u>32,696</u>
Administration:			
Salaries and employee benefits	1,102,992	951,207	151,785
Operating expenditures	95,301	58,648	36,653
Capital outlay	4,099	4,099	-
Total	<u>1,202,392</u>	<u>1,013,954</u>	<u>188,438</u>
Elections:			
Salaries and employee benefits	547,281	547,282	(1)
Operating expenditures	170,467	146,901	23,566
Total	<u>717,748</u>	<u>694,183</u>	<u>23,565</u>
Clerk of Courts:			
Operating expenditures	408,823	372,793	36,030
Total	<u>408,823</u>	<u>372,793</u>	<u>36,030</u>
Finance:			
Salaries and employee benefits	931,072	931,071	1
Operating expenditures	37,589	55,070	(17,481)
Total	<u>968,661</u>	<u>986,141</u>	<u>(17,480)</u>
Legal:			
Operating expenditures	274,525	250,462	24,063
Total	<u>274,525</u>	<u>250,462</u>	<u>24,063</u>

ONslow COUNTY, NORTH CAROLINA

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

	2023		
	Budget	Actual	Variance Over/Under
Taxes:			
Salaries and employee benefits	2,327,861	2,239,008	88,853
Operating expenditures	982,369	739,415	242,954
Capital outlay	194,500	-	194,500
Total	<u>3,504,730</u>	<u>2,978,423</u>	<u>526,307</u>
Facilities and Maintenance:			
Salaries and employee benefits	1,757,734	1,756,984	750
Operating expenditures	638,791	503,970	134,821
Capital outlay	5,600	5,556	44
Total	<u>2,402,125</u>	<u>2,266,510</u>	<u>135,615</u>
Purchasing:			
Salaries and employee benefits	400,875	400,875	-
Operating expenditures	51,687	31,217	20,470
Total	<u>452,562</u>	<u>432,092</u>	<u>20,470</u>
Register of Deeds:			
Salaries and employee benefits	534,164	525,419	8,745
Operating expenditures	45,439	40,191	5,248
Total	<u>579,603</u>	<u>565,610</u>	<u>13,993</u>
Information Technology Systems:			
Salaries and employee benefits	1,673,534	1,661,474	12,060
Operating expenditures	2,073,492	2,071,739	1,753
Capital outlay	244,531	1,226,993	(982,462)
Total	<u>3,991,557</u>	<u>4,960,206</u>	<u>(968,649)</u>
Public Works Garage:			
Salaries and employee benefits	738,221	738,222	(1)
Operating expenditures	603,263	259,274	343,989
Capital outlay	17,769	17,769	-
Total	<u>1,359,253</u>	<u>1,015,265</u>	<u>343,988</u>
Human Resources:			
Salaries and employee benefits	862,406	862,409	(3)
Operating expenditures	243,398	149,181	94,217
Total	<u>1,105,804</u>	<u>1,011,590</u>	<u>94,214</u>

ONslow COUNTY, NORTH CAROLINA

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

	2023		
	Budget	Actual	Variance Over/Under
Non-Departmental:			
Salaries and employee benefits	6,507,680	65,631	6,442,049
Operating expenditures	2,872,772	3,265,674	(392,902)
Capital outlay	1,215,975	171,144	1,044,831
Total	<u>10,596,427</u>	<u>3,502,449</u>	<u>7,093,978</u>
Workers Compensation:			
Administration	777,160	901,145	(123,985)
Total	<u>777,160</u>	<u>901,145</u>	<u>(123,985)</u>
Insurance:			
Administration	12,500,000	10,522,410	1,977,590
Total	<u>12,500,000</u>	<u>10,522,410</u>	<u>1,977,590</u>
Total general government	<u>41,323,130</u>	<u>31,922,297</u>	<u>9,400,833</u>
Public Safety:			
Sheriff and Jail:			
Salaries and employee benefits	23,924,481	23,120,166	804,315
Operating expenditures	5,920,362	6,034,763	(114,401)
Capital outlay	1,661,967	1,351,896	310,071
Total	<u>31,506,810</u>	<u>30,506,825</u>	<u>999,985</u>
Emergency Services:			
Salaries and employee benefits	14,853,308	12,376,827	2,476,481
Operating expenditures	7,923,508	7,651,015	272,493
Capital outlay	1,676,522	2,413,068	(736,546)
Total	<u>24,453,338</u>	<u>22,440,910</u>	<u>2,012,428</u>
Fire and Rescue Commission:			
Operating expenditures	9,575,188	9,697,108	(121,920)
Capital outlay	622,227	639,224	(16,997)
Total	<u>10,197,415</u>	<u>10,336,332</u>	<u>(138,917)</u>
Animal Services:			
Salaries and employee benefits	1,253,908	1,253,909	(1)
Operating expenditures	430,805	389,062	41,743
Capital outlay	-	-	-
Total	<u>1,684,713</u>	<u>1,642,971</u>	<u>41,742</u>

ONslow COUNTY, NORTH CAROLINA

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

	2023		
	Budget	Actual	Variance Over/Under
Medical Examiner:			
Professional services	260,000	246,400	13,600
Total	<u>260,000</u>	<u>246,400</u>	<u>13,600</u>
Total public safety	<u>68,102,276</u>	<u>65,173,438</u>	<u>2,928,838</u>
Transportation:			
Operating expenditures	340,688	340,688	-
Total	<u>340,688</u>	<u>340,688</u>	<u>-</u>
Total transportation	<u>340,688</u>	<u>340,688</u>	<u>-</u>
Economic and Physical Development:			
Tourism:			
Operating expenditures	1,673,423	1,266,232	407,191
Capital outlay	577,352	97,391	479,961
Total	<u>2,250,775</u>	<u>1,363,623</u>	<u>887,152</u>
Agricultural Extension:			
Salaries and employee benefits	76,596	76,594	2
Operating expenditures	567,411	485,085	82,326
Total	<u>644,007</u>	<u>561,679</u>	<u>82,328</u>
Planning:			
Salaries and employee benefits	1,236,467	1,191,016	45,451
Operating expenditures	348,569	178,789	169,780
Capital outlay	3,651	3,474	177
Total	<u>1,588,687</u>	<u>1,373,279</u>	<u>215,408</u>
Soil and Water Conservation:			
Salaries and employee benefits	251,432	247,961	3,471
Operating expenditures	13,362	12,282	1,080
Capital outlay	7,349	7,349	-
Total	<u>272,143</u>	<u>267,592</u>	<u>4,551</u>
Burton Industrial Park:			
Operating expenditures	107,730	50,064	57,666
Total	<u>107,730</u>	<u>50,064</u>	<u>57,666</u>
Total economic and physical development	<u>4,863,342</u>	<u>3,616,237</u>	<u>1,247,105</u>

ONslow COUNTY, NORTH CAROLINA

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

	2023		Variance Over/Under
	Budget	Actual	
Human Services:			
Consolidated Human Services Admin:			
Salaries and employee benefits	499,339	499,341	(2)
Operating expenditures	71,196	59,997	11,199
Total	<u>570,535</u>	<u>559,338</u>	<u>11,197</u>
Health:			
Salaries and employee benefits	8,730,616	8,437,116	293,500
Operating expenditures	4,206,275	2,026,402	2,179,873
Capital outlay	370,320	27,441	342,879
Total	<u>13,307,211</u>	<u>10,490,959</u>	<u>2,816,252</u>
Mental Health:			
Salaries and employee benefits	62,326	5,532	56,794
Operating expenditures	721,447	527,267	194,180
Total	<u>783,773</u>	<u>532,799</u>	<u>250,974</u>
Social Services:			
Salaries and employee benefits	19,827,100	19,405,486	421,614
Operating expenditures	8,952,507	6,642,940	2,309,567
Capital outlay	298,945	286,504	12,441
Total	<u>29,078,552</u>	<u>26,334,930</u>	<u>2,743,622</u>
Senior Services:			
Salaries and employee benefits	2,729,522	2,728,772	750
Operating expenditures	864,215	761,671	102,544
Capital outlay	3,474	167,835	(164,361)
Total	<u>3,597,211</u>	<u>3,658,278</u>	<u>(61,067)</u>
Veteran's Services:			
Salaries and employee benefits	574,643	574,644	(1)
Operating expenditures	22,656	7,298	15,358
Total	<u>597,299</u>	<u>581,942</u>	<u>15,357</u>
Total human services	<u>47,934,581</u>	<u>42,158,246</u>	<u>5,776,335</u>

ONslow COUNTY, NORTH CAROLINA

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

	2023		Variance Over/Under
	Budget	Actual	
Environmental Protection:			
Vector Control:			
Salaries and employee benefits	337,591	337,591	-
Operating expenditures	84,188	53,092	31,096
Capital outlay	15,000	14,981	19
Total	<u>436,779</u>	<u>405,664</u>	<u>31,115</u>
Total environmental protection	<u>436,779</u>	<u>405,664</u>	<u>31,115</u>
Cultural and Recreational:			
Recreation and Parks:			
Salaries and employee benefits	2,147,372	2,141,375	5,997
Operating expenditures	668,855	542,399	126,456
Capital outlay	153,863	57,747	96,116
Total	<u>2,970,090</u>	<u>2,741,521</u>	<u>228,569</u>
Library:			
Salaries and employee benefits	2,012,822	2,012,823	(1)
Operating expenditures	726,015	599,896	126,119
Capital outlay	102,323	67,140	35,183
Total	<u>2,841,160</u>	<u>2,679,859</u>	<u>161,301</u>
Museum:			
Salaries and employee benefits	332,285	332,286	(1)
Operating expenditures	43,304	34,981	8,323
Capital outlay	1,000	-	1,000
Total	<u>376,589</u>	<u>367,267</u>	<u>9,322</u>
Total cultural and recreational	<u>6,187,839</u>	<u>5,788,647</u>	<u>399,192</u>
Education:			
Public schools - current	62,866,646	62,866,646	-
Public schools - capital outlay	5,000,000	4,200,000	800,000
Community colleges - current	4,328,647	4,328,647	-
Community colleges - capital expense	1,864,500	1,864,500	-
Fines and forfeitures	770,000	697,959	72,041
Total education	<u>74,829,793</u>	<u>73,957,752</u>	<u>872,041</u>

ONslow COUNTY, NORTH CAROLINA

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

	2023		
	Budget	Actual	Variance Over/Under
Debt Service:			
Principal	20,319,999	29,720,268	(9,400,269)
Interest	8,173,802	8,195,747	(21,945)
Total debt service	28,493,801	37,916,015	(9,422,214)
Total expenditures	272,512,229	261,278,984	11,233,245
Revenues over (under) expenditures	(12,215,689)	25,308,178	37,523,867
Other Financing Sources (Uses):			
Installment financing issued	-	8,895,000	8,895,000
Bond premiums issued	-	324,748	324,748
Lease Liability Issued	-	1,696,252	1,696,252
SBITA liability issued	-	1,180,628	1,180,628
Transfers in	5,703,770	8,040,516	2,336,746
Transfers (out)	(9,508,716)	(10,174,909)	(666,193)
Appropriated fund balance	16,020,635	-	(16,020,635)
Total other financing sources (uses)	12,215,689	9,962,235	(2,253,454)
Net change in fund balance	\$ -	35,270,413	\$ 35,270,413
Fund Balance:			
Beginning of year - July 1		114,341,487	
Initial implementation of SBITA standard:			
Restatement, Note 7		48,977	
SBITA liability issued		1,180,628	
Capital Outlay		(1,180,628)	
End of year - June 30		\$ 149,660,877	

ONslow COUNTY, NORTH CAROLINA

**RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Federal and state grants	\$ 2,446,000	\$ 3,820,748	\$ 1,374,748
Local grants	-	-	-
Miscellaneous	-	2,037,488	2,037,488
Investment earnings	-	945,317	945,317
Total revenues	<u>2,446,000</u>	<u>6,803,553</u>	<u>4,357,553</u>
Expenditures:			
BOE Projects	5,879,411	-	5,879,411
Total expenditures	<u>5,879,411</u>	<u>-</u>	<u>5,879,411</u>
Revenues over (under) expenditures	<u>(3,433,411)</u>	<u>6,803,553</u>	<u>10,236,964</u>
Other Financing Sources (Uses):			
Transfers in	6,009,259	6,256,495	247,236
Transfers out:			
Transfers (out)	-	-	-
To General Fund	(2,446,000)	(2,446,000)	-
Transfers in:			
Appropriated fund balance	(129,848)	-	129,848
Total other financing sources (uses)	<u>3,433,411</u>	<u>3,810,495</u>	<u>377,084</u>
Net change in fund balance	<u>\$ -</u>	<u>10,614,048</u>	<u>\$ 10,614,048</u>
Fund Balance:			
Beginning of year - July 1		31,180,355	
End of year - June 30		<u>\$ 41,794,403</u>	

ONslow COUNTY, NORTH CAROLINA

**REVALUATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2023**

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Investment earnings	\$ -	\$ 2,988	\$ 2,988
Total revenues	<u>-</u>	<u>2,988</u>	<u>2,988</u>
Expenditures:			
Operating expenditures	116,250	88,565	27,685
Total expenditures	<u>116,250</u>	<u>88,565</u>	<u>27,685</u>
Revenues over (under) expenditures	<u>(116,250)</u>	<u>(85,577)</u>	<u>30,673</u>
Other Financing Sources (Uses):			
Transfers in:			
Transfers in	116,250	116,250	-
Appropriated fund balance	-	-	-
Total other financing sources (uses)	<u>116,250</u>	<u>116,250</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>30,673</u>	<u>\$ 30,673</u>
Fund Balance:			
Beginning of year - July 1		<u>83,618</u>	
End of year - June 30		<u>\$ 114,291</u>	

ONslow COUNTY, NORTH CAROLINA

**GRANT PROJECT FUND (MAJOR SPECIAL REVENUE FUND)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Social service	\$ 2,683,649	\$ 247,380	\$ -	\$ 247,380	\$ (2,436,269)
Health department	2,901,809	533,219	247,420	780,639	(2,121,170)
Federal and state grants	4,795,466	498,576	777,043	1,275,619	(3,519,847)
ARPA grant	38,447,136	4,062,171	4,191,776	8,253,947	(30,193,189)
Various federal grants	73,010	143,717	-	143,717	70,707
Opioid Settlement	406,773	-	-	-	(406,773)
Other fees	81,000	-	-	-	(81,000)
Investment earnings	-	40,837	1,408,518	1,449,355	1,449,355
Total revenues	<u>49,388,843</u>	<u>5,525,900</u>	<u>6,624,757</u>	<u>12,150,657</u>	<u>(37,238,186)</u>
Expenditures:					
Firearms Training Range	650,000	-	42,896	42,896	607,104
ARPA grant:					
Operational expenses	6,194,145	177,145	505,483	682,628	5,511,517
Capital outlay	21,535,678	1,195,557	686,469	1,882,026	19,653,652
Various federal grants:					
Operational expenses	1,339,358	271,521	1,984	273,505	1,065,853
Capital outlay	1,028,009	300,849	-	300,849	727,160
Various state grants:					
Operational expenses	295,875	106,444	-	106,444	189,431
Capital outlay	34,000	33,807	38,636	72,443	(38,443)
Other grants:					
Operational expenses	1,175,742	5,981	-	5,981	1,169,761
Capital outlay	1,432,007	241,399	-	241,399	1,190,608
Veterans Treatment Court	459,511	-	111,652	111,652	347,859
Motorsport Relief	485,000	-	-	-	485,000
Internet Crimes Against Children	63,101	-	49,955	49,955	13,146
Covid Protection Equipment	99,202	-	43,756	43,756	55,446
JAG	97,266	22,350	42,144	64,494	32,772
Body-worn Camera	129,537	2,362	87,090	89,452	40,085
COSSAP - Opioid	899,943	-	61,988	61,988	837,955
Justice and Mental Health Collaboration	741,512	561,359	167,047	728,406	13,106
Watershed Restoration	516,262	511,334	-	511,334	4,928
Pool Feasibility Study	500,000	-	-	-	500,000
Stream Rehabilitation	377,335	-	249,029	249,029	128,306
Total expenditures	<u>38,053,483</u>	<u>3,430,108</u>	<u>2,088,129</u>	<u>5,518,237</u>	<u>32,535,246</u>
Revenues over (under) expenditures	<u>11,335,360</u>	<u>2,095,792</u>	<u>4,536,628</u>	<u>6,632,420</u>	<u>(4,702,940)</u>
Other Financing Sources (Uses):					
Transfers in:					
Transfers in	1,203	1,203	-	1,203	-
Transfers out:					
Transfers (out)	(1,148,604)	(54,729)	(695,658)	(750,387)	398,217
To Solid Waste Construction Project Fund	(7,500,000)	(172,156)	(1,171,205)	(1,343,361)	6,156,639
To Solid Waste Fund	(47,573)	(47,573)	(16,546)	(64,119)	(16,546)
To General Fund	(2,640,386)	(2,415,011)	(1,510,290)	(3,925,301)	(1,284,915)
Total other financing sources (uses)	<u>(11,335,360)</u>	<u>(2,688,266)</u>	<u>(3,393,699)</u>	<u>(6,081,965)</u>	<u>5,253,395</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (592,474)</u>	<u>1,142,929</u>	<u>\$ 550,455</u>	<u>\$ 550,455</u>
Fund Balance:					
Beginning of year - July 1			<u>(326,835)</u>		
End of year - June 30			<u>\$ 816,094</u>		

Other Major Governmental Funds

Capital Project Fund – accounts for funds used for industrial and economic development

School Construction Fund – accounts for funds used for construction of new school facilities.

Grant Project Fund – accounts for funds received for various grant projects.

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ONslow COUNTY, NORTH CAROLINA

CAPITAL PROJECT FUND (MAJOR)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Health department	\$ 626,978	\$ -	\$ 486,368	\$ 486,368	\$ (140,610)
Federal and state grants	924,288	12,445	675,088	687,533	(236,755)
Investment earnings	383,360	546,721	57,764	604,485	221,125
Other	2,000	-	-	-	(2,000)
Total revenues	<u>1,936,626</u>	<u>559,166</u>	<u>1,219,220</u>	<u>1,778,386</u>	<u>(158,240)</u>
Expenditures:					
Capital projects:					
Discovery Gardens	1,205,390	1,102,459	15,747	1,118,206	87,184
Sylvester House Preservation	83,400	-	-	-	83,400
Tax Office Software	1,255,000	-	-	-	1,255,000
Tax Software	594,500	236,500	-	236,500	358,000
CAD-RMS-JMS	2,387,233	2,022,567	-	2,022,567	364,666
Animal Shelter Expansion Project	4,205,000	4,096,156	1,314	4,097,470	107,530
Beach Access Repair	709,000	519,688	-	519,688	189,312
Burton Park Bike Trail	448,784	343,083	41,905	384,988	63,796
Senior Services Building	12,500,000	27,503	255,957	283,460	12,216,540
PARTF	787,750	-	-	-	787,750
Firearms Training Range	340,000	-	-	-	340,000
Total expenditures	<u>24,516,057</u>	<u>8,347,956</u>	<u>314,923</u>	<u>8,662,879</u>	<u>15,853,178</u>
Debt Service:					
Issuance costs	443,875	443,613	-	443,613	262
Total expenditures	<u>24,959,932</u>	<u>8,791,569</u>	<u>314,923</u>	<u>9,106,492</u>	<u>15,853,440</u>
Revenues over (under) expenditures	<u>(23,023,306)</u>	<u>(8,232,403)</u>	<u>904,297</u>	<u>(7,328,106)</u>	<u>15,695,200</u>
Other Financing Sources (Uses):					
Transfers in:					
Installment financing issued	6,067,110	5,855,000	-	5,855,000	(212,110)
Transfers in	16,956,196	6,534,423	1,411,209	7,945,632	(9,010,564)
Transfers out:					
Total other financing sources (uses)	<u>23,023,306</u>	<u>12,389,423</u>	<u>1,411,209</u>	<u>13,800,632</u>	<u>(9,222,674)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,157,020</u>	<u>2,315,506</u>	<u>\$ 6,472,526</u>	<u>\$ 6,472,526</u>
Fund Balance:					
Beginning of year - July 1			<u>3,495,207</u>		
End of year - June 30			<u>\$ 5,810,713</u>		

ONslow COUNTY, NORTH CAROLINA

**SCHOOL CONSTRUCTION FUND (MAJOR)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Federal and state grants	\$ 4,792,910	\$ 2,517,718	\$ -	\$ 2,517,718	\$ (2,275,192)
Investment earnings	287,656	569,381	57,880	627,261	339,605
Total revenues	5,080,566	3,087,099	57,880	3,144,979	(1,935,587)
Expenditures:					
Regional Skills Center	12,792,910	10,517,718	-	10,517,718	2,275,192
West Central Elementary School	29,975,468	29,041,576	403,199	29,444,775	530,693
New Southern Elementary School	21,746,254	20,738,695	155,060	20,893,755	852,499
Northwoods Park Middle School	13,068,000	-	470,770	470,770	12,597,230
North East Elementary School	43,842,000	-	24,250	24,250	43,817,750
Total expenditures	121,424,632	60,297,989	1,053,279	61,351,268	60,073,364
Debt Service:					
Issuance costs	1,370,365	-	427,099	427,099	943,266
Total expenditures	122,794,997	60,297,989	1,480,378	61,778,367	61,016,630
Revenues over (under) expenditures	(117,714,431)	(57,210,890)	(1,422,498)	(58,633,388)	59,081,043
Other Financing Sources (Uses):					
Installment financing issued	120,429,837	52,140,000	41,245,000	93,385,000	(27,044,837)
Bond premiums issued	-	-	3,977,698	3,977,698	3,977,698
Transfers in:					
Transfers in	300,190	-	-	-	(300,190)
Transfers out:					
Transfers (out)	(2,257,584)	(2,257,584)	-	(2,257,584)	-
To General Fund	(758,012)	-	(758,012)	(758,012)	-
Total other financing sources (uses)	117,714,431	49,882,416	44,464,686	94,347,102	(23,367,329)
Net change in fund balance	\$ -	\$ (7,328,474)	43,042,188	\$ 35,713,714	\$ 35,713,714
Fund Balance:					
Beginning of year - July 1			3,284,931		
End of year - June 30			\$ 46,327,119		

Nonmajor Governmental Funds

Special Revenue Funds – account for the proceeds of special revenue sources that are legally restricted to expenditure for specific purposes.

Memorial Fund – accounts for fund reserved for future emergencies that may arise.

Emergency Telephone Systems Fund (E-911) – accounts for the funds received for the operation of the County’s Emergency 911 Communications Center.

Register of Deeds Fund – accounts for the costs of automation and enhancement of process for the register of deeds.

Opioid Settlement Fund - accounts for the proceeds of opioid settlement funds as restricted by the State of North Carolina

Community Assistance Fund – accounts for special grant funds used for maintenance of community-wide sewer system.

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ONSLOW COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2023

	Nonmajor Special Revenue Funds					Totals June 30, 2023
	Memorial Fund	Emergency Telephone System Fund (E-911)	Register of Deeds Fund	Opioid Settlement Fund	Community Assistance Fund	
Assets:						
Cash and investments	\$ 11,910	\$ 410,010	\$ 467,300	\$ -	\$ 713,945	\$ 1,603,165
Receivables, net	-	-	760	-	-	760
Due from other governments	-	9,230	3,140	-	-	12,370
Cash and investments	-	-	-	1,345,382	-	1,345,382
Total assets	<u>\$ 11,910</u>	<u>\$ 419,240</u>	<u>\$ 471,200</u>	<u>\$ 1,345,382</u>	<u>\$ 713,945</u>	<u>\$ 2,961,677</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 28,501	\$ 786	\$ -	\$ -	\$ 29,287
Advances from grantors	-	-	-	1,345,382	-	1,345,382
Total liabilities	<u>-</u>	<u>28,501</u>	<u>786</u>	<u>1,345,382</u>	<u>-</u>	<u>1,374,669</u>
Fund Balances:						
Restricted:						
Stabilization by state statute	-	18,442	8,445	-	-	26,887
Restricted, all other	-	381,527	465,869	-	713,945	1,561,341
Assigned, all other	11,910	-	-	-	30,600	42,510
Unassigned	-	(9,230)	(3,900)	-	(30,600)	(43,730)
Total fund balances	<u>11,910</u>	<u>390,739</u>	<u>470,414</u>	<u>-</u>	<u>713,945</u>	<u>1,587,008</u>
Total liabilities and fund balances	<u>\$ 11,910</u>	<u>\$ 419,240</u>	<u>\$ 471,200</u>	<u>\$ 1,345,382</u>	<u>\$ 713,945</u>	<u>\$ 2,961,677</u>

ONslow COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Nonmajor Special Revenue Funds					Totals June 30, 2023
	Memorial Fund	Emergency Telephone System Fund (E-911)	Register of Deeds Fund	Opioid Settlement Fund	Community Assistance Fund	
Revenues:						
Restricted intergovernmental fees	\$ -	\$ 266,586	\$ -	\$ 27,246	\$ -	\$ 293,832
Permits and fees	-	-	123,731	-	-	123,731
Investment earnings	-	24,229	9,909	-	1,982	36,120
Miscellaneous	-	-	-	-	1,022,111	1,022,111
Total revenues	-	290,815	133,640	27,246	1,024,093	1,475,794
Expenditures:						
Operating expenditures	-	76,104	27,860	-	-	103,964
Equipment maintenance	-	103,175	33,323	-	-	136,498
Distributions	-	-	-	-	937,594	937,594
Total expenditures	-	179,279	61,183	-	937,594	1,178,056
Revenues over (under) expenditures	-	111,536	72,457	27,246	86,499	297,738
Other Financing Sources (Uses):						
Transfers to:						
Capital Project Fund	-	-	-	(27,246)	-	(27,246)
Net change in fund balances	-	111,536	72,457	-	86,499	270,492
Fund Balances:						
Beginning of year - July 1	11,910	279,203	397,957	-	627,446	1,316,516
End of year - June 30	\$ 11,910	\$ 390,739	\$ 470,414	\$ -	\$ 713,945	\$ 1,587,008

ONslow COUNTY, NORTH CAROLINA

**MEMORIAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2023</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Opioid Settlement	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>11,910</u>	
End of year - June 30		<u>\$ 11,910</u>	

ONslow COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND (E-911)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	2023		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ -	\$ 24,229	\$ 24,229
Wireless E-911 fees	269,465	266,586	(2,879)
Total revenues	<u>269,465</u>	<u>290,815</u>	<u>21,350</u>
Expenditures:			
Public safety:			
Operating expenditures	231,313	76,104	155,209
Equipment maintenance	210,500	103,175	107,325
Capital outlay	66,812	-	66,812
Total expenditures	<u>508,625</u>	<u>179,279</u>	<u>329,346</u>
Revenues over (under) expenditures	<u>(239,160)</u>	<u>111,536</u>	<u>350,696</u>
Other Financing Sources (Uses):			
Transfers out:			
Appropriated fund balance	239,160	-	(239,160)
Total other financing sources (uses)	<u>239,160</u>	<u>-</u>	<u>(239,160)</u>
Net change in fund balance	<u>\$ -</u>	<u>111,536</u>	<u>\$ 111,536</u>
Fund Balance:			
Beginning of year - July 1		<u>279,203</u>	
End of year - June 30		\$ 390,739	
PSAP Reconciliation:			
Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP revenue - expenditure report because:			
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. revised PSAP report)			
		<u>477,032</u>	
Ending balance, PSAP revenue - expenditure report		<u>\$ 867,771</u>	

ONslow COUNTY, NORTH CAROLINA

**REGISTER OF DEEDS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	2023		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Register of Deeds	\$ 102,410	\$ 123,731	\$ 21,321
Investment earnings	-	9,909	9,909
Total revenues	<u>102,410</u>	<u>133,640</u>	<u>31,230</u>
Expenditures:			
Operating expenditures	<u>102,410</u>	<u>61,183</u>	<u>41,227</u>
Total expenditures	<u>102,410</u>	<u>61,183</u>	<u>41,227</u>
Net change in fund balance	<u>\$ -</u>	<u>72,457</u>	<u>\$ 72,457</u>
Fund Balance:			
Beginning of year - July 1		<u>397,957</u>	
End of year - June 30		<u>\$ 470,414</u>	

ONslow COUNTY, NORTH CAROLINA

**OPIOID SETTLEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	2023		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Opioid Settlement	\$ -	\$ 27,246	\$ 27,246
Total revenues	<u>-</u>	<u>27,246</u>	<u>27,246</u>
Other Financing Sources (Uses):			
To General Fund	-	(27,246)	(27,246)
Total other financing sources (uses)	<u>-</u>	<u>(27,246)</u>	<u>(27,246)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</u>	

ONslow COUNTY, NORTH CAROLINA

COMMUNITY ASSISTANCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2023

	2023		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Loan repayments	\$ 6,300	\$ 9,677	\$ 3,377
Interest on loan repayments	-	488	488
Guardianship deposits	1,880,226	1,012,434	(867,792)
Investment earnings	-	1,494	1,494
Total revenues	<u>1,886,526</u>	<u>1,024,093</u>	<u>(862,433)</u>
Expenditures:			
Current:			
Septic system repair program	33,000	-	33,000
Guardianship disbursements	1,884,126	937,594	946,532
Total expenditures	<u>1,917,126</u>	<u>937,594</u>	<u>979,532</u>
Revenues over (under) expenditures	<u>(30,600)</u>	<u>86,499</u>	<u>117,099</u>
Other Financing Sources (Uses):			
Appropriated fund balance	30,600	-	(30,600)
Total other financing sources (uses)	<u>30,600</u>	<u>-</u>	<u>(30,600)</u>
Net change in fund balance	<u>\$ -</u>	<u>86,499</u>	<u>\$ 86,499</u>
Fund Balance:			
Beginning of year - July 1		<u>627,446</u>	
End of year - June 30		<u>\$ 713,945</u>	

Enterprise Funds

Enterprise funds account for the operations financed and operated in a manner similar to private business enterprises – where the intent of the government’s board is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or where the governing body has decided that the periodic determination of net income is appropriate for accountability purposes.

Individual Fund Descriptions:

Solid Waste Fund – accounts for operations of the County landfill.

Airport Operations Fund – accounts for operations at Albert J. Ellis Airport.

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ONslow COUNTY, NORTH CAROLINA

**SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Fees	\$ 7,515,334	\$ 8,669,764	\$ 1,154,430
Other operating revenues	120,000	285,465	165,465
Total operating revenues	7,635,334	8,955,229	1,319,895
Non-operating revenues:			
Restricted intergovernmental	512,474	577,591	65,117
Investment earnings	-	1,157,344	1,157,344
Sales of fixed assets	-	70,322	70,322
Total non-operating revenues	512,474	1,805,257	1,292,783
Total revenues	8,147,808	10,760,486	2,612,678
Expenditures:			
Operating expenditures:			
Salaries and employee benefits	1,927,866	1,831,370	96,496
Other operating expenditures	4,935,208	1,770,549	3,164,659
Repairs and maintenance	1,356,170	929,740	426,430
Contingency	154,229	-	154,229
Capital outlay	768,520	388,206	380,314
Total expenditures	9,141,993	4,919,865	4,222,128
Debt Service			
Interest paid	-	94	(94)
Principal retirement	3,750	2,938	812
Total debt service	3,750	3,032	718
Revenues over (under) expenditures	(997,935)	5,837,589	6,835,524
Other Financing Sources (Uses):			
Transfers in	-	16,546	16,546
Appropriated fund balance	997,935	-	(997,935)

ONslow COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	2023		
	Budget	Actual	Variance Over/Under
Total other financing sources (uses)	997,935	16,546	(981,389)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 5,854,135	\$ 5,854,135
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		5,854,135	
Reconciling items:			
Capital outlay, capitalized		388,206	
Principal paid on debt		2,938	
Change in compensated absences		(11,687)	
Change in net pension liability		(545,271)	
Change in deferred outflows of resources - pension		159,806	
Change in deferred inflows of resources - pension		352,778	
Change in other post-employment benefits		(20,154)	
Change in deferred outflows of resources - OPEB		(30,326)	
Change in deferred inflows of resources - OPEB		15,722	
Post-closure care costs		(728,114)	
Depreciation and amortization		(1,542,960)	
Capital project revenues		1,180,193	
Capital project expenditures not capitalized		(142,957)	
Total reconciling items		\$ (921,826)	
Change in net position		\$ 4,932,309	

ONslow COUNTY, NORTH CAROLINA

SOLID WASTE CONSTRUCTION PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Non-operating revenues:					
Investment earnings	\$ 37,112	\$ 187	\$ 8,988	\$ 9,175	\$ (27,937)
Total revenues	<u>37,112</u>	<u>187</u>	<u>8,988</u>	<u>9,175</u>	<u>(27,937)</u>
Expenditures:					
General improvements	1,447,000	1,048,445	125,883	1,174,328	272,672
Landfill Expansion Phase IV	7,200,282	-	-	-	7,200,282
Landfill Expansion Phase V	4,419,151	319,044	6,801	325,845	4,093,306
ARPA	7,500,000	36,000	1,307,361	1,343,361	6,156,639
Total expenditures	<u>20,566,433</u>	<u>1,403,489</u>	<u>1,440,045</u>	<u>2,843,534</u>	<u>17,722,899</u>
Revenues over (under) expenditures	<u>(20,529,321)</u>	<u>(1,403,302)</u>	<u>(1,431,057)</u>	<u>(2,834,359)</u>	<u>17,694,962</u>
Other Financing Sources (Uses):					
Transfers in	<u>20,529,321</u>	<u>9,107,326</u>	<u>1,171,205</u>	<u>10,278,531</u>	<u>(10,250,790)</u>
Total other financing sources (uses)	<u>20,529,321</u>	<u>9,107,326</u>	<u>1,171,205</u>	<u>10,278,531</u>	<u>(10,250,790)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 7,704,024</u>	<u>\$ (259,852)</u>	<u>\$ 7,444,172</u>	<u>\$ 7,444,172</u>

ONSLow COUNTY, NORTH CAROLINA

**AIRPORT OPERATIONS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2023**

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Charges for services			
Rents and parking	\$ 2,111,450	\$ 1,914,520	\$ (196,930)
Fees	1,278,950	1,109,220	(169,730)
Other operating revenues	26,750	36,915	10,165
Total operating revenues	<u>3,417,150</u>	<u>3,060,655</u>	<u>(356,495)</u>
Non-operating revenues:			
Restricted intergovernmental	375,130	648,239	273,109
Investment earnings	-	280,803	280,803
Sales of fixed assets	-	8,905	8,905
Total non-operating revenues	<u>375,130</u>	<u>937,947</u>	<u>562,817</u>
Total revenues	<u>3,792,280</u>	<u>3,998,602</u>	<u>206,322</u>
Expenditures:			
Salaries and employee benefits	2,098,937	2,203,258	(104,321)
Other operating expenditures	1,102,956	955,027	147,929
Repairs and maintenance	342,806	269,853	72,953
Contingency	135,168	-	135,168
Capital outlay	193,277	73,650	119,627
Interest paid	-	40	(40)
Total expenditures	<u>3,873,144</u>	<u>3,501,828</u>	<u>371,316</u>
Revenues over (under) expenditures	<u>(80,864)</u>	<u>496,774</u>	<u>577,638</u>
Other Financing Sources (Uses):			
Transfers in	279,695	306,425	26,730
Transfers from Airport Construction Fund	259,390	269,855	10,465
Transfers out	-	(11,250)	(11,250)
Transfers to other funds	(518,780)	(518,780)	-
Appropriated fund balance	60,559	-	(60,559)

ONslow COUNTY, NORTH CAROLINA

**AIRPORT OPERATIONS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	2023		
	Budget	Actual	Variance Over/Under
Total other financing sources (uses)	80,864	46,250	(34,614)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	\$ 543,024	<u>\$ 543,024</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		543,024	
Reconciling items:			
Capital outlay, capitalized		73,650	
Change in compensated absences		(5,929)	
Change in net pension liability		(658,193)	
Change in deferred outflows - pensions		233,676	
Change in deferred inflows - pensions		350,600	
Change in OPEB liability		18,223	
Change in OPEB deferred outflows		(18,297)	
Change in OPEB deferred inflows		10,462	
Depreciation and amortization		(3,290,788)	
Capital project revenues		4,925,340	
Capital project expenditures not capitalized		(696,618)	
Total reconciling items		<u>\$ 942,126</u>	
Change in net position		<u>\$ 1,485,150</u>	

ONslow COUNTY, NORTH CAROLINA

**AIRPORT CONSTRUCTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Prior Years	Actual		Variance Over/Under
			Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
State environmental assessment	\$ 300,000	\$ 294,836	\$ -	\$ 294,836	\$ (5,164)
State taxiway rehabilitation	1,300,000	270,000	182,051	452,051	(847,949)
State snow removal/main building	1,495,000	-	8,900	8,900	(1,486,100)
State Airport Utility Improvement	150,000	-	-	-	(150,000)
State Airport Runway Expansion	29,000,000	-	3,600	3,600	(28,996,400)
Total state grants	<u>32,245,000</u>	<u>564,836</u>	<u>194,551</u>	<u>759,387</u>	<u>(31,485,613)</u>
Restricted intergovernmental	414,868	-	-	-	(414,868)
Investment earnings	752	146,843	1,477,359	1,624,202	1,623,450
Total unrestricted	<u>415,620</u>	<u>146,843</u>	<u>1,477,359</u>	<u>1,624,202</u>	<u>1,208,582</u>
Sales of fixed assets	-	66,458	-	66,458	66,458
Federal AIP 41-EA	363,700	30,501	163,635	194,136	(169,564)
Federal AIP 41-Firetruck	750,000	750,000	-	750,000	-
Federal AIP - snow removal equipment	270,000	3,049	-	3,049	(266,951)
Federal AIP 44 - taxiway runway rehabilitation	16,008,244	4,470,132	2,529,722	6,999,854	(9,008,390)
Federal USDOT SCASDP	700,000	-	-	-	(700,000)
Total federal grants	<u>18,091,944</u>	<u>5,320,140</u>	<u>2,693,357</u>	<u>8,013,497</u>	<u>(10,078,447)</u>
Total restricted	<u>50,752,564</u>	<u>6,031,819</u>	<u>4,365,267</u>	<u>10,397,086</u>	<u>(40,355,478)</u>
Unrestricted intergovernmental:					
Contract facility charges	405,631	2,940,856	357,606	3,298,462	2,892,831
Passenger facility charges	3,133,494	3,380,231	461,072	3,841,303	707,809
Total revenues	<u>54,291,689</u>	<u>12,352,906</u>	<u>5,183,945</u>	<u>17,536,851</u>	<u>(36,754,838)</u>
Expenditures:					
Administrative:					
General improvements	58,647	-	-	-	58,647
Environmental assessment	663,700	325,363	196,724	522,087	141,613
Capital projects:					
SCASDP	900,005	58,481	32,244	90,725	809,280
Landslide-land acquisition	1,016,890	-	-	-	1,016,890
Airfield electrical improvements 2017	1,037,012	-	-	-	1,037,012
Firetruck	780,000	758,927	-	758,927	21,073
Snow removal equipment	275,000	3,049	115,533	118,582	156,418
Snow removal/main building	1,495,000	-	8,900	8,900	1,486,100
Taxiway runway rehabilitation	17,293,644	4,974,499	7,056,501	12,031,000	5,262,644
PARCS replacement	385,000	125,611	172,224	297,835	87,165
Airport Runway Extension	29,000,000	-	3,600	3,600	28,996,400
Airport Utility Improvement	150,000	-	12,998	12,998	137,002
Total expenditures	<u>53,054,898</u>	<u>6,245,930</u>	<u>7,598,724</u>	<u>13,844,654</u>	<u>39,210,244</u>

ONslow COUNTY, NORTH CAROLINA

AIRPORT CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Over/Under</u>
			<u>Current Year</u>	<u>Total to Date</u>	
Revenues over (under) expenditures	1,236,791	6,106,976	(2,414,779)	3,692,197	2,455,406
Other Financing Sources (Uses):					
Transfers in	1,197,865	705,171	11,250	716,421	(481,444)
Transfers out	<u>(2,434,656)</u>	<u>(1,875,378)</u>	<u>(269,855)</u>	<u>(2,145,233)</u>	<u>289,423</u>
Total other financing sources (uses)	<u>(1,236,791)</u>	<u>(1,170,207)</u>	<u>(258,605)</u>	<u>(1,428,812)</u>	<u>(192,021)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 4,936,769	\$ (2,673,384)	\$ 2,263,385	\$ 2,263,385

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Additional Financial Data

This section contains additional information on property taxes, interfund and component unit transfers, and cash and investments.

Schedule of Ad Valorem Taxes Receivable Analysis of

Current Tax Levy- County-wide Levy

Analysis of Current Tax Levy- Secondary Market Disclosures

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ON SLOW COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Fiscal Year	Uncollected Balance July 1, 2022	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 121,883,291	\$ 120,629,478	\$ 1,253,813
2021-2022	924,543	-	482,461	442,082
2020-2021	381,839	-	112,769	269,070
2019-2020	236,476	-	50,387	186,089
2018-2019	189,265	-	26,095	163,170
2017-2018	107,892	-	13,439	94,453
2016-2017	111,182	-	10,401	100,781
2015-2016	126,736	-	5,968	120,768
2014-2015	110,604	-	5,366	105,238
2013-2014	303,277	-	6,334	296,943
Total	<u>\$ 2,491,814</u>	<u>\$ 121,883,291</u>	<u>\$ 121,342,698</u>	<u>3,032,407</u>
Less: allowance for uncollectible accounts: General Fund				<u>(718,080)</u>
Ad valorem taxes receivable, net: General Fund				<u>\$ 2,314,327</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 134,810,104
Reconciling items:				
Penalties and interest				(494,727)
Refund overpaid taxes				54,624
Releases on prior years				111,522
Miscellaneous				(13,049,852)
Discoveries/overpayments/refunds				<u>(88,973)</u>
Total collections and credits				<u>\$ 121,342,698</u>
Reconciliation with Ad Valorem Net Receivables:				
Ad valorem taxes receivable net (excludes classified motor vehicles)				\$ 2,314,327
Classified motor vehicle receivable, net				<u>765,486</u>
Total Ad valorem receivable, net				<u>\$ 3,079,813</u>

ONslow COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY FOR THE YEAR ENDED JUNE 30, 2023

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original Levy:				
Property taxed at current year's rate	\$ 24,859,101,494	\$ 0.00655	\$ 164,287,484	\$ 149,954,890	\$ 14,332,594
Penalties	-		171,296	171,296	-
Total	<u>24,859,101,494</u>		<u>164,458,780</u>	<u>150,126,186</u>	<u>14,332,594</u>
Discoveries:					
Current year taxes	12,544,733	0.00655	82,168	82,168	-
Prior year taxes	-		846,362	846,362	-
Total	<u>12,544,733</u>		<u>928,530</u>	<u>928,530</u>	<u>-</u>
Releases	<u>(4,453,652,801)</u>		<u>(29,171,426)</u>	<u>(29,171,426)</u>	<u>-</u>
Total property valuation	<u>\$ 20,417,993,426</u>				
Net Levy			136,215,884	121,883,290	14,332,594
Uncollected taxes at June 30, 2022			<u>2,346,653</u>	<u>1,253,813</u>	<u>1,092,840</u>
Current Year's Taxes Collected			<u>\$ 133,869,231</u>	<u>\$ 120,629,477</u>	<u>\$ 13,239,754</u>
Current Levy Collection Percentage			<u>98.28%</u>	<u>98.97%</u>	<u>92.38%</u>

ONslow COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY- SECONDARY MARKET DISCLOSURES FOR THE YEAR ENDED JUNE 30, 2023

Secondary Market Disclosures:

Assessed valuation:

Assessment ratio*

Real property	\$	17,470,163,006
Personal property		2,584,984,651
Public service companies**		362,845,769
Total assessed valuation	\$	<u>20,417,993,426</u>

Tax rate per \$100	\$	<u>0.00655</u>
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Levy (includes discoveries, releases and abatements)***	\$	133,737,857
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*Percentage of appraised value has been established by statute.

**Valuation of railroads, telephone companies, and other utilities
as determined by the North Carolina Property Tax Commission.

***The levy includes interest and penalties.

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Statistical Section

The Statistical Section includes data extracted from prior years' financial reports and various other sources.

The information presented in this section does not provide full and adequate disclosure of financial information for prior years required by generally accepted accounting principles. Such information is provided for supplementary analysis purposes and should be relied on only for the purpose specified.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within, which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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Table 1
Onslow County, North Carolina
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities										
Net investment in capital assets	\$ 35,009,562	\$ 21,751,936	\$ 27,383,173	\$ 46,638,251	\$ 43,059,886	\$ 50,192,124	\$ 85,246,277	\$ 56,516,949	\$ 245,213,899	\$ 60,317,429
Restricted	17,587,375	20,415,082	24,513,219	43,772,141	46,966,936	43,091,160	130,186,871	66,835,016	50,055,740	92,177,320
Unrestricted	<u>(21,429,680)</u>	<u>(18,480,500)</u>	<u>(31,553,746)</u>	<u>(97,008,911)</u>	<u>(114,211,226)</u>	<u>(106,106,599)</u>	<u>(223,753,003)</u>	<u>(127,162,147)</u>	<u>(260,115,762)</u>	<u>(55,632,597)</u>
Total governmental activities net position	\$ 31,167,257	\$ 23,686,518	\$ 20,342,646	\$ (6,598,519)	\$ (24,184,404)	\$ (12,823,315)	\$ (8,319,855)	\$ (3,810,182)	\$ 35,153,877	\$ 96,862,152
Business-type activities										
Net-investment in capital assets	\$ 7,584,760	\$ 52,764,262	\$ 61,195,486	\$ 66,859,805	\$ 68,322,013	\$ 70,579,752	\$ 71,593,259	\$ 69,271,987	\$ 71,403,354	\$ 75,600,131
Restricted	3,621,795	11,506,481	5,973,043	3,116,482	-	-	-	-	-	-
Unrestricted	<u>5,658,668</u>	<u>(1,147,250)</u>	<u>3,426,382</u>	<u>5,474,333</u>	<u>4,682,337</u>	<u>12,172,146</u>	<u>14,215,538</u>	<u>20,615,286</u>	<u>27,507,255</u>	<u>29,727,937</u>
Total business-type activities net position	\$ 16,865,223	\$ 63,123,493	\$ 70,594,911	\$ 75,450,620	\$ 73,004,350	\$ 82,751,898	\$ 85,808,797	\$ 89,887,273	\$ 98,910,609	\$ 105,328,068
Primary government										
Net investment in capital assets	\$ 42,594,322	\$ 74,516,198	\$ 88,578,659	\$ 113,498,056	\$ 111,381,899	\$ 120,771,876	\$ 156,839,536	\$ 125,788,936	\$ 316,617,253	\$ 135,917,560
Restricted	21,209,170	31,921,563	30,486,262	46,888,623	46,966,936	43,091,160	130,186,871	66,835,016	50,055,740	92,177,320
Unrestricted	<u>(15,771,012)</u>	<u>(19,627,750)</u>	<u>(28,127,364)</u>	<u>(91,534,578)</u>	<u>(109,528,889)</u>	<u>(93,934,453)</u>	<u>(209,537,465)</u>	<u>(106,546,861)</u>	<u>(232,608,507)</u>	<u>(25,904,660)</u>
Total primary governmental net position	\$ 48,032,480	\$ 86,810,011	\$ 90,937,557	\$ 68,852,101	\$ 48,819,946	\$ 69,928,583	\$ 77,488,942	\$ 86,077,091	\$ 134,064,486	\$ 202,190,220

Table 2
Onslow County, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charge for services- solid waste	5,653,844	5,634,478	5,565,184	5,782,673	6,392,590	9,632,711	7,935,256	9,090,702	9,048,967	8,521,020
Charge for services - Airport		3,011,013	4,028,920	3,685,014	3,912,780	4,290,018	3,586,509	3,580,854	4,141,606	3,842,713
Operating grants and contributions - Solid Waste	408,088	410,136	448,614	526,806	-	-	-	-	170,814	577,591
Operating grants and contributions - Airport	-	-	-	4,555	-	-	-	4,190,225	-	648,239
Capital grants and contributions - Solid Waste	-	197,557	-	197,927	9,714	-	51,213	-	3,300	-
Capital grants and contributions - Airport	-	-	-	-	2,395,674	6,299,494	4,025,875	-	7,863,852	2,887,908
Total business-type activities program revenues	6,061,932	9,253,184	10,042,718	10,196,975	12,710,758	20,222,223	15,598,853	16,861,781	21,228,539	16,477,471
Total primary government program revenues	\$ 63,143,145	\$ 60,153,453	\$ 63,656,208	\$ 62,289,236	\$ 63,619,835	\$ 79,443,835	\$ 68,856,740	\$ 75,101,860	\$ 88,934,641	\$ 80,422,347
Net (Expense) Revenue										
Governmental activities	\$(109,385,110)	\$(108,665,043)	\$(131,422,375)	\$(166,275,134)	\$(149,206,408)	\$(149,903,637)	\$(160,940,108)	\$(179,524,290)	\$(152,294,157)	\$(176,458,817)
Business-type activities	689,629	800,247	1,714,628	(332,113)	1,011,196	10,079,883	3,504,291	4,941,869	8,840,478	2,016,264
Total primary government net (expense)/revenue	\$ (108,695,481)	\$ (107,864,796)	\$ (129,707,747)	\$ (166,607,247)	\$ (148,195,212)	\$ (139,823,754)	\$ (157,435,817)	\$ (174,582,421)	\$ (143,453,679)	\$ (174,442,553)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	82,125,826	88,826,062	90,617,420	92,571,203	96,527,768	101,817,468	102,111,111	106,430,584	112,593,423	135,151,051
Local option sales tax	37,749,744	38,646,343	39,677,477	42,089,627	43,916,852	50,551,745	54,290,940	65,299,792	72,069,611	77,506,860
Other taxes and licenses	2,800,525	2,841,268	2,825,316	3,100,073	5,695,866	6,639,066	6,387,482	5,736,301	6,340,073	7,351,609
Investment earnings	206,322	402,355	337,455	650,781	1,222,070	1,587,232	1,270,205	43,558	282,076	7,561,324
Gain (loss) on disposal of investment	-	-	-	-	-	-	-	3,467,500	-	-
Gain (loss) on disposal of asset	-	-	-	-	-	-	-	(2,212,420)	-	(21,240)
Miscellaneous	(14,010)	1,833,997	(6,379,618)	1,522,712	312,883	303,652	556,013	3,822,533	-	11,543,907
Transfers	2,086,436	-	518,780	389,085	928,534	574,342	827,818	875,683	(26,967)	(975,396)
Total governmental activities:	124,954,843	132,550,025	127,596,830	140,323,481	148,603,973	161,473,505	165,443,569	183,463,531	191,258,216	238,118,115
Business-type activities:										
Other taxes and licenses	381,391	407,735	412,005	428,688	502,911	461,977	-	-	-	-
Investment earnings	41,010	42,795	41,666	62,159	220,585	491,055	353,224	9,112	103,896	2,924,494
Grants	291,299	18,541,290	6,553,343	5,085,800	17,592	27,271	-	-	-	-
Gain (loss) on disposal of asset	-	-	-	-	-	-	-	-	-	30,476
Miscellaneous	(263,952)	(35,808)	(731,449)	260	(59,132)	5,101	27,202	3,178	51,995	470,829
Transfers	(2,086,436)	-	(518,780)	(389,085)	(928,534)	(574,342)	(827,818)	(875,683)	26,967	975,396
Total business-type activities	(1,636,688)	18,956,012	5,756,785	5,187,822	(246,578)	411,062	(447,392)	(863,393)	182,858	4,401,195
Total primary government	\$ 123,318,155	\$ 151,506,037	\$ 133,353,615	\$ 145,511,303	\$ 148,357,395	\$ 161,884,567	\$ 164,996,177	\$ 182,600,138	\$ 191,441,074	\$ 242,519,310
Change in Net Position										
Governmental activities	16,041,886	24,403,212	(3,343,863)	(23,812,823)	(602,435)	11,569,868	4,503,461	3,939,241	38,964,059	61,659,298
Business-type activities	(947,059)	19,756,259	7,471,413	4,855,709	764,618	10,490,945	3,056,899	4,078,476	9,023,336	6,417,459
Total primary government	\$ 15,094,827	\$ 44,159,471	\$ 4,127,550	\$ (18,957,114)	\$ 162,183	\$ 22,060,813	\$ 7,560,360	\$ 8,017,717	\$ 47,987,395	\$ 68,076,757

Table 3
Onslow County, North Carolina
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Non Spendable	\$ 315,160	\$ 838,763	\$ 203,256	\$ 562,492	\$ 814,237	\$ 773,528	\$ 567,451	\$ 1,732,769	\$ 2,173,496	\$ 1,941,675
Restricted	22,979,240	26,533,879	22,976,631	23,639,266	25,386,881	34,867,587	35,874,295	42,215,610	44,430,137	45,732,684
Committed	14,119,181	30,203,810	30,637,191	30,276,933	27,316,359	26,944,428	28,819,759	32,874,355	35,827,245	47,525,215
Assigned	15,045,048	13,175,417	16,844,249	20,139,611	16,927,244	13,137,690	12,107,419	7,325,426	10,774,208	8,708,614
Unassigned	13,343,077	11,959,790	10,911,833	4,222,223	2,693,101	1,488,632	11,407,297	30,887,315	52,400,374	87,661,383
Total general fund	\$ 65,801,706	\$ 82,711,659	\$ 81,573,160	\$ 78,840,525	\$ 73,137,822	\$ 77,211,865	\$ 88,776,221	\$ 115,035,475	\$ 145,605,460	\$ 191,569,571
All Other Governmental Funds										
Restricted	1,456,017	1,618,670	1,536,588	20,132,875	30,044,425	13,832,026	100,993,243	28,244,852	8,233,196	48,218,919
Committed	30,480,776	6,927,778	31,322,656	20,390,312	59,046	57,273	37,504	470,272	2,995,794	5,727,574
Assigned	165,142	103,339	11,740	74,154	120,862	70,816	399,679	165,554	11,910	42,510
Unassigned	(172,624)	(18,547)	(188,708)	(28,551)	(12,976,403)	(4,504,572)	(44,780,306)	(9,469,363)	(3,471,081)	551,931
Total all other governmental funds	\$ 31,929,311	\$ 8,631,240	\$ 32,682,276	\$ 40,568,790	\$ 17,247,930	\$ 9,455,543	\$ 56,650,120	\$ 19,411,315	\$ 7,769,819	\$ 54,540,934

Table 4
Onslow County, North Carolina
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes:										
Property tax	\$ 82,381,962	\$ 90,012,138	\$ 91,827,237	\$ 93,509,432	\$ 96,117,729	\$ 101,909,216	\$ 101,896,530	\$ 106,433,280	\$ 110,776,008	\$ 134,810,104
Sales tax	37,749,744	38,646,343	39,677,477	42,089,627	43,916,852	50,551,745	54,290,940	65,299,793	72,069,611	81,708,568
Other tax	2,800,525	2,841,268	2,825,316	3,100,073	3,568,100	4,368,131	4,213,636	5,736,302	3,860,458	3,439,178
Total taxes	122,932,231	131,499,749	134,330,030	138,699,132	143,602,681	156,829,092	160,401,106	177,469,375	186,706,077	219,957,850
Intergovernmental	41,366,424	37,692,797	36,644,051	41,143,776	38,832,259	48,566,042	41,596,545	41,433,703	33,566,591	40,941,507
Charges for Services, Permits and Fees	15,763,061	13,693,426	17,414,422	12,660,575	12,824,418	12,548,839	13,709,979	16,918,741	24,719,343	20,338,505
Interest	206,322	402,355	337,455	650,781	1,255,411	1,620,573	1,270,205	43,558	282,076	7,561,324
Miscellaneous	1,293,058	1,024,576	1,152,512	1,956,647	907,651	1,008,851	958,320	3,809,327	11,638,897	14,528,031
Total Revenues	181,561,096	184,312,903	189,878,470	195,110,911	197,422,420	220,573,397	217,936,155	239,674,704	256,912,984	303,327,217
Expenditures										
General Government	21,549,070	22,999,946	24,933,886	25,552,823	25,354,964	34,309,619	27,489,815	26,557,504	33,287,106	30,760,601
Public Safety	32,356,310	33,994,452	34,737,802	36,090,773	37,427,739	39,232,744	39,927,404	43,859,054	48,211,688	62,196,121
Transportation	2,024,051	256,337	252,469	273,784	273,784	273,306	314,252	34,000	289,014	340,688
Economic Development	2,843,520	3,125,569	3,017,868	3,554,015	2,783,456	2,581,381	2,666,655	2,515,593	4,025,565	3,499,457
Human Services	41,123,280	42,979,592	45,155,903	46,909,201	39,381,167	37,599,707	37,507,766	37,032,249	38,557,178	43,117,078
Environmental Protection	388,634	418,666	481,995	441,254	414,835	378,105	452,156	484,361	376,131	639,712
Culture and Recreation	4,097,889	4,067,374	4,051,113	4,258,693	4,149,174	4,363,328	4,432,383	4,549,043	4,452,089	5,705,665
E-911	316,131	304,588	314,300	341,161	-	-	-	-	-	-
Education	48,109,492	39,606,710	54,574,794	56,535,827	72,402,213	72,713,602	76,889,017	83,118,916	75,590,354	75,438,130
Capital Outlay	27,847,160	15,810,784	29,831,178	43,882,522	32,250,518	18,624,591	23,333,807	46,239,587	7,313,111	-
Debt Service:										
Principal	12,709,662	12,083,616	13,983,748	14,067,486	8,395,045	10,718,761	8,655,373	8,797,126	17,715,606	29,683,430
Interest and Fees	7,949,197	8,077,532	8,250,656	9,154,534	4,684,668	4,335,343	4,134,873	3,749,465	9,212,975	8,232,585
Total Expenditures	201,314,396	183,725,166	219,585,712	241,062,073	227,517,563	225,130,487	225,803,501	256,936,898	239,030,817	259,613,467
Excess of revenues over (under) expenditures	(19,753,300)	587,737	(29,707,242)	(45,951,162)	(30,095,143)	(4,557,090)	(7,867,346)	(17,262,194)	17,882,167	43,713,750
Other Financing Sources (Uses)										
Transfers in	6,975,085	20,386,729	6,703,709	4,815,915	8,136,104	9,032,864	4,091,299	5,003,036	13,064,290	4,225,537
Transfers out	(4,888,649)	(20,386,729)	(6,184,929)	(4,129,830)	(7,207,570)	(8,458,522)	(3,263,481)	(4,127,353)	(13,091,257)	(5,200,933)
Proceeds from issuance of debt	9,643,440	61,671,787	51,986,289	49,561,822	-	-	66,625,196	-	1,318,695	57,319,326
Proceeds from sale of property held for investment	-	-	-	-	-	-	-	3,467,500	-	-
Proceeds from sale of capital assets	117,891	1,290,607	114,717	419,649	143,046	264,405	173,265	111,146	-	-
Appropriated fund balance	-	-	-	-	-	-	-	12,476	-	-
Transfer to escrow agent	-	(61,299,846)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	11,847,767	1,662,548	52,619,786	50,667,556	1,071,580	838,747	67,626,279	4,466,805	1,291,728	56,343,930
Net change in fund balances	\$ (7,905,533)	\$ 2,250,285	\$ 22,912,544	\$ 4,716,394	\$ (29,023,563)	\$ (3,718,343)	\$ 59,758,933	\$ (12,795,389)	\$ 19,173,895	\$ 100,057,680
Debt service as a percentage of noncapital expenditures	11.91%	12.01%	11.72%	11.78%	6.70%	7.29%	6.32%	5.95%	11.62%	11.62%

**Table 5
Onslow County, North Carolina
Assess Value and Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended 30-June	Real Property						Total Taxable Assessed Value	Total Direct Tax Rate ³	Estimated Actual Taxable Value ⁴	Assessed Value as a Percentage of Actual Value	
	Residential Property	Commercial Property	Industrial Property	Present-use Value ¹	Personal Property	Public Service Companies ²					Exemptions
2014	10,070,041,503	1,742,233,183	23,753,560	140,333,245	1,370,781,476	245,936,849	304,430,612	13,288,649,204	0.585	13,160,419,476	103.08%
2015	9,425,864,578	1,818,264,946	21,282,240	129,609,455	1,694,406,591	243,106,513	295,631,090	13,036,903,233	0.675	12,911,102,745	97.83%
2016	9,583,040,338	1,837,274,076	22,555,280	292,376,515	1,636,719,724	284,070,687	310,057,493	13,345,979,127	0.675	13,217,196,190	97.83%
2017	9,733,175,407	1,874,018,606	22,086,340	292,342,825	1,813,199,894	290,126,822	321,003,804	13,703,946,090	0.675	13,571,708,926	97.83%
2018	9,967,919,548	1,886,558,006	23,348,540	121,110,965	2,019,208,424	315,527,205	342,994,851	13,990,677,837	0.675	13,990,677,837	102.45%
2019 ⁵	10,048,593,750	2,036,604,494	29,444,271	125,910,010	1,929,078,328	316,590,295	184,332,780	14,301,888,368	0.705	14,506,429,017	99.86%
2020	10,401,088,550	2,020,378,745	29,074,682	123,988,410	1,968,326,347	326,924,995	407,483,501	14,462,298,228	0.705	15,229,884,402	97.64%
2021	10,720,024,591	2,080,781,104	32,397,018	123,102,185	2,174,129,598	339,795,890	432,416,250	15,037,814,136	0.705	16,849,091,468	91.82%
2022 ³	10,912,302,198	2,127,013,171	33,490,268	117,920,844	2,405,961,066	348,990,329	450,167,367	15,495,510,509	0.705	17,361,916,537	91.84%
2023*	19,249,426,024	2,458,868,349	39,307,870	128,377,759	2,632,820,456	362,845,769	4,453,652,801	20,417,993,426	0.655	22,877,303,559	108.72%

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

¹ Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.

² Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.

³ Per \$100 of value.

⁴ The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

⁵ Property in Onslow County is reassessed every four years. The last reassessment was on January 1, 2022 and was the basis for fiscal 2023 taxes.

³ The County discovered there was an error in the Fiscal Year 2022 data in this table. The total taxable assessed value for 2022 should be listed as \$15,545,094,968. Based on that total taxable assessed value, certain other figures in this table for Fiscal Year 2022 would adjust.

Table 6
Onslow County, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	2014	2015 ²	2016	2017	2018	2019 ²	2020	2021	2022	2023 ²
Onslow County	\$ 0.5850	\$ 0.6750	\$ 0.6750	\$ 0.6750	\$ 0.6750	\$ 0.7050	\$ 0.7050	\$ 0.7050	\$ 0.7050	\$ 0.6550
Municipality Rates:										
Holly Ridge	0.4150	0.4150	0.4150	0.4150	0.4150	0.4050	0.3900	0.3800	0.3800	0.3500
Jacksonville	0.5380	0.6420	0.6420	0.6420	0.6420	0.6420	0.6420	0.6420	0.6420	0.6000
North Topsail Beach	0.3755	0.3932	0.3932	0.3932	0.3932	0.3435	0.4100	0.4600	0.4600	0.4300
Richlands	0.3600	0.3800	0.3800	0.3800	0.3800	0.3800	0.4000	0.4000	0.4000	0.4000
Surf City ¹	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100
Swansboro	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500

Source: Onslow County Tax Administration

Notes:

¹ This municipality became a multi-county town through annexation in 1988.

² Revaluation years.

Table 7
Onslow County, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Jones Onslow EMC	167,709,620	1	0.82%	124,763,672	1	0.94%
Duke Energy Progress	136,493,061	2	0.67%			
PR Jacksonville Limited Partnership	60,636,455	3	0.30%	39,371,480	4	0.30%
Wal Mart Real Estate Business Trust	44,159,212	4	0.22%			
Spectrum Southeast LLC	37,482,227	5	0.18%			
Bailey & Fuller Properties LLC	34,712,869	6	0.17%			
Triangle Palisades at Jacksonville LLC	34,536,156	7	0.17%			
Jax Commons LLC	32,672,562	8	0.16%	31,086,252	6	0.23%
BPP Arlington West LLC	31,678,378	9	0.16%			
Williamsburg Place Holding Company	28,260,776	10	0.14%			
Carolina Telephone				41,072,131	3	0.31%
Progress Energy Carolinas				64,587,599	2	0.49%
Secretary of Veteran Affairs				35,835,705	5	0.27%
Liberty Point at Piney Green Apartments				25,240,170	8	0.19%
Plantation at Jacksonville				23,034,330	10	0.17%
Stanadyne Corporation				23,775,862	9	0.18%
Independence Place Airlington West LLC				30,344,070	7	0.23%
Total	608,341,316		2.99%	439,111,271		3.31%

Source: County Tax Administration

* Value includes prior year discovery assessments.

Table 8
Onslow County, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years
Expressed in Thousands

Fiscal Year Ended 30-June	Taxes levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percent of Levy Collected		Amount Collected	Percent of Levy Collected
2014	78,566	75,301	95.84%	2,095	77,396	98.51%
2015	82,177	79,757	97.06%	1,847	81,604	99.30%
2016	83,333	81,172	97.41%	1,977	83,149	99.78%
2017	84,550	82,560	97.65%	1,629	84,189	99.57%
2018	85,825	84,486	98.44%	981	85,467	99.58%
2019	91,165	90,009	98.73%	619	90,628	99.41%
2020	91,948	90,535	98.46%	807	91,342	99.34%
2021	94,652	93,385	98.66%	690	94,075	99.39%
2022	97,839	96,622	98.76%	-	96,622	98.76%
2023	121,883	120,525	98.89%	-	120,525	98.89%

Source: Onslow County Tax Administration

Table 9
Onslow County, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-type Activities				Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Installment Purchase Obligations	Limited Obligation Bonds	Certificates of Participation	Unamortized Premium	Lease Liabilities	Software Subscription Liabilities	Revenue Bonds	Lease Liabilities				
2014	81,240,776	16,922,742	40,996,930	53,610,000	9,462,706	-	-	-	2,970,000	205,203,154	1,062	2.46%	
2015	67,455,000	11,783,043	38,500,000	51,095,000	16,313,676	-	-	-	2,265,000	187,411,719	973	2.29%	
2016	61,830,000	9,679,295	83,325,000	46,980,000	20,032,115	-	-	-	1,535,000	223,381,410	1,152	2.51%	
2017	56,000,000	7,676,809	124,050,000	42,885,000	25,426,683	-	-	-	780,000	256,818,492	1,313	2.95%	
2018	50,140,000	5,990,682	119,145,000	38,810,000	23,510,330	-	-	-	-	237,596,012	1,203	2.60%	
2019	44,440,000	4,719,554	113,260,000	34,695,000	21,593,978	-	-	-	-	218,708,532	1,100	NA	
2020	38,770,000	3,734,777	161,350,000	30,620,000	31,182,819	-	-	-	-	265,657,596	1,282	NA	
2021	33,135,000	2,750,000	172,955,000	7,770,000	28,691,207	-	-	-	-	245,301,207	1,168	NA	
2022	27,510,000	2,200,000	162,825,000	6,660,000	26,199,594	1,018,089	-	-	4,424	226,417,107	1,084	NA	
2023	21,880,000	1,650,000	199,335,000	5,550,000	28,527,695	2,576,177	1,193,616	-	1,456	260,713,944	1,230	NA	

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 14 for personal income and population data.

Table 10
Onslow County, North Carolina
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding				Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Unamortized Premium	Less: Amounts Restricted to Repaying Principal	Total			
2014	74,275,000	6,965,776	-	81,240,776	0.97%	0.61%	420
2015	67,455,000	9,393,934	-	76,848,934	0.94%	0.59%	399
2016	61,830,000	8,570,316	-	70,400,316	0.79%	0.53%	363
2017	56,000,000	7,746,698	-	63,746,698	0.73%	0.47%	326
2018	50,140,000	6,923,081	-	57,063,081	0.63%	0.41%	289
2019	44,440,000	6,099,464	-	50,539,464	NA	0.35%	254
2020	38,770,000	5,275,847	-	44,045,847	NA	0.30%	213
2021	33,135,000	4,452,230	-	37,587,230	NA	0.25%	179
2022	27,510,000	3,628,613	-	31,138,613	NA	0.20%	149
2023	21,880,000	2,804,996	-	24,684,996	NA	0.10%	116

* Information not yet available

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Schedule 14 for personal income and population data.

(2) See schedule 5 for property value data.

Table 11
Onslow County, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ⁴
Assessed Value of Property	\$ 13,316,023	\$ 13,036,903	\$ 13,154,328	\$ 13,703,946	\$ 13,935,632	\$ 14,210,500	\$ 14,462,298	\$ 15,037,814	\$ 15,545,095	\$ 24,499,731
Debt Limit, 8% of Assessed Value (Statutory Limitation)	1,065,282	1,042,952	1,052,346	1,096,316	1,114,851	1,136,840	1,156,984	1,203,025	1,243,608	1,959,978
Amount of Debt Applicable to Limit										
Gross Debt	195,738	171,098	203,349	231,391	214,085	197,114	234,474	216,610	225,395	228,415
Less: Special obligation bonds	2,970	2,265	1,535	780	-	-	-	-	-	-
Total net debt applicable to limit	192,768	168,833	201,814	230,611	214,085	197,114	234,474	216,610	225,395	228,415
Legal Debt Margin	\$ 872,514	\$ 874,119	\$ 850,532	\$ 865,705	\$ 900,766	\$ 939,726	\$ 922,510	\$ 986,415	\$ 1,018,213	\$ 1,731,563
Total net debt applicable to the limit as a percentage of debt limit	18.10%	16.19%	19.18%	21.04%	19.20%	17.34%	20.27%	18.01%	18.12%	11.65%

Note: NC Statute GS159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds.

The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

⁴ The County discovered there was an error in the calculation of the legal debt margin for Fiscal Year 2023. The 2023 figure for "Assessed Value of the Property" should read \$20,417,993; the 2023 figure for "Debt limit, 8% of Assessed Value (Statutory Limitation)" should read \$1,633,439; and the 2023 figure for "Legal Debt Margin" should read \$1,405,024.

Table 12
Onslow County, North Carolina
Computation of Direct and Overlapping Debt
General Obligation Bonds
June 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>		<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>		
Direct Debt:				
Onslow County	\$ 256,942,694	\$ -	100.00%	\$ 256,942,694
Overlapping Debt:				
Jacksonville	\$ -	\$ -	100.00%	\$ -
Holly Ridge	-	-	100.00%	-
North Topsail Beach	-	-	100.00%	-
Richlands	-	-	100.00%	-
Surf City *	-	-	42.82%	-
Swansboro	-	-	100.00%	-
Total direct and overlapping debt				<u>\$ 256,942,694</u>

* Municipality is split between Onslow and Pender County this percent represents share of property tax from Onslow County

Table 13
Onslow County, North Carolina
Calculation of Debt Service Coverage
Solid Waste Fund
Last Ten Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	Gross Operating Revenue	Direct Operating Expenses	Non Operating Revenues	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage	
					Principal	Interest	Total		
					2014	7,229	5,540		-
2015	6,554	5,135	-	1,419	705	106	811	1.75	
2016	6,890	5,256	-	1,634	730	80	810	2.02	
2017	6,995	5,304	-	1,691	755	55	810	2.09	
2018	6,980	4,919	-	2,061	780	27	807	2.55	
2019	NA	NA	NA	NA	NA	NA	NA	NA	NA
2020	NA	NA	NA	NA	NA	NA	NA	NA	NA
2021	NA	NA	NA	NA	NA	NA	NA	NA	NA
2022	NA	NA	NA	NA	NA	NA	NA	NA	NA
2023	NA	NA	NA	NA	NA	NA	NA	NA	NA

Source: Onslow County Audits

Table 14
Onslow County, North Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Median Age (1)	Public School Enrollment (3)	Unemployment Rate (4)
2014	193,221	8,342,524	44,078	26.29	25,169	6.20%
2015	192,645	8,188,720	44,349	26.26	25,314	6.30%
2016	193,914	8,892,158	47,517	26.40	25,839	5.50%
2017	195,621	8,719,755	44,972	26.51	26,055	5.00%
2018	197,455	9,121,475	46,142	26.24	26,329	4.60%
2019	198,483	N/A	N/A	N/A	26,654	4.80%
2020	204,842	N/A	N/A	N/A	26,602	7.20%
2021	206,718	N/A	N/A	26.75	25,677	5.30%
2022	208,825	N/A	N/A	26.21	26,697	4.30%
2023	212,036	N/A	N/A	25.90	28,185	4.20%

Notes:

(1) State demographics website demography.osbm.nc.gov. figure is as of July previous reports used a different website, preceding years were changed to new website figures
www.osbm.nc.gov/facts-figures/population-demographics/state-demographer/countystate-population-projections
 (2) www.bea.gov CA1-3 and www.osbm.state.nc.us/demog/countytotals (single age)

****Update: 2019 - 2021 per Capita Personal Income updated; info based on current release of November 2022. New release November 2023**

(3) N.C. Department of Public Instruction, First Month Average Daily Membership, www.dpi.state.nc.us/fbs/resources/data/esas

www.dpi.nc.gov/districts-schools/district-operations/financial-and-business-services/demographics-and-finances/student-accounting-data#average-daily-membership-and-membership-last-day-by-lea-adm--mld
 Onslow County Board of Education

(4) N. C. Department of Commerce, www.nccommerce.com, June figures

****Update: 2022 Unemployment rate updated per report**

Table 15
Onslow County, North Carolina
Principal Employers
Current Year and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
US Department of Defense*	1000+			1000+	1	
Defense Ex Army Navy & Air Force	1000+	1		1000+	2	
Onslow County Board of Education	1000+	2		1000+	3	
Camp Lejeune MCCS				1000+	4	
Marine Corps Exchange Service	1000+	3				
Wal-Mart Associates, Inc.	1000+	4		1000+	5	
Onslow County Government	1000+	5		1000+	6	
Onslow Memorial Hospital	500-999	6		500-999	7	
Food Lion	500-999	7		500-999	8	
Coastal Carolina Community College	500-999	9		500-999	9	
City of Jacksonville	500-999	8		500-999		
Concentrix/Convergys Customer Mgmt Group	500-999			500-999	10	
Results Customer Solutions LLC	500-999	10		500-999		

Source: NC Department of Commerce

Note: (1) Actual number of employees is not available; therefore, the range/ranking provided by the Employment Security Commission is used

* includes civil servants

Table 16
Onslow County, North Carolina
Full-time Equivalent County Government Employees by Function,
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	130	135	136	131.45	135	140	144	144	150	158
Public Safety	461	465	436	446	461	474	526	530	545	563
Transportation	28	0	0	0	0	0	0	0	0	0
Economic & physical development	31	32	32	31	31	31	32	33	21	22
Human Services	467	451	451	443	444	453	461	440	456	498
Environmental protection	4	4	4	4	4	4	3	3	3	3
Cultural and recreational	88	87	66	66	66	66	84	86	89	102
Enterprise Fund - Solid Waste	27	27	27	27	28	28	28	28	29	30
Enterprise Fund - Airport	0	31	22	28	27	27	32	31	27	27
Total	1,236	1,232	1,174	1,176.45	1,196	1,223	1,310	1,295	1,320	1,403

Source: County Human Resources Department

Note: This schedule represents number of employees budgeted per fiscal year rounded to the nearest whole number

Table 17
Onslow County, North Carolina
Operating Indicators by Function/Program,
Last Ten Fical Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Number of registered voters	94,684	95,408	90,601	100,159	108,298	100,782	107,398	106,058	117,840	120,877
Marriage licenses issued	2,697	2,633	2,577	2,662	2,691	2,585	2,034	1,801	2,639	2,457
Deeds recorded	6,658	7,152	7,292	8,320	8,984	9,116	9,979	11,953	12,641	9,972
Public Safety										
# of Civil papers received at sheriffs	25,471	26,226	24,834	25,554	24,717	23,113	20,491	18,537	20,037	20,392
# of Civil papers served at sheriffs	19,299	20,318	19,856	20,443	20,243	1,847	16,228	14,796	15,975	16,479
# of E911 EMS calls	25,587	26,447	29,020	31,573	32,161	28,729	21,772	22,757	24,069	27,937
# of E911 Fire calls	3,964	3,917	4,304	4,876	4,618	11,069	22,578	13,999	5,610	6,541
# of E911 law enforcement calls	60,347	67,373	75,878	85,501	95,024	96,734	87,768	78,830	71,252	83,941
Animal Complaints	9,203	8,039	6,567	7,636	9,003	9,678	8,799	8,879	8,866	9,065
Animals sheltered	5,889	6,297	4,788	4,346	4,756	4,775	4,442	3,409	3,490	3,971
Transportation										
Enplanements	162,867	151,903	146,417	156,010	153,723	157,594	126,901	136,966	148,881	253,740
Economic & Physical Development										
# of building permits	1,760	2,249	2,097	2,667	3,598	4,890	5,132	5,913	5,996	5,855
# of building inspections	28,221	22,767	20,852	20,923	26,951	31,147	38,497	32,887	35,807	33,579
Human Services										
Health Dept										
# of Food & Lodging inspections	1,335	1,486	1,812	1,974	2,061	2,437	2,443	1,481	1,842	1,476
# of patients contacts	13,653	13,578	16,709	18,589	11,889	13,834	13,375	12,680		12,121
Social Services										
# of clients served	52,810	35,769	39,370	44,598	27,691	30,483	31,759	45,074	27,600	39,101
Senior Services										
# of clients served	5,089	5,160	6,551	7,530	7,187	6,263	5,299	5,762	4,518	5,325
Veterans Services										
# clients served	35,779	35,281	39,832	42,424	41,232	43,592	50,209	49,504	58,341	42,628
Environmental Protection										
feet on waterways cleared of debris	61,232	21,648	18,565	18,565	68,251	23,232	27,980	21,120	244,023	71,054
# of citizen mosquito complaints & responses	432	705	756	756	1,040	5,249	1,956	2,153	1,384	1,627
Cultural & recreational										
# of library visits	362,800	415,545	418,004	400,029	389,346	365,853	285,632	146,987	229,474	264,180
# of museum visits	4,557	4,680	3,809	5,902	5,757		3,404	345	2,188	4,184
# of citizens served through museum outreach										4,576
Enterprise Fund-Solid Waste										
Landfill & Convenience site transactions	154,969	159,816	174,956	171,676	198,109	288,357	242,296	234,958	204,946	202,866
Tonnage at sites	2,644	3,837	3,815	3,895	4,483	4,561	4,186	3,465	2,796	2,571
Recyclables tonnage from sites	1,402	646	925	1,009	625	683	920	889	734	717
White goods tonnage	349	471	581	750	942	1,173	1,136	1,085	225	334

Source: Onslow County departments

Table 18
Onslow County, North Carolina
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Number of patrol vehicles	187	150	150	150	166	161	160	160	158	161
Volunteer Fire Depts	17	17	16	15	16	12	12	12	12	11
Volunteer Rescue Squads	7	7	6	5	5	1	-	-	-	-
Volunteer Fire & Rescue	-	1	2	2	2	3	3	2	2	3
County Fire and Rescue Stations	-	-	-	-	1	1	1	2	2	2
Number of EMS stations	7	7	7	7	7	6	6	6	6	6
Number of ambulances	23	23	23	28	29	30	31	21	20	20
Number of other Emergency Vehicles	-	-	-	12	14	14	18	12	21	24
Number of jail beds	528	528	528	528	528	528	528	528	528	528
Cultural & Recreational										
Number of Parks	13	13	13	13	13	13	13	15	15	15
Acreage	1,050	1,050	1,050	1,050	1,050	1,073	1,073	1,378	1,378	1,378
Number of libraries	5	5	5	5	4	4	4	4	4	4
Enterprise fund										
Solid Waste										
Number of convenience sites	10	10	10	10	10	10	10	10	7	7
Yrs of estimated life of Landfill	13	13	13	13	30	23	22	25	24	24
Education										
Number of Public Schools	35	35	38	38	38	38	38	42	43	43

Source: Onslow County departments
Onslow County Board of Education
Annual CDM Report

APPENDIX C

SUMMARY OF PRINCIPAL DOCUMENTS

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APPENDIX C

SUMMARY OF PRINCIPAL DOCUMENTS

The following is a brief summary of the provisions of the Installment Financing Agreement, the Trust Agreement and the Deed of Trust. This summary is not intended to be definitive and is qualified in its entirety by reference to each of the aforementioned documents for the complete terms thereof. Copies of said documents are available upon request from the County.

DEFINITIONS

The following are summaries of definitions of certain terms used in this Official Statement. All capitalized terms not defined here or elsewhere in this Official Statement have the meanings set forth in the Installment Financing Agreement, the Trust Agreement, or the Deed of Trust.

“Additional Bonds” means any Bonds issued pursuant to the Trust Agreement (i) to pay the cost of any Improvements and applicable Delivery Costs or (ii) to refund all or any portion of the 2024 Bonds, any Additional Bonds or any other financing under Section 160A-20 of the North Carolina General Statutes and paying applicable Delivery Costs.

“Additional Payments” means payments in addition to Installment Payments which the County is required to pay, or cause to be paid to such persons as are entitled thereto, to the extent permitted by law, in such amounts as shall be required for the payment of all administrative costs relating to the Project Facilities or the Bonds, including, without limitation, (i) all expenses, compensation and indemnification of the Trustee payable by the Corporation under the Trust Agreement and by the County under the Installment Financing Agreement, (ii) taxes of any sort whatsoever payable by the Corporation as a result of its undertaking of the transactions contemplated in the Installment Financing Agreement or in the Trust Agreement, (iii) any payments of prepayment premiums in the event of prepayment of the Installment Payments as described under “THE 2024 BONDS—Prepayment Provisions” in this Official Statement of which this Appendix is a part, (iv) fees of auditors, accountants, attorneys or engineers for services rendered relating thereto, and (v) all other necessary administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement or to indemnify Persons specified in the Installment Financing Agreement and their officers, employees and directors.

“Authorized Denomination” means \$5,000 or any integral multiple thereof.

“Board of Education” means The Onslow County Board of Education.

“Bond Payment Dates” means June 1 and December 1 of each year, commencing June 1, 2025 with respect to the interest payments evidenced by the 2024 Bonds, and December 1 of each year, commencing December 1, 2025 with respect to the principal payments evidenced by the 2024 Bonds, and, with respect to any Additional Bonds, the dates stated in the resolution of the Corporation authorizing their delivery or in a supplement to the Trust Agreement with respect thereto.

“Bond Prepayment Date” means any date on which Bonds are prepaid, in whole or in part, pursuant to the Trust Agreement.

“Bonds” means the 2024 Bonds and all Additional Bonds.

“Business Day” means any day of the year on which banks in New York, New York or in the city in which the Principal Office of the Trustee is located are not authorized or obligated by law or executive order to remain closed and on which the New York Stock Exchange is not closed.

“Closing Date” means the respective day when the 2024 Bonds or any Additional Bonds, duly authenticated by the Trustee, are delivered to the purchasers thereof.

“Code” means the Internal Revenue Code of 1986, as amended, where all citations shall be deemed to refer to corresponding sections in such Code, and all regulations promulgated, from time to time, thereunder.

“Contractors” means, along with Vendors, the persons with whom contracts are entered for the construction and other accomplishment of the Project.

“County Representative” means the County Manager or Finance Director of the County or any person authorized by the County Manager, as evidenced in a certificate of the County Manager containing the specimen signature of such persons delivered to the Trustee, to act on behalf of the County with respect to any matter under or with respect to the Installment Financing Agreement or the Trust Agreement.

“Credit Facility” means a line of credit, letter of credit, standby bond purchase agreement, financial guaranty insurance policy or similar liquidity or credit facility permitted by the General Statutes of North Carolina and established or obtained in connection with the execution and delivery of any Additional Bonds.

“Credit Provider” means a Person providing a Credit Facility, as designated in any resolution of the Board of Directors of the Corporation authorizing the execution and delivery of Additional Bonds. If and to the extent permitted by the General Statutes of North Carolina, the County may be a Credit Provider with the approval of the Local Government Commission of North Carolina.

“Deed of Trust” means the Deed of Trust, Security Agreement, Fixture Filing and Financing Statement, dated as of October 1, 2024, between the County and the Deed of Trust Trustee.

“Deed of Trust Trustee” means the person at the time serving as trustee under the Deed of Trust.

“Defeasance Obligations” means (i) Government Obligations, (ii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iii) Defeased Municipal Obligations, (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal

Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, and (v) full faith and credit obligations of state or local government municipal bond issuers which are rated in the highest rating category by S&P and Moody's.

“Defeased Municipal Obligations” means obligations of state or local government municipal bond issuers which are rated in the highest rating category by S&P and by Moody's, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of (i) Government Obligations or (ii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, and the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations of state or local government municipal bond issuers.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the County or the Corporation relating to the financing of a portion of the cost of the 2024 Project from the proceeds of the 2024 Bonds or the financing of the cost of any Improvements or the refunding of any Bonds or any other financing under Section 160A-20 of the North Carolina General Statutes, as amended, from the proceeds of any Additional Bonds, as may be applicable, including, but not limited to, costs provided in the related Bond purchase contracts with the purchasers thereof, filing and recording costs, settlement costs, printing costs, word processing costs, reproduction and binding costs, initial fees and charges of the Trustee and any escrow agent, the premium for any Credit Facility, legal fees and charges, financing and other professional consultant fees, costs of rating agencies or credit ratings, fees for execution, transportation and safekeeping of the related Bonds and charges and fees in connection with the foregoing.

“Event of Default” means an event of default under the Installment Financing Agreement or the Trust Agreement, as the case may be.

“Event of Nonappropriation” means (i) the County's failure, for any reason, to budget and appropriate, specifically with respect to the Installment Financing Agreement, moneys sufficient to pay all Installment Payments and reasonably estimated Additional Payments coming due in any Fiscal Year or (ii) the County's deletion from its duly adopted budget of any appropriation for the purposes specified in clause (i) hereof.

“Fiscal Year” means the fiscal year of the County beginning on July 1 of each year and ending on June 30 of the following year, or such other period of 12 consecutive months as may be adopted by the County.

“Government Obligations” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the United States Treasury) or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

“Improvements” means any additions, modifications or improvements to the Project Facilities or to other real or personal property or any acquisition or construction of real or personal property other than the Project Facilities which the County determines to make, or cause to be made, or acquire from time to time, in accordance with the terms of the Installment Financing Agreement.

“Installment Financing Agreement” means the Installment Financing Agreement, dated as of October 1, 2024, between the Corporation and the County.

“Installment Payment Dates” means the dates on which the Installment Payments are payable by the County to the Trustee, as such dates are set forth in the Installment Financing Agreement, and the dates specified for the payment of Installment Payments by the County in connection with the delivery of Additional Bonds pursuant to the Trust Agreement.

“Installment Payment Fund” means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

“Installment Payments” means the payments required to be paid by the County to the Corporation pursuant to the Installment Financing Agreement which shall be sufficient as to amounts and times to pay when due the principal and interest represented by the Bonds on each Bond Payment Date.

“Lease” means the Lease, dated as of October 1, 2024, between the County, as lessor and the Board of Education, as lessee.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the County.

“Mortgaged Property” means the land and the real estate improvements thereon and appurtenances thereto, as more particularly described in the Deed of Trust, and any real property added to the Mortgaged Property in connection with the delivery of Additional Bonds.

“Net Proceeds” means any proceeds of casualty insurance and any other available funds from any alternative risk management program required or permitted by the Installment Financing Agreement, any proceeds of title insurance required by the Installment Financing Agreement and any proceeds of any taking by eminent domain or condemnation paid with respect to the Mortgaged Property remaining after payment therefrom of any expenses (including attorneys’ fees) incurred in the collection thereof.

“Net Proceeds Fund” means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

“Original Purchaser” means, PNC Capital Markets LLC, or any successors or assigns thereof, as original purchaser of the 2024 Bonds.

“Outstanding,” when used as of any particular time with respect to Bonds, means (subject to certain provisions of the Trust Agreement regarding votes of Bond Owners) all Bonds theretofore authenticated and delivered by the Trustee under the Trust Agreement except--

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds for the payment or prepayment of which moneys or Defeasance Obligations, together with interest earned thereon, in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Bonds), provided that, if such Bonds are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice, and in the event of an advance refunding, the County shall cause to be delivered to the Trustee a verification report of a firm of experts in the field as to the sufficiency of any escrow fund created in connection therewith; and

(c) Bonds in lieu of or in exchange for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Trust Agreement.

The term “Outstanding” specifically includes any Bond with respect to which the principal or interest has been paid by a Credit Provider.

“Owner” or “Bond Owner” or “Owner of a Bond,” or any similar term, when used with respect to a Bond, means the person in whose name such Bond is registered on the registration books maintained by the Trustee.

“Permitted Encumbrances” means, as of any particular time:

(i) the Deed of Trust; (ii) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to the provisions of the Installment Financing Agreement, permit to remain unpaid; (iii) the Installment Financing Agreement, as it may be amended from time to time; (iv) easements, rights of way, mineral rights, drilling rights and other similar rights, reservations, covenants, conditions or restrictions which the County certifies in writing will not materially impair the use of the Mortgaged Property for its intended purposes by the County; (v) the Trust Agreement; (vi) the Lease and any lease by the County and any sublease by the Board of Education in conformity with the provisions of the Installment Financing Agreement and (vii) any other exceptions or other encumbrances described in the policy evidencing the title insurance required pursuant to the Installment Financing Agreement.

“Permitted Investments” means any obligations as are now and may at any time hereafter be authorized by applicable law, including but not limited to § 159-30 of the North Carolina General Statutes, as amended.

“Person” includes corporations, firms, associations, partnerships, joint ventures, joint stock companies, trusts, unincorporated organizations, and public bodies, as well as natural persons.

“Prepayment” means any payment made by the County pursuant to the Installment Financing Agreement as a prepayment of the Installment Payments.

“Prepayment Fund” means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

“Principal Office” means, initially, the corporate trust office of the Trustee in Charlotte, North Carolina and, thereafter, the corporate trust office designated by the Trustee to the Corporation and the County in writing.

“Project Costs” means, with respect to any item or portion of the 2024 Project, the contract price paid or to be paid therefor in connection with the construction or other accomplishment thereof, in accordance with a purchase order or contract therefor. Project Costs include the administrative, engineering, legal, financial and other costs incurred in connection with the construction and other accomplishment of the 2024 Project and all applicable charges resulting therefrom. Project Costs do not include sales tax.

“Project Facilities” means the facilities and improvements resulting from the Project.

“Project Fund” means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

“Release” means, with the consent of the Beneficiary and at any time so long as there is no Event of Default, any whole or partial release of the Mortgaged Property or any part thereof from the lien and security interest of the Deed of Trust or incurrence of any encumbrance upon the Mortgaged Property.

“Requisition” means the form of written requisition substantially in the form attached the Trust Agreement.

“S&P” means S&P Global Ratings, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the County.

“Securities Depository” means The Depository Trust Company, a New York corporation, or other recognized securities depository selected by the Corporation, with the approval of the County, which maintains a book-entry system in respect of the Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

“Securities Depository Nominee” means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Trustee the Bonds to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

“State” means the State of North Carolina.

“Term” means the time during which the Installment Financing Agreement is in effect as set forth in the Installment Financing Agreement.

“Trust Agreement” means the Trust Agreement, dated as of October 1, 2024, between the Corporation and the Trustee.

“Vendors” means, along with the Contractors, the persons with whom contracts are entered for the construction and other accomplishment of the Project.

THE INSTALLMENT FINANCING AGREEMENT

Construction and Other Accomplishment of Project. The County will arrange for, supervise and provide for, or cause to be supervised and provided for, the construction and other accomplishment of the Project. (Section 3.2).

Title to Mortgaged Property. Title to the Mortgaged Property will be held by the County from and after the date of the execution and delivery of the Installment Financing Agreement subject to Permitted Encumbrances and except for any part of the Mortgaged Property purchased by the Board of Education from the County pursuant to the Lease and, upon the payment of all Installment Payments by the County, will be owned free and clear of any lien or security interest of the Corporation, the Trustee or Deed of Trust Trustee therein. The ownership interest of the County may be terminated by action taken by the Deed of Trust Trustee to enforce the Deed of Trust. Prior to or simultaneously with the execution and delivery of the Installment Financing Agreement, the County will either record the Deed of Trust or deliver to the Deed of Trust Trustee, for the benefit of the Corporation, the Deed of Trust (see “THE DEED OF TRUST” herein) in form suitable for recordation. Upon payment in full of all of the County’s obligations under the Installment Financing Agreement, including all Installment Payments and all other payments due thereunder, and when the Outstanding Bonds shall be paid and discharged in accordance with the Trust Agreement, the Deed of Trust Trustee, at the County’s expense and request, will cancel of record the Deed of Trust. (Section 7.2)

Term of Installment Financing Agreement. The term of the Installment Financing Agreement begins on the Closing Date and terminates upon the earlier of the following events: (a) such date as all Installment Payments and Additional Payments required under the Installment Financing Agreement will be paid and (b) such date as all proceeds derived from (i) a foreclosure sale of the last remaining parcel of real property constituting a part of the Mortgaged Property or the exercise of any other right or remedy under the Deed of Trust and (ii) the exercise by the Trustee of its remedies as the assignee of a secured party under the Uniform Commercial Code have been applied by the Trustee to the payment, in whole or in part, of the Bonds. (Section 4.2)

Installment Payments. The County Manager of the County (or any other officer of the County at any time charged with the responsibility for formulating budget proposals) will include in his budget proposals for review and consideration by the Board of Commissioners for the County, in any Fiscal Year in which the Installment Financing Agreement is in effect, items for all Installment Payments and the reasonably estimated Additional Payments required for such Fiscal Year under the Installment Financing Agreement. Any budget item referred to in this paragraph will be deleted from the applicable budget by such Board of Commissioners only by the adoption of a resolution to such effect containing a statement of its reasons therefor, which resolution will

be adopted by roll-call vote and will be spread upon the minutes of such Board of Commissioners. The County will, upon request, furnish the Corporation, the Trustee and the Original Purchaser confirmation that an Event of Nonappropriation has not occurred, together with copies of its annual budget promptly after its adoption and copies of any amended budget affecting appropriations for Installment Payments and Additional Payments. Moneys appropriated by such Board of Commissioners for the County to make Installment Payments and Additional Payments in any Fiscal Year will be used for no other purpose except to the extent appropriated amounts exceed the amounts actually required in that Fiscal Year for Installment Payments and Additional Payments. If the amount appropriated in that Fiscal Year for Installment Payments and Additional Payments is insufficient, then the County Manager of the County (or any other officer at any time charged with the responsibility for formulating budget proposals) will promptly seek an additional appropriation from the Board of Commissioners for the County to make Installment Payments and Additional Payments.

Subject to the provisions of the Installment Financing Agreement regarding termination of the Installment Financing Agreement and prepayment of Installment Payments, the County agrees to pay to the Trustee for the account of the Corporation the Installment Payments (denominated into components of principal and interest, with the principal components being payable annually and the interest components being payable semiannually) in the amounts and on the Installment Payment Dates specified in the Installment Financing Agreement, as such amounts and Installment Payment Dates may be supplemented in connection with the delivery of Additional Bonds pursuant to the Trust Agreement. The Installment Payments will be sufficient as to amounts and times to pay when due the principal and interest represented by the 2024 Bonds and any Additional Bonds on each Bond Payment Date. (Section 4.3)

Additional Bonds. If Additional Bonds are delivered in accordance with the Trust Agreement, then the Installment Financing Agreement is to be supplemented to provide for the increased Installment Payments and Additional Payments required by the Additional Bonds. (Section 4.3)

Assignment of Installment Payments or Prepayments. Pursuant to the Trust Agreement, the Corporation has assigned its rights to receive and collect Installment Payments and Prepayments to the Trustee in trust for the benefit of the Owners of the Bonds. (Section 4.7)

Limited Obligation of County and Corporation. NO PROVISION OF THE INSTALLMENT FINANCING AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. NO PROVISION OF THE INSTALLMENT FINANCING AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS CREATING A DELEGATION OF GOVERNMENTAL POWERS OR AS A DONATION BY OR A LENDING OF THE CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. THE INSTALLMENT FINANCING AGREEMENT SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE COUNTY FOR ANY FISCAL YEAR IN WHICH THE INSTALLMENT FINANCING AGREEMENT IS IN EFFECT; PROVIDED, HOWEVER, THAT ANY FAILURE OR REFUSAL BY THE COUNTY TO APPROPRIATE FUNDS, WHICH RESULTS IN THE FAILURE BY THE COUNTY TO MAKE ANY PAYMENT

COMING DUE UNDER THE INSTALLMENT FINANCING AGREEMENT, WILL IN NO WAY OBVIATE THE OCCURRENCE OF THE EVENT OF DEFAULT RESULTING FROM SUCH NONPAYMENT. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR BREACH OF A CONTRACTUAL OBLIGATION UNDER THE INSTALLMENT FINANCING AGREEMENT AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEYS DUE UNDER THE INSTALLMENT FINANCING AGREEMENT.

The Corporation's obligations under the Installment Financing Agreement and with respect to the Bonds will be payable solely from amounts received from the County under the Installment Financing Agreement. (Section 4.4)

Maintenance, Utilities, Taxes and Assessments Relating to Mortgaged Property. The County will use, or cause to be used, the Mortgaged Property in a careful and proper manner, in compliance with all applicable laws and regulations, and, at its sole expense, will service, repair and maintain, or cause to be serviced, repaired and maintained, the Mortgaged Property so as to keep the Mortgaged Property in good condition, repair, appearance and working order for the purposes intended, ordinary wear and tear excepted, and will replace, or cause to be replaced, any part of the Mortgaged Property as may from time to time become worn out, unfit for use, lost, stolen, destroyed or damaged.

The County will also pay, or cause to be paid, as Additional Payments, all taxes and assessments, including but not limited to, utility charges, of any type or nature levied, assessed or charged against any portion of the Mortgaged Property; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County is obligated to pay only such installments as are required to be paid as and when the same become due. (Section 7.5)

Insurance. Except as described below and subject to certain exceptions set forth in the Installment Financing Contract, the County must maintain or cause to be maintained the following insurance:

(1) **Liability Insurance.** Such insurance must provide coverage in the minimum liability limit of \$1,000,000 for bodily injury liability and property damage liability, combined single limit, and shall include personal injury coverage (libel, slander and false arrest), except that such insurance may be subject to deductible clauses not to exceed \$100,000 for any one loss. The net proceeds of such liability insurance or other available funds from any applicable alternative risk management program pursuant to the Installment Financing Agreement shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds or funds shall have been made available. (Section 5.1)

(2) **Workers' Compensation.** The County must also maintain, or cause to be maintained, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees and those of the Board of Education against liability for compensation under the laws now in force in the State, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof. (Section 5.2)

(3) Casualty Insurance. Such insurance must provide coverage in an amount not less than the lesser of (i) the full replacement cost of the Mortgaged Property or (ii) the outstanding principal components of the Installment Payments, except that such insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss. Such insurance must cover loss or damage to the Mortgaged Property by fire and lightning and include extended coverage and vandalism and malicious mischief insurance and the Net Proceeds of such insurance or other available funds from any applicable alternative risk management program pursuant to the Installment Financing Agreement shall be paid to the Trustee and deposited in the Net Proceeds Fund and applied as provided in the Installment Financing Agreement. (Section 5.3)

(4) Title Insurance. The County must, throughout the term of the Installment Financing Agreement, maintain, or cause there to be maintained, title insurance on the Mortgaged Property, issued by a company of recognized standing duly authorized to issue the same, payable to the Deed of Trust Trustee for the benefit of the Corporation insuring fee simple title of the County to the Mortgaged Property and the first priority lien of the Deed of Trust. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Net Proceeds Fund and applied as provided in the Installment Financing Agreement. (Section 5.4)

(5) Performance and Labor and Materials Payment Bonds. The County shall cause each Contractor to provide performance and labor and materials payment bonds as required by law. The net proceeds received by the County from any bond or bonds required as described in this paragraph shall be paid to the Trustee for deposit to the credit of the Project Fund. (Section 5.5)

General Insurance Provisions. All policies of insurance required to be procured and maintained pursuant to the Installment Financing Agreement shall be provided by a commercial insurer rated "A" by A.M. Best & Company or in the two highest rating categories of S&P and Moody's and shall be in form to comply with the provisions of the Installment Financing Agreement. Notwithstanding anything described in subparagraphs (1), (2) or (3) above or this paragraph to the contrary, the County or the Board of Education, as may be applicable, shall have the right, without giving rise to an event of default under the Installment Financing Agreement solely on such account, to adopt alternative risk management programs including, without limitation, to self-insure in whole or in part, individually or in connection with other units of local government or other institutions, to participate in programs of captive insurance companies, to participate with other units of local government or other institutions in mutual or other cooperative insurance or other risk management programs, to participate in State or federal insurance programs, to take advantage of State or federal laws now or hereafter in existence limiting liability, or to establish or participate in other alternative risk management programs. The County shall not self-insure with respect to the requirement for title insurance. (Section 5.6)

Leasing by County. The County is entering into the Lease with the Board of Education. In addition, the County may lease any portion of the Mortgaged Property that is not subject to the Lease, and the Board of Education, with the written consent of the County, may sublease any portion of the Mortgaged Property leased to it pursuant to the Lease, subject, in either case, to the provisions of the Installment Financing Agreement. (Section 8.1)

Restrictions on Disposition of Mortgaged Property. Except for (a) the Corporation's assignment of certain of its rights under the Installment Financing Agreement to the Trustee

pursuant to the Trust Agreement, (b) the County’s granting of security interests and mortgaging of the Mortgaged Property pursuant to the Deed of Trust, (c) any exercise by the County or the Board of Education of its right to remove personal property from the Mortgaged Property pursuant to the Installment Financing Agreement, (d) any exercise by the Trustee or the Owners of the remedies afforded pursuant to the Installment Financing Agreement following an event of default thereunder, (e) any lease of the Mortgaged Property by the County or sublease of the Mortgaged Property by the Board of Education pursuant to the Installment Financing Agreement or (f) any release of the Mortgaged Property pursuant to the Deed of Trust, the County, the Corporation and the Trustee will not assign, mortgage, lease, sublease, convey, transfer or otherwise dispose of the Mortgaged Property or any portion thereof during the Term of the Installment Financing Agreement. (Section 8.2)

Tax Covenant. The County covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the excludability from gross income of the portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds under Section 103 of the Code. (Section 2.1)

Amendments and Modifications. The Installment Financing Agreement may be amended or modified by the County and the Corporation in writing in accordance with the Trust Agreement. See “THE TRUST AGREEMENT -- *Amendments*” herein. (Section 8.3)

Events of Default. The following constitute “events of default” under the Installment Financing Agreement:

(a) Failure by the County to pay, when due, any Installment Payment.

(b) The occurrence of an Event of Nonappropriation.

(c) Failure by the County to observe and perform any warranty, covenant, condition or agreement on its part to be observed or performed in the Installment Financing Agreement or in the Deed of Trust or otherwise with respect thereto, other than the default described in subparagraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Trustee or the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee or such Owners, as the case may be, shall not unreasonably withhold its or their consent, as the case may be, to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected.

(d) Filing by the County of a case in bankruptcy, or the subjection of any right or interest of the County under the Installment Financing Agreement to any execution, garnishment or attachment, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors, or the entry by the County into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted.

(e) Failure by the County to pay the principal of or the interest or any redemption premium on any general obligation bonds of the County as required by such bonds or the documents providing for the issuance thereof. (Section 9.1)

Remedies on Default. Upon the happening and continuance of any event of default listed above, the Trustee may, or at the request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding will, without any further demand or notice, exercise any one or more of the following remedies:

(a) Declare the principal component of all unpaid Installment Payments and the interest component of the Installment Payments accrued to the date of such declaration to be immediately due and payable without notice to or demand on the County.

(b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Installment Financing Agreement or to recover for the breach thereof.

(c) Direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust or to exercise any other right or remedy available under the Deed of Trust.

THE INSTALLMENT FINANCING AGREEMENT IS SUBJECT TO SECTION 160A-20 OF THE GENERAL STATUTES OF NORTH CAROLINA. NO DEFICIENCY JUDGMENT REQUIRING THE PAYMENT OF MONEY MAY BE ENTERED AGAINST THE COUNTY IN FAVOR OF THE TRUSTEE OR ANY OTHER PERSON IN VIOLATION OF SECTION 160A-20 OF THE GENERAL STATUTES OF NORTH CAROLINA, INCLUDING, WITHOUT LIMITATION, ANY DEFICIENCY JUDGMENT FOR AMOUNTS THAT MAY BE OWED UNDER THE INSTALLMENT FINANCING AGREEMENT WHEN THE SALE OF ALL OR ANY PORTION OF THE MORTGAGED PROPERTY IS INSUFFICIENT TO PRODUCE ENOUGH MONEYS TO PAY IN FULL ALL REMAINING OBLIGATIONS UNDER THE INSTALLMENT FINANCING AGREEMENT.

It is the express intent of the parties that the obligations of the Corporation and the County under the Installment Financing Agreement and with respect to the Bonds are limited as described under the Installment Financing Agreement and that the remedies under the Installment Financing Agreement are limited as provided in the Installment Financing Agreement. (Section 9.2)

THE TRUST AGREEMENT

Additional Bonds. Additional Bonds may be executed and delivered under the Trust Agreement for the purposes of providing funds, with any other available funds, for (i) paying the cost of any Improvements and applicable Delivery Costs or (ii) refunding all or any portion of the 2024 Bonds, any Additional Bonds or any other financing under Section 160A-20 of the North Carolina General Statutes, as amended, and paying applicable Delivery Costs. A supplement to the Trust Agreement shall fix the provisions with respect thereto. Prior to the delivery of any Additional Bonds, there must be filed with the Trustee the following:

(1) a copy of a resolution, certified by the Secretary or any Assistant Secretary of the Corporation to be a true and correct copy, of a resolution of the Board of Directors of the Corporation authorizing the execution and delivery of such Additional Bonds, fixing the form,

dates of maturity, interest payment dates, interest rates and prepayment provisions thereof, providing for any Credit Facility to enhance the security or value of the Additional Bonds, providing any other terms with respect to the Additional Bonds, awarding the Additional Bonds to the purchasers specified therein, authorizing the execution of a supplement to the Installment Financing Agreement providing for increased Installment Payments and Additional Payments required by the delivery of the Additional Bonds and providing for the addition to the Mortgaged Property of any real property that is to become a part of the Mortgaged Property in connection with the delivery of the Additional Bonds and approving the execution by the County of a supplement or an amendment to the Deed of Trust increasing the amount of the obligations secured thereby and adding such additional property to the security therefor under the Deed of Trust accordingly and authorizing the execution of a supplement to the Trust Agreement with respect to the Additional Bonds;

(2) a copy, certified by the Clerk to the Board of Commissioners for the County to be a true and correct copy, of a resolution adopted by the County approving the terms and conditions under which the Additional Bonds are to be delivered and authorizing the execution of a supplement to the Installment Financing Agreement providing for increased Installment Payments and Additional Payments required by the delivery of the Additional Bonds and providing for the addition to the Mortgaged Property of any real property that is to become a part of the Mortgaged Property in connection with the delivery of the Additional Bonds and authorizing the execution of a supplement or an amendment to the Deed of Trust increasing the amount of the obligations secured thereby and adding such additional property to the security therefor under the Deed of Trust accordingly and approving the execution by the Corporation of a supplement to the Trust Agreement with respect to the Additional Bonds;

(3) an executed copy of such supplement to the Installment Financing Agreement, such supplement or amendment to the Deed of Trust and such supplement to the Trust Agreement;

(4) if required, a copy, certified by the Secretary or any Deputy Secretary of the Local Government Commission of North Carolina to be a true and correct copy, of a resolution of the Local Government Commission of North Carolina approving the Installment Financing Agreement, as so supplemented; and

(5) an opinion of Bond Counsel to the effect that the delivery of such Additional Bonds has been duly authorized under the Trust Agreement and will not adversely affect the tax treatment of interest with respect to any Outstanding Bonds for federal income tax purposes. (Section 2.08)

The Trustee.

Duties and Obligations. The Trustee is appointed pursuant to the Trust Agreement. The Trustee must keep complete and accurate records of all moneys received and funds administered by it and of all Bonds paid and discharged. So long as there is no Event of Default, the Trustee shall not be liable in connection with its performance under the Trust Agreement, except for its own negligence or willful misconduct. (Sections 8.01, 7.04 and 8.05)

Compensation. The Corporation will pay, solely from funds provided by the County, to the Trustee reasonable compensation for its services and will reimburse the Trustee for all of its advances and reasonable expenditures. The Trustee has a lien therefor on any and all funds at any

time held by it under the Trust Agreement. Such lien is prior and superior to the lien of the Owners. (Section 8.06)

Indemnification. The Corporation will, to the extent permitted by law, but solely from funds provided by the County, indemnify the Trustee from and against all claims, losses, costs, expenses, liability and damages. No indemnification is provided under the Trust Agreement for liabilities and damages incurred solely as a result of the willful misconduct or negligence of the Trustee. (Section 8.08)

Removal. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, executed by (i) the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding or (ii) if no Event of Default has occurred or is continuing, by the County Representative and filed with the Corporation at least 60 days before such removal is to take effect as stated in said instrument or instruments. The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of the Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the County or the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding. (Section 8.01)

Resignation and Successor. The Trustee may resign by giving not less than 30 days' written notice to the County and the Corporation. Upon receiving such notice of resignation, the County must promptly appoint a successor Trustee. In the event the County does not name a successor Trustee within 15 days of receipt of notice of the Trustee's resignation, the Trustee may petition a court of competent jurisdiction at the expense of the County, for immediate appointment of a successor Trustee. The County has the right to appoint any successor Trustee. Any successor Trustee must meet certain qualifications set forth in the Trust Agreement and be approved by the Local Government Commission of North Carolina as qualified to serve as a trustee prior to such appointment or obtains such approval in connection with such appointment. Any resignation or removal of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of the appointment by the successor Trustee. Upon such acceptance, the successor Trustee must mail notice of acceptance to the Bond Owners. (Section 8.01)

Funds. The Trust Agreement creates (1) the Project Fund, (2) the Prepayment Fund, (3) the Installment Payment Fund, and (4) the Net Proceeds Fund, to be held in trust by the Trustee.

(1) The Project Fund. There shall be deposited in and credited to the Project Fund the proceeds of the sale of the 2024 Bonds required to be deposited therein pursuant to the Trust Agreement and any amounts received as refunds of State sales tax with respect to expenditures made in connection with the 2024 Project and paid or reimbursed from moneys in the Project Fund. See "Estimated Sources and Uses of Funds" in the Official Statement of which this Appendix is a part. There shall also be credited to the Project Fund investment earnings on moneys held in the Project Fund and any other funds from time to time deposited with the Trustee for paying Delivery Costs or Project Costs. Moneys in the Project Fund will be disbursed for paying Project Costs and Delivery Costs on receipt by the Trustee of a requisition signed by the County Representative. (Section 3.03)

Upon the filing with the Trustee of a certificate of completion pursuant to the Installment Financing Agreement, the Trustee will withdraw all remaining moneys in the Project Fund (other

than any moneys retained therein to pay Project Costs and Delivery Costs not then due and payable as certified by the County Representative) and deposit such moneys in the Installment Payment Fund to be applied to the payment of the interest or principal components of Installment Payments or as the County may otherwise direct for the payment of the costs of additional public facilities as further provided in the Installment Financing Agreement. (Section 3.04)

(2) The Prepayment Fund. Moneys to be used for prepayment of the 2024 Bonds are to be deposited into the Prepayment Fund and used solely for the purpose of prepaying the 2024 Bonds in advance of their maturities on the date or dates designated for prepayment and upon presentation and surrender of such 2024 Bonds. (Section 4.01).

(3) The Installment Payment Fund. There shall be deposited in the Installment Payment Fund all Installment Payments, unexpended Bond proceeds and any other moneys required to be deposited therein pursuant to the Installment Financing Agreement or the Trust Agreement. (Section 5.03)

Except as otherwise allowed under the Trust Agreement, all moneys on deposit in the Installment Payment Fund are to be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest with respect to the Bonds as the same become due and payable in accordance with certain provisions of the Trust Agreement. (Section 5.04)

On each Bond Payment Date or Bond Prepayment Date, the Trustee will first set aside an amount sufficient to pay the interest evidenced by the Bonds becoming due and payable on such Bond Payment Date or Bond Prepayment Date and then an amount sufficient to pay the principal evidenced by the Bonds becoming due and payable on such Bond Payment Date or Bond Prepayment Date, and, on such Bond Payment Date or Bond Prepayment Date, the Trustee will mail checks representing the amount due as interest and principal, if applicable, to the Owners of the Bonds who are not Securities Depository Nominees unless such payment is to be made by wire transfer as provided in the next succeeding paragraph. (Section 5.04)

At such time as to enable the Trustee to make payments of interest on the Bonds in accordance with any existing agreement between the Trustee and any Securities Depository or any other Owner, the Trustee will withdraw from the Installment Payment Fund and remit by wire transfer to the Securities Depository or such Owner, in Federal Reserve or other immediately available funds, the amount required to pay interest and principal, if applicable, on the Bonds on each Bond Payment Date or Bond Prepayment Date; provided, however, that in no event will the Trustee be required to make such wire transfer prior to the Business Day next preceding each Bond Payment Date or Bond Prepayment Date. (Section 5.04)

(4) The Net Proceeds Fund. Upon receipt from the County of any Net Proceeds, the Trustee shall deposit such funds in the Net Proceeds Fund. The Trustee shall disburse Net Proceeds for replacement or repair of the Mortgaged Property as provided in the Installment Financing Agreement. (Sections 6.01 and 6.02)

The Trustee shall, to the extent there are no other available funds held under the Trust Agreement, use the remaining funds in the Net Proceeds Fund to pay principal and interest with respect to the Bonds in the event of a payment default under the Trust Agreement. (Section 6.02)

Money in Funds Held in Trust. Except for the lien for the benefit of the Trustee under the Trust Agreement, the moneys and investments held by the Trustee upon the direction of the County under the Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Bonds, and such moneys, and any income or interest earned thereon, can be expended only as provided in the Trust Agreement, and are not subject to levy, attachment or lien by or for the benefit of any creditor of the County, the Board of Education, the Corporation, any related entity or the Trustee, or any of them. (Section 7.01)

Investments Authorized. Except as otherwise provided in the Trust Agreement, moneys held by the Trustee under the Trust Agreement will be invested and reinvested on maturity by the Trustee, upon the written direction of the County, in Permitted Investments. Such investments, if registrable, shall be registered in the name of the Trustee or its assignee for the benefit of the Owners and held by the Trustee. (Section 7.02)

Disposition of Investments. Any income, profit or loss on the investment of moneys held by the Trustee under the Trust Agreement will be credited to or charged against the respective fund in which they are held. (Section 7.03)

Valuation and Disposition. For the purpose of determining the amount in any fund, the Trustee shall value all Permitted Investments credited to such fund at the market value of such Permitted Investments, exclusive of accrued interest. The Trustee will sell or present for prepayment any Permitted Investment purchased by the Trustee when and as necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited. (Section 7.05)

Amendments.

With Consent. The Trust Agreement and the rights and obligations of the Owners of the Bonds, the Installment Financing Agreement and the rights and obligations of the parties thereto and the Deed of Trust may be modified or amended, subject to receiving the approval of the Local Government Commission of North Carolina, at any time by a supplemental agreement which shall become effective when the written consents of each Credit Provider of a Credit Facility then in effect and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided below, have been filed with the Trustee in the time and manner provided in the Trust Agreement. No such modification or amendment can (1) extend or have the effect of extending the fixed maturity of any Bond or the time of payment of interest, or reduce or have the effect of reducing the interest rate with respect thereto, the amount of principal with respect thereto, or the amount of premium payable upon the prepayment thereof, without the written consent of the Owner of such Bond, or (2) reduce or have the effect of reducing the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of the Installment Financing Agreement, the Trust Agreement or the Deed of Trust without the written consent of the Owners of all Outstanding Bonds, or (3) modify any of the rights or obligations of the Trustee or the County without its written assent thereto, or (4) modify adversely the security provided by any Credit Provider described under “*Covenants with Providers of Additional Security*” below without the written consent of the Owners of all Outstanding Bonds affected thereby. (Section 9.01)

Without Consent. The Trust Agreement and the rights and obligations of the Owners of the Bonds, the Installment Financing Agreement and the rights and obligations of the parties thereto and the Deed of Trust may be modified or amended, subject to receiving the approval of the Local Government Commission of North Carolina, at any time by a supplemental agreement, without the consent of any of the Owners of the Bonds to the extent permitted by law and only (1) to cure, correct or supplement any ambiguous or defective provision contained in the Trust Agreement, the Installment Financing Agreement or the Deed of Trust, or (2) in regard to matters arising under the Trust Agreement, the Installment Financing Agreement or the Deed of Trust, as the parties may deem necessary or desirable and which will not adversely affect the interest of the Owners of the Bonds, or (3) in connection with the delivery of Additional Bonds pursuant to the Trust Agreement, or (4) to make any changes that may be required by any Credit Provider described under “*Covenants with Providers of Additional Security*” below. Any such supplemental agreement becomes effective upon execution and delivery by the parties to the Trust Agreement, Installment Financing Agreement or the Deed of Trust, as the case may be. (Section 9.01)

Disqualified Bonds. Bonds owned or held by or for the account of the County or the Corporation or by any person directly or indirectly controlled by, or under direct or indirect common control with the County or the Corporation (except any Bonds held in any pension or retirement fund) are not deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Bonds provided for in the Trust Agreement, and will not be entitled to vote upon, consent to, or take any other action provided for in the Trust Agreement. (Section 9.03)

Consent of Original Purchasers, Underwriter or Remarketing Agent. Notwithstanding anything in the Trust Agreement to the contrary, (a) any original purchaser, underwriter or remarketing agent holding any Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental agreement as required by the Trust Agreement, including any amendment or supplemental agreement that adversely affects the interests of other Owners and (b) any such Owner providing its consent as described in this paragraph shall not be entitled to receive, nor shall the Trustee be required to provide to such Owner, any prior notice or other documentation regarding such amendment or supplemental agreement. (Section 9.07)

Covenants with Providers of Additional Security. If the Corporation shall have obtained the prior written consent of the Local Government Commission of North Carolina or its designee thereto, the Corporation may make such covenants as it may determine to be appropriate with any Credit Provider that shall agree to provide a Credit Facility with respect to any Bonds. Such covenants may be set forth in the applicable supplemental trust agreement or resolution of the Board of Directors of the Corporation authorizing the execution and delivery of the Bonds to be secured by such Credit Facility and shall be binding on the Corporation, the Trustee and all Owners of such Bonds so secured by such Credit Facility the same as if such covenants were set forth in full in the Trust Agreement, provided that no such covenants shall increase the duties or the liabilities of the Trustee without its consent or adversely affect the security or value of any other Bonds without the consent of the Owners thereof as are so affected thereby. (Section 10.03)

Limited Liability of the County and the Corporation. Except for the payment of Installment Payments, Additional Payments and Prepayments payable in accordance with the Installment Financing Agreement and the performance of the other covenants and agreements of

the County contained in the Installment Financing Agreement, the County has no obligation or liability to the Corporation, the Trustee or to the Owners of the Bonds with respect to the Trust Agreement, the terms, execution, delivery or transfer of the Bonds, or the distribution of Installment Payments to the Owners by the Trustee. The provisions of this paragraph will not affect any duty or obligation of the County arising under the Installment Financing Agreement.

The Bonds will not constitute a debt or general obligation of the Corporation and will not give the Owners any recourse to the assets of the Corporation but will be payable solely from amounts payable by the County under the Installment Financing Agreement and, as provided in the Trust Agreement, certain other moneys, including certain interest earnings, certain Net Proceeds, if any, and certain amounts realized from any sale or lease of the Mortgaged Property. (Section 11.01)

Limited Liability of Trustee.

No Investment Advice. The Trustee shall have no obligation or responsibility for providing information to the Owners concerning the investment character of the Bonds.

Sufficiency of the Trust Agreement or Installment Payments. The Trustee makes no representations as to the validity or sufficiency of the Bonds and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations imposed or assigned in the Trust Agreement or in the Bonds. The Trustee shall not be responsible for the sufficiency of the Installment Financing Agreement or the Deed of Trust. The Trustee shall not be liable for the sufficiency or collection of any Installment Payments or other moneys required to be paid to it under the Installment Financing Agreement (except as provided in the Trust Agreement), its right to receive moneys pursuant to the Installment Financing Agreement, or the value of or title to the Mortgaged Property.

Actions of Corporation and County. The Trustee shall have no obligation or liability to any of the other parties or the Owners with respect to the Trust Agreement, the Installment Financing Agreement or the Deed of Trust, or the failure or refusal of any other party to perform any covenant or agreement made by any of them under the Trust Agreement, the Installment Financing Agreement or the Deed of Trust, but shall be responsible solely for the performance of the duties and obligations expressly imposed upon the Trustee under the Trust Agreement.

Recitals and Agreements of Corporation and County. The recitals of facts, covenants and agreements in the Trust Agreement, in the Installment Financing Agreement and in the Bonds contained shall be taken as statements, covenants and agreements of the Corporation or the County, as the case may be, and the Trustee assumes no responsibility for the correctness of the same. (Section 11.03)

Events of Default. Each of the following is an Event of Default under the Trust Agreement:

(a) Default in the payment of the principal with respect to any Bond when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for prepayment; provided, however, that in determining whether a default in payment has occurred, no effect shall be given to payments made under any Credit Facility.

(b) Default in the payment of any installment of interest with respect to any Bond when the same shall become due and payable; provided, however, that in determining whether a default in payment has occurred, no effect shall be given to payments made under any Credit Facility.

(c) The occurrence of an event of default as provided in the Installment Financing Agreement. (Section 12.01)

Acceleration of Maturities. Upon the happening and continuance of any Event of Default specified in the Trust Agreement, the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall, by notice in writing to the Corporation and the County, declare the principal with respect to all Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same will become and be immediately due and payable; provided, however, that with respect to any Additional Bonds for which a Credit Facility is in effect and as to which the Credit Provider has not failed to comply with its payment obligations thereunder, upon the happening and continuance of any Event of Default specified in the Trust Agreement, the Trustee shall declare the principal with respect to such Additional Bonds to be immediately due and payable if the Credit Provider for such Additional Bonds shall so direct and shall not declare the principal with respect to such Additional Bonds to be immediately due and payable unless the Credit Provider for such Additional Bonds shall have consented to such declaration. Such declaration may be rescinded under the circumstances specified in the Trust Agreement. (Section 12.01)

Remedies. If an Event of Default shall happen, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, with the written consent of the Credit Provider so long as a Credit Facility is in effect and such Credit Provider has not failed to comply with its payment obligations thereunder, or shall, at the direction of each Credit Provider exercise any and all remedies available pursuant to law or granted pursuant to the Installment Financing Agreement or the Deed of Trust. (Section 12.01)

Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Trust Agreement or the Installment Financing Agreement will be deposited into the Installment Payment Fund and applied after payment of all amounts due and payable to the Trustee and costs of the Owners in declaring such Event of Default, including reasonable compensation of their agents, attorneys and counsel, in the following order upon presentation of the Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

(a) if the principal with respect to all Bonds shall not have become or shall not have been declared due and payable, all such moneys in the Installment Payment Fund shall be applied:

First, to the payment of the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment to the persons entitled thereto of the unpaid principal with respect to any Bonds which shall have become due, whether at maturity or by call for prepayment, in the order of their due dates, with interest on the overdue principal at a rate equal to the rate paid with respect to the Bonds and, if the amount available will not be sufficient to pay in full all of the amounts due with respect to the Bonds on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

(b) If the principal with respect to all Bonds shall have become or shall have been declared due and payable, all such money shall be applied to the payment of principal and interest then due with respect to 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.

(c) If the principal with respect to all Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the Trust Agreement, then, subject to the provisions of paragraph (b) above in the event that the principal with respect to all Bonds shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the Installment Payment Fund shall be applied in accordance with the provisions of paragraph (a) above. (Section 12.02)

Defeasance. If and when any Outstanding Bonds are paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal, interest and prepayment premiums (if any) with respect to such Bonds, as and when the same become due and payable;

(b) if prior to maturity and having given notice of prepayment, by irrevocably depositing with the Trustee, in trust, at or before maturity, an amount of cash which (together with cash then on deposit in the Installment Payment Fund, in the event of payment or provision for payment of all Outstanding Bonds) is sufficient to pay such Bonds, including all principal, interest and premium, if any; or

(c) by irrevocably depositing with the Trustee, in trust, (i) Defeasance Obligations together with cash, if required, in such amount as will, in the opinion of experts in the field acceptable to the Trustee, together with interest to accrue thereon (and, in the event of payment or provision for payment of all Outstanding Bonds, moneys then on deposit in the Installment Payment Fund together with the interest to accrue thereon), be fully sufficient to pay and discharge all such Bonds including all principal and interest represented thereby and prepayment premiums, if any, at or before their maturity date and (ii) an opinion of Bond Counsel to the effect that the conditions set forth in the Trust Agreement for defeasance have been satisfied;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the Corporation, the Trustee and the County with respect to such Bonds will cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from Installment Payments paid by or on behalf of the County from funds deposited pursuant to paragraphs (b) and (c) above,

to the Owners of the Bonds not so surrendered and paid, all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) and (c) above, the Bonds shall continue to represent direct and proportionate interests of the Owners thereof in the Installment Payments under the Installment Financing Agreement and the Trustee will execute and deliver to the Corporation and the County a written release of the Trust Agreement.

In the event of an advance refunding, the County shall cause to be delivered a verification report of a firm of experts in the field as to the sufficiency of any escrow fund created therefor.

Any funds held by the Trustee, at the time of one of the events described in paragraphs (b) and (c) above, which are not required for payment to be made to Owners and the fees and expenses of the Trustee, shall be paid to the County. (Section 13.01)

THE DEED OF TRUST

Grant of Lien on Mortgaged Property. As security for its obligations under the Installment Financing Agreement, the County grants to the Deed of Trust Trustee a lien of record on the Mortgaged Property, including all buildings, structures, improvements and fixtures thereon and all appurtenances thereto of any nature whatsoever, subject to Permitted Encumbrances. The Deed of Trust may be amended or supplemented from time to time to secure Additional Bonds required by their terms to be secured by the Deed of Trust on a parity with the 2024 Bonds. (Article I)

Replacement of Deed of Trust Trustee. The Corporation, with or without cause, may remove the Deed of Trust Trustee and appoint a successor trustee. In the event of death or resignation of the Deed of Trust Trustee, the Corporation shall have the right to appoint the successor trustee and any trustee so appointed shall be vested with the title to the Mortgaged Property and possess all the powers, duties and obligations of its predecessor. The Deed of Trust Trustee may resign by an instrument in writing addressed to the Corporation and any substitute trustee so appointed shall be vested with the title to the Mortgaged Property and shall possess all the powers, duties and obligations of its predecessor. (Section 6.1)

Foreclosure. Upon the occurrence of any one or more of the Events of Default under the Trust Agreement and if the maturities of the 2024 Bonds or any Additional Bonds shall have been accelerated as provided in the Trust Agreement, all of the obligations secured by the Deed of Trust shall immediately become due and payable at the option of the Corporation, and, upon the direction of the Corporation, the Deed of Trust Trustee shall sell all or any part or parts of the Mortgaged Property at public auction for cash after first having given such notice as to commencement of foreclosure proceedings and having obtained such findings and leave of court as may then be required by law and upon such sale and any resale to convey title to the purchaser in fee simple. Pursuant to Section 25-9-604 of the North Carolina General Statutes (or any amendment thereto), the Deed of Trust Trustee is expressly authorized and empowered to expose to sale and sell, together with the real estate, any portion of the Mortgaged Property which constitutes personal property. If personal property is sold under the Deed of Trust, it need not be at the place of sale. The Mortgaged Property may be sold in such parcels or lots without regard to principles of marshaling and may be sold at one sale or in multiple sales, all as determined by the Deed of Trust Trustee. A previous exercise of the power of sale under the Deed of Trust by Deed of Trust Trustee shall not be deemed to extinguish the power of sale which power of sale shall continue in full force and effect until all the Mortgaged Property shall have been finally sold and properly conveyed to

the purchasers at the sale. The County's duties and responsibilities under the Installment Financing Agreement, the Trust Agreement, and the Deed of Trust, shall continue until the obligations secured by the Deed of Trust are fully paid and performed, notwithstanding any partial foreclosure of the Mortgaged Property. No delay or omission of the Deed of Trust Trustee or the Corporation to exercise any right or power accruing upon any Event of Default shall impair such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein. The County waives any and all rights to require marshalling of assets in connection with the exercise of any remedies provided in the Deed of Trust or as permitted by law. (Sections 3.1, 4.1)

Additional Remedies. Upon the occurrence of an Event of Default, the Corporation and the Deed of Trust Trustee are entitled (but not required) to exercise all rights and remedies provided in the Deed of Trust or as otherwise provided by law or in equity, including, without limiting the generality of the foregoing, the right to have judicially appointed a receiver of the Mortgaged Property, the right to judicial foreclosure by power of sale or mortgage foreclosure under Chapter 45 of the General Statutes of North Carolina and the right to enter the Mortgaged Property and to operate, maintain, control and lease the same. (Section 4.1)

Release of Mortgaged Property. Notwithstanding any other provisions of the Deed of Trust, with the consent of the Corporation and at any time so long as there is no Event of Default, the Deed of Trust Trustee shall Release the Mortgaged Property or any part thereof from the lien and security interest of the Deed of Trust or permit to be incurred any encumbrance upon the Mortgaged Property by written instrument releasing the Mortgaged Property or such portion of the Mortgaged Property from the lien of the Deed of Trust to the extent permitted by the Deed of Trust. (Section 5.1)

So long as any Bonds remain Outstanding or sufficient funds for their payment in full are not held in trust by the Trustee under the Trust Agreement, a Release of all or a part of the Mortgaged Property shall be permitted only when and if the following requirements have been fulfilled:

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

(b) In connection with the Release of any part of the Mortgaged Property constituting less than all of the Mortgaged Property, such Release does not inhibit in any material way ingress or egress to the remaining portion of the Mortgaged Property or materially interfere with the intended use of the remaining portion of the Mortgaged Property (such determination to be made by a certificate of a County Representative filed with the Corporation to such effect.

(c) In connection with the Release of any part of the Mortgaged Property constituting less than all of the Mortgaged Property, the appraised, tax or insured value of the Mortgaged Property remaining after the proposed Release is not less than fifty percent (50%) of the aggregate principal components of the Installment Payments relating to the Bonds then Outstanding.

(d) In connection with the Release of all property constituting the Mortgaged Property, there shall have been paid to the Trustee an amount sufficient to provide for the payment in full of all Outstanding Bonds in accordance with the Trust Agreement. (Section 5.2)

After-Acquired Property. To the extent allowed under North Carolina law, all property acquired by the County after the date of the Deed of Trust which by the terms of the Deed of Trust shall be subject to the lien and security interest created thereby, shall immediately upon the acquisition thereof by Grantor and without further mortgage, conveyance or assignment become subject to the lien and security interest created by the Deed of Trust. (Section 7.5)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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October __, 2024

County of Onslow, North Carolina
Jacksonville, North Carolina

Onslow County Public Facilities Company
Jacksonville, North Carolina

\$12,855,000
Onslow County Public Facilities Company
Limited Obligation Bonds (Onslow County, North Carolina), Series 2024
(the "2024 Bonds")

Ladies and Gentlemen:

We have acted as bond counsel to the County of Onslow, North Carolina (the "County") in connection with the sale of the referenced bonds (the "2024 Bonds") evidencing proportionate undivided interests in rights to receive installment payments to be made with respect to an Installment Financing Agreement dated as of October 1, 2024 (the "Agreement") between the County and the Onslow County Public Facilities Company, a North Carolina nonprofit corporation (the "Corporation"), executed and delivered in the original aggregate principal amount of \$12,855,000, pursuant to Section 160A-20 of the North Carolina General Statutes, as amended, and a Trust Agreement dated as of October 1, 2024 (the "Trust Agreement") between the Corporation and U.S. Bank Trust Company National Association, as trustee (the "Trustee"). Under the Agreement, the County has agreed to repay the amounts advanced to it under the Agreement, with interest, in installments (the "Installment Payments"). Under the Trust Agreement, the Corporation has assigned the right to receive the Installment Payments to the Trustee. As security for payment of the Installment Payments, the County has executed a Deed of Trust, Security Agreement, Fixture Filing and Financing Statement dated as of October 1, 2024 (the "Deed of Trust") covering the real property on which certain improvements financed by the subject transaction are located.

No deficiency judgment may be rendered against the County in any action for breach of a contractual obligation under the Agreement, the remedies provided under the Deed of Trust, including foreclosure under the Deed of Trust, being the sole remedies available. The taxing power of the County is not and may not be pledged in any way, directly or indirectly, to secure the payments due under the Agreement or any other instrument contemplated thereby.

As to questions of fact material to our opinion, we have relied upon representations contained in various transaction documents, certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have examined such law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

Based on the foregoing, we are of the opinion that, under existing law:

1. Each of the Agreement and the Deed of Trust has been duly authorized, executed and delivered by the County and is a valid and binding obligation of the County, enforceable upon the County. We note, however, that the covenants of the County in the Agreement relating to indemnification are given to the extent permitted by law.

2. Each of the Agreement and the Trust Agreement has been duly authorized, executed and delivered by the Corporation and is a valid and binding obligation of the Corporation, enforceable upon the Corporation.

3. The 2024 Bonds are entitled to the benefits of the Trust Agreement and evidence proportionate undivided interests in rights to receive Installment Payments pursuant to the Agreement.

4. The portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in computing the alternative minimum tax on certain corporations to the extent such interest is included in the "adjusted financial statement income" of such corporations. The opinion set forth in the preceding sentence is subject to the condition that the County and the Corporation comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the execution and delivery of the 2024 Bonds in order that such interest be, or continue to be, excludable from gross income for federal income tax purposes. The County and the Corporation have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause such interest to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the 2024 Bonds.

5. The portion of each Installment Payment designated as and comprising interest with respect to the 2024 Bonds is exempt from North Carolina income taxes.

The rights of the owners of the 2024 Bonds and the enforceability of the Agreement, the Deed of Trust and the Trust Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, by equitable principles (whether considered at law or in equity) and by the exercise of judicial discretion.

This opinion does not cover any matters of title or priority of liens.

We express no opinion herein (a) regarding the accuracy, adequacy or completeness of the Official Statement relating to the 2024 Bonds or (b) except as stated above, regarding federal, state or local tax consequences arising with respect to the 2024 Bonds.

In rendering this opinion, we have relied upon the opinion of Brett J. DeSelms, Esq., County Attorney and counsel to the Corporation, with respect to the authorization, execution and delivery by the County and the Corporation, as applicable, of the 2024 Bonds, the Agreement and the Trust

Agreement and with respect to the recordation of the Warranty Deed (as described in such opinion) and the Deed of Trust.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in law which may hereafter occur.

Respectfully submitted,

[to be signed by Robinson, Bradshaw & Hinson, P.A.]

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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 bonds representing their interests in the 2024 Bonds purchased. So long as The Depository Trust Company (“*DTC*”) or its nominee is the registered owner of the 2024 Bonds, references in this Official Statement to the Owners of the 2024 Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners.

THE FOLLOWING DESCRIPTION OF DTC, OF PROCEDURES AND RECORD KEEPING ON 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.

The Depository Trust Company
a subsidiary of The Depository Trust & Clearing Corporation

DTC will act as securities depository for the 2024 Bonds. The 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate for each maturity will be issued for the 2024 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of the 2024 Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“*DTCC*”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of the 2024 Bonds (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase.

Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests 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. Beneficial Owners will not receive bonds representing their ownership interests in the 2024 Bonds, except in the event that use of the book-entry system for the 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 other name as may be requested by an authorized representative of DTC. The deposit of 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2024 Bonds 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 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2024 Bonds, such as prepayments, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the 2024 Bonds may wish to ascertain that the nominee holding the 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the 2024 Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments with respect to 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, the Trustee, the County and/or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments 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 will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. NEITHER THE COUNTY NOR THE CORPORATION CAN GIVE ANY ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

DTC may discontinue providing its services as depository with respect to the 2024 Bonds at any time by giving reasonable notice to the Trustee or the Corporation. Under such circumstances, in the event that a successor depository is not obtained, physical bond certificates are required to be printed and delivered.

The Trustee or the Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources the County and the Corporation believe to be reliable, but the County and the Corporation take no responsibility for the accuracy thereof.

THE COUNTY, THE CORPORATION AND THE TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE 2024 BONDS, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS ON ANY PARTIAL PREPAYMENT OF THE 2024 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2024 BONDS, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY.

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