NEW ISSUE
BOOK-ENTRY ONLY

Ratings: Moody's: Aa1
S&P: AA+
(See "RATINGS" herein)

In the opinion of Bond Counsel, under existing law, (1) assuming compliance by the County with certain requirements of the Internal Revenue Code of 1986, as amended, (the "Code"), the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and (2) the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds is exempt from State of North Carolina income taxation. See "TAX TREATMENT" herein.

$25,335,000
Limited Obligation Refunding Bonds, Series 2025
(COUNTY OF CHATHAM, NORTH CAROLINA)

Dated: Date of Initial Execution and Delivery **Due: As shown on inside cover page**

This Official Statement has been prepared by the County of Chatham, North Carolina (the "*County*") to provide information on the above-referenced bonds (the "*2025 Bonds*"). Selected information is presented on this cover page for the convenience of the user. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings set out in **Appendix C** hereto under "**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS**."

Security:	**The 2025 Bonds and all other Bonds outstanding under the Indenture evidence proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract between the Chatham County Public Facilities Corporation (the "*Corporation*") and the County. The performance by the County of its obligations under the Contract, including the obligation to make Installment Payments thereunder, is secured by a Deed of Trust from the County to the Deed of Trust Trustee granting a lien of record on the Mortgaged Property, subject to Permitted Encumbrances. The Corporation has assigned to the Trustee for the benefit of the registered owners of the 2025 Bonds, the 2021 Bonds (as defined herein) and all Additional Bonds outstanding under the Indenture substantially all of its rights under the Contract, including the right to receive Installment Payments, and all of its rights as beneficiary of the Deed of Trust. THE PRINCIPAL AND INTEREST WITH RESPECT TO THE 2025 BONDS ARE PAYABLE SOLELY FROM AMOUNTS PAYABLE BY THE COUNTY UNDER THE CONTRACT AND, TO THE EXTENT PROVIDED IN THE INDENTURE, THE PROCEEDS OF THE SALE OF THE 2025 BONDS, CONDEMNATION AWARDS OR THE SALE OR LEASE OF THE MORTGAGED PROPERTY. NEITHER THE CONTRACT, THE 2025 BONDS NOR THE INTEREST WITH RESPECT THERETO CONSTITUTES A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COUNTY. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR BREACH OF ANY CONTRACTUAL OBLIGATION TO MAKE INSTALLMENT PAYMENTS PURSUANT TO THE CONTRACT, AND THE TAXING POWER OF THE COUNTY IS NOT PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEY DUE THE OWNERS OF THE 2025 BONDS. THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS UPON AN EVENT OF DEFAULT RESULTING FROM THE COUNTY'S FAILURE TO MAKE INSTALLMENT PAYMENTS UNDER THE CONTRACT ARE LIMITED IN THE CONTRACT TO THOSE OF A SECURED PARTY UNDER THE LAWS OF NORTH CAROLINA, INCLUDING FORECLOSING UPON THE MORTGAGED PROPERTY IN ACCORDANCE WITH THE DEED OF TRUST AND ARE ON A PARITY WITH THOSE RIGHTS AND REMEDIES AVAILABLE TO THE OWNERS OF ALL BONDS OUTSTANDING UNDER THE INDENTURE. See "SECURITY AND SOURCES OF PAYMENT OF 2025 BONDS" herein.**
No Prepayment:	The 2025 Bonds are not subject to prepayment before maturity.
Purpose:	The proceeds of the 2025 Bonds will be used by the County to (1) refinance outstanding installment payment obligations and (2) pay financing costs related to the 2025 Bonds.
Interest Payment Dates:	May 1 and November 1 of each year, beginning May 1, 2026.
Denominations:	$5,000 and any integral multiple thereof.
Delivery Date:	On or about October 9, 2025.
Registration:	Full book-entry only; The Depository Trust Company.
Trustee:	Regions Bank, Atlanta, Georgia.
Bond Counsel and Corporation Counsel:	Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina.
Counsel to the County:	Gunn & Messick, LLP, Pittsboro, North Carolina.
Municipal Advisor:	DEC Associates, Inc., Charlotte, North Carolina.
Underwriter's Counsel:	Chapman and Cutler LLP, Charlotte, North Carolina.

Date of this Official Statement is September 25, 2025

BofA Securities

MATURITY SCHEDULE

Due November 1	Principal Amount	Interest Rate	Yield	CUSIP[(1)] 16207R	Due November 1	Principal Amount	Interest Rate	Yield	CUSIP[(1)] 16207R
2026	$3,465,000	5.00%	2.26%	EZ6	2031	$2,460,000	5.00%	2.45%	FE2
2027	3,450,000	5.00	2.18	FA0	2032	2,465,000	5.00	2.61	FF9
2028	3,440,000	5.00	2.18	FB8	2033	2,465,000	5.00	2.70	FG7
2029	2,335,000	5.00	2.21	FC6	2034	1,405,000	5.00	2.86	FH5
2030	2,455,000	5.00	2.30	FD4	2035	1,395,000	5.00	3.03	FJ1

(1) 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 © 2025 CUSIP Global Services. All rights reserved. CUSIP numbers are set forth herein for the convenience of reference only. Neither the State of North Carolina nor its agents take responsibility for the accuracy of such data. None of the County, the Corporation, the Underwriter or the municipal advisor is responsible for the accuracy of such data.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor will there be any sale of the 2025 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Corporation, the County and other sources that are deemed to be reliable.

Neither the 2025 Bonds nor the Indenture have been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. The registration or qualification of the 2025 Bonds and the Indenture in accordance with applicable provisions of securities laws of the states in which the 2025 Bonds and the Indenture have been registered or qualified, and the exemption from registration or qualification in other states, will not be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. 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 2025 Bonds will under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof.

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.

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$25,335,000
Limited Obligation Refunding Bonds,
Series 2025
(COUNTY OF CHATHAM, 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 Limited Obligation Refunding Bonds (County of Chatham, North Carolina), Series 2025, in the aggregate principal amount of $25,335,000 (the "*2025 Bonds*"), which evidence proportionate undivided interests in rights to receive certain Revenues (as defined herein) pursuant to an Installment Financing Contract dated as of January 1, 2013 (the "*2013 Contract*") between Chatham County Public Facilities Corporation (the "*Corporation*") and the County of Chatham, North Carolina (the "*County*") as amended by Amendment Number Two to the Installment Financing Contract dated as of October 1, 2025 (the "*Second Contract Amendment*," and together with the 2013 Contract, as amended, the "*Contract*"). The 2025 Bonds will be executed and delivered pursuant to an Indenture of Trust dated as of January 1, 2013 (the "*2013 Indenture*") between the Corporation and Regions Bank, as trustee (the "*Trustee*") as supplemented by Supplemental Indenture, Number 2 dated as of October 1, 2025 (the "*Second Supplement*" and, together with the 2013 Indenture, as supplemented, the "*Indenture*"). Capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings set out in **Appendix C** hereto.

In connection with the Contract, the Corporation previously executed and delivered its Limited Obligation Bonds (County of Chatham, North Carolina), Series 2013, none of which remain outstanding, its Limited Obligation Bonds (County of Chatham, North Carolina), Series 2021A (the "*2021A Bonds")* in the aggregate principal amount of $31,585,000, of which $26,845,000 is currently outstanding, and its Taxable Limited Obligation Refunding Bonds (County of Chatham, North Carolina), Series 2021B (the "*2021B Bonds*," and together with the 2021A Bonds, the "*2021 Bonds*") in the aggregate principal amount of $9,455,000, of which $6,555,000 is currently outstanding.

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

THE COUNTY

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

PURPOSE

The 2025 Bonds are being executed and delivered to provide funds to (1) refinance outstanding installment payment obligations of the County and (2) pay the costs related to the execution and delivery of the 2025 Bonds. See the captions "**THE PLAN OF REFUNDING**" and "**ESTIMATED SOURCES AND USES OF FUNDS**" herein.

SECURITY

The 2025 Bonds, the 2021 Bonds and any Additional Bonds outstanding under the Indenture (the "*Additional Bonds*") evidence proportionate undivided interests in the right to receive certain Revenues under the Contract. The 2025 Bonds are secured by such money as may be on deposit under the Indenture. The 2025 Bonds are payable solely from the Installment Payments and certain other money as provided in the Indenture.

As security for its obligations under the Contract, the County executed and delivered to a deed of trust trustee (the "*Deed of Trust Trustee*"), for the benefit of the Corporation or its assignee, a Deed of Trust, Security Agreement and Fixture Filing dated as of January 1, 2013 (as extended, the "*Deed of Trust*"), which granted a lien on the County's fee simple interest in the site of the Chatham County Detention Facility and the improvements thereon, as more particularly described in the Deed of Trust. The County executed and delivered a Notice of Extension dated as of August 1, 2021, which extended that lien to the site of the Emergency Operations Center and the improvements thereon (together with the site of the Chatham County Detention Center and the improvements thereon, the "*Mortgaged Property*"), subject to certain permitted encumbrances as described in the Contract and the Deed of Trust. **None of the projects to be refinanced with proceeds of the 2025 Bonds are subject to the Deed of Trust**. **Not all of the projects financed and refinanced with the proceeds of the 2021 Bonds are subject to the Deed of Trust.** See the caption **"SECURITY AND SOURCES OF PAYMENT OF 2025 BONDS – DEED OF TRUST"** herein.

Pursuant to the Indenture, the Corporation has assigned to the Trustee for the benefit of the Owners of the 2025 Bonds, the 2021 Bonds and any Additional Bonds (1) all rights, title and interest of the Corporation in the Contract (except for certain reserved rights), including its right to receive the Installment Payments thereunder, (2) all rights, title and interest of the Corporation in the Deed of Trust and the Mortgaged Property and (3) all money and securities from time to time held by the Trustee under the Indenture in any fund or account (except the Rebate Fund). Pursuant to the Contract, the Installment Payments are payable by the County directly to the Trustee. Additional Bonds, which would have equal rights in the security available to the Owners of the 2025 Bonds and the 2021 Bonds, may be executed and delivered in accordance with the provisions of the Indenture. See the captions "**SECURITY AND SOURCES OF PAYMENT OF 2025 BONDS — ADDITIONAL BONDS**" herein and "**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE INDENTURE - *Additional Bonds***" in **Appendix C** hereto.

Under certain conditions, the Deed of Trust Trustee may release portions of the Mortgaged Property from the lien of the Deed of Trust. See the caption **"SECURITY AND SOURCES OF PAYMENT OF 2025 BONDS – DEED OF TRUST – *Release of Security*"** herein and

"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE DEED OF TRUST" in **Appendix C** hereto.

If a default occurs under the Contract, the Trustee may attempt to dispose of the Mortgaged Property and apply the proceeds received as a result of any such disposition to the payment of the amounts due to the Owners of the 2025 Bonds, the 2021 Bonds and any Additional Bonds. No assurance can be given that any such proceeds will be sufficient to pay the principal and interest with respect to the 2025 Bonds. In addition, no deficiency judgment can be obtained against the County if the proceeds from any such disposition (together with other funds that may be held by the Trustee under the Indenture) are insufficient to pay the 2025 Bonds in full. Neither the 2025 Bonds nor the County's obligation to make payments under the Contract 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 2025 BONDS**" herein.

THE 2025 BONDS

The 2025 Bonds will be dated their date of initial execution and delivery. Interest is payable on May 1 and November 1 of each year, beginning May 1, 2026, at the rates set forth on the inside cover page of this Official Statement. Principal is payable on November 1 in the years and in the amounts set forth on the inside cover page of this Official Statement.

BOOK-ENTRY ONLY

The 2025 Bonds will be delivered in book-entry form only, without physical delivery of bonds. Payments to beneficial owners of the 2025 Bonds will be made by the Trustee through The Depository Trust Company ("*DTC*") and its participants. See "**BOOK-ENTRY ONLY SYSTEM**" in **Appendix E** hereto.

TAX STATUS

In the opinion of Bond Counsel, under existing law, (1) assuming compliance by the County with certain requirements of the Internal Revenue Code of 1986, as amended, (the "*Code*"), the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and (2) the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds is exempt from State of North Carolina income taxation. See "**TAX TREATMENT**" herein.

PROFESSIONALS

BofA Securities, Inc. (the "*Underwriter*") is underwriting the 2025 Bonds. Regions Bank is serving as Trustee with respect to the 2025 Bonds. Parker Poe Adams & Bernstein LLP is serving as Bond Counsel to the County and as counsel to the Corporation. Gunn & Messick, LLP is

serving as counsel to the County. Chapman and Cutler LLP is serving as counsel to the Underwriter. DEC Associates, Inc. serves as municipal advisor to the County.

THE 2025 BONDS

AUTHORIZATION

The 2025 Bonds will be executed and delivered pursuant to the Second Supplement. The 2025 Bonds evidence proportionate undivided interests in the right to receive certain Revenues pursuant to the Contract. The 2025 Bonds are payable solely from the Installment Payments and certain other money as provided in the Indenture.

The County is entering into the Second Contract Amendment under the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended. The Board of County Commissioners (the "*Board*") authorized the County's execution and delivery of the Second Contract Amendment in a resolution adopted on August 18, 2025.

GENERAL

Payment Terms. The 2025 Bonds will be dated their date of initial execution and delivery. Interest with respect to the 2025 Bonds is payable on each May 1 and November 1, beginning May 1, 2026, 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). Principal with respect to the 2025 Bonds is payable on November 1 in the years and amounts set forth on the inside cover page of this Official Statement. Payments will be effected through DTC. See "**BOOK-ENTRY ONLY SYSTEM**" in **Appendix E** hereto.

Registration and Exchange. So long as DTC or its nominee is the registered owner of the 2025 Bonds, transfers and exchanges of beneficial ownership interests in the 2025 Bonds will be available only through DTC Participants and DTC Indirect Participants. See "**BOOK-ENTRY ONLY SYSTEM**" in **Appendix E** hereto. The Indenture describes the 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 2025 Bonds is registrable by the Owners thereof, and the 2025 Bonds may be exchanged for an equal aggregate, unprepaid principal amount of 2025 Bonds of denominations of $5,000 or any integral multiple thereof and of the same maturity and interest rate, only upon presentation and surrender of the 2025 Bonds to the Trustee at the designated 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 tax or other governmental charge required to be paid with respect to such registration or exchange.

NO PREPAYMENT

The 2025 Bonds are not subject to prepayment before maturity.

THE PLAN OF REFUNDING

Proceeds of the 2025 Bonds will be used to (1) refinance the Refunded Projects (as described below) by refunding all or a portion of the 2014 Bonds (as defined below) as of October 10, 2025 and all or a portion of the 2015 Bonds (as defined below) as of November 3, 2025 and (2) pay the costs related to the execution and delivery of the 2025 Bonds.

The Corporation previously executed and delivered Limited Obligation Bonds, Series 2014 (the "*2014 Bonds*"), the proceeds of which were used to (1) finance the capital costs of constructing and equipping an agricultural center and a service facility for County-owned vehicles and vehicles owned by the County School Board, (2) refinance a portion of the capital costs of (a) acquiring, constructing and equipping Virginia Cross Elementary School; (b) acquiring, constructing and equipping a cafeteria and classroom facilities at Jordan Matthews High School; (c) acquiring, constructing and equipping an addition to, and renovating, an existing building for the Department of Social Services; (d) acquiring, constructing and equipping water, sewer and roadway improvements at the Central Carolina Business Campus; (e) acquiring, constructing and equipping a new high school in the northeastern part of the County; and (f) acquiring and installing softball field lighting and/or tennis field lighting at Northwood High School, Chatham Central High School and Jordan Matthews High School (collectively, the "*2006 Projects*"), and (3) refinance the capital costs of constructing and equipping Margaret B. Pollard Middle School in the County (such projects being financed and refinanced, the "*Refunded 2014 Projects*").

The Corporation also previously executed and delivered Refunding Limited Obligation Bonds, Series 2015 (the "*2015 Bonds*" and together with the 2014 Bonds, the "*Refunded Bonds*"), the proceeds of which were used to refinance the remaining portion of the 2006 Projects (such projects being refinanced, the "*Refunded 2015 Projects*" and together with the Refunded 2014 Projects, the "*Refunded Projects*").

The Mortgaged Property includes only the site of Chatham County Detention Center and the improvements thereon and the site of the Emergency Operations Center and the improvements thereon. See **"SECURITY AND SOURCES OF PAYMENT OF 2025 BONDS - DEED OF TRUST"** herein.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds:

Par Amount of 2025 Bonds	$ 25,335,000
Plus Original Issue Premium	2,758,516
Equity Contribution	475,723
TOTAL	$ 28,569,239

Uses of Funds:

Refinancing the Refunded Projects	$ 28,144,936
Costs of Issuance[2]	424,303
TOTAL	$ 28,569,239

[1] Represents accrued interest on the Refunded Bonds.

[2] Includes legal fees, printing costs, rating agency fees, the Municipal Advisor's fee, Underwriter's discount and other miscellaneous transaction costs.

SECURITY AND SOURCES OF PAYMENT OF 2025 BONDS

The 2025 Bonds, the 2021 Bonds and any Additional Bonds evidence proportionate undivided interests in the rights to receive certain Revenues pursuant to the Contract. The 2025 Bonds will be proportionately and ratably secured with the 2021 Bonds and any Additional Bonds executed and delivered pursuant to the Indenture. Revenues are defined in the Contract to mean (1) all Net Proceeds not applied to the replacement of the Project; (2) all Installment Payments; and (3) all investment income on all funds and accounts created under the Indenture (other than the Rebate Fund). Notwithstanding the foregoing, no Owner of a 2025 Bond is entitled to receive more than the amount of principal and interest represented by such 2025 Bond.

INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS

Under the Contract, the County is required to make the Installment Payments directly to the Trustee in amounts sufficient to provide for the payment of the principal (whether at maturity, by prepayment or otherwise) and interest with respect to the 2025 Bonds, the 2021 Bonds and any Additional Bonds hereafter executed and delivered under the 2013 Indenture as the same become due and payable.

The County is also obligated under the Contract to pay as Additional Payments to such persons as are entitled thereto, the reasonable and customary expenses and fees of the Trustee and the Corporation, any expenses of the Corporation in defending an action or proceeding in connection with the Contract or the Indenture and any taxes or any other expenses, including, but not limited to, licenses, permits, state and local income, sales and use or ownership taxes or property taxes which the County or the Corporation is expressly required to pay as a result of the

Contract (together with interest that may accrue thereon in the event that the County fails to pay the same).

BUDGET AND APPROPRIATION

Pursuant to the Contract, the County will (1) cause its budget officer (as statutorily defined) to include the Installment Payments and the reasonably estimated Additional Payments coming due in each Fiscal Year in the corresponding annual budget request, (2) require that the deletion of such funds from the County's final budget or any amended budget be made only pursuant to an express resolution of the Board which explains the reason for such action and (3) deliver notice to the Trustee, S&P, Moody's and the LGC within five days after the adoption by the Board of the resolution described in clause (2) above. Nothing contained in the Contract, however, obligates the County to appropriate money contained in the proposed budget for the payment of the Installment Payments or the reasonably estimated Additional Payments coming due under the Contract.

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

DEED OF TRUST

General. The County has executed the Deed of Trust as security for its obligations under the Contract granting a lien of record on certain real property, subject to certain permitted encumbrances as set forth in the Contract and the Deed of Trust.

The property subject to the Deed of Trust includes only the approximately 16.68-acre site of the Chatham County Detention Center and the improvements thereon and the approximately 272.08-acre site of the Emergency Operations Center and the improvements thereon. The Chatham County Detention Center is a 60,000 square-foot 133-bed jail facility. The Emergency Operations Center is approximately 22,800 square feet. **No representation is made as to the value of the County's interest in the Mortgaged Property in foreclosure.** See the caption **"CERTAIN RISKS OF 2025 BOND OWNERS – VALUE OF COLLATERAL"** herein.

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

The Deed of Trust has been recorded in the office of the Register of Deeds of Chatham County, North Carolina, and the liens created thereby have been insured by a title insurance policy.

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

(1) in connection with any release of the Mortgaged Property, or any part thereof, there is filed with the Trustee a certified copy of the resolution of the Board 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 payment by the County of all expenses in connection with such release;

(2) in connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, either (1) the tax, insured or appraised value of the Mortgaged Property remaining after the proposed release is not less than 50% of the aggregate principal component of the Installment Payments then Outstanding under the Indenture or (2) the County (i) provides for the substitution of other real property therefor and the tax, insured or appraised value of the Mortgaged Property remaining after the proposed substitution is not less than the replacement value of the Mortgaged Property (as determined above) immediately before the proposed substitution, (ii) delivers to the Deed of Trust Trustee and the Trustee an opinion of Bond Counsel to the effect that the substitution (A) is permitted by law and under the Deed of Trust and (B) will not adversely affect the tax treatment of the 2025 Bonds, and (iii) records a modification to the Deed of Trust reflecting such substitution of the Mortgaged Property;

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

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

So long as there is no event of default under the Deed of Trust, with the consent of the Deed of Trust Trustee, the County may grant easements, licenses, rights of way and other rights and privileges in the nature of easements with respect to any part of the Mortgaged Property and the County may release existing interests, easements, licenses, rights of way and other rights or privileges with or without consideration. The County must provide a certificate stating that the grant or release is not detrimental to the proper conduct of the operations of the County at the Mortgaged Property and will not impair the effective use, nor decrease the value, of the Mortgaged Property.

INDENTURE

Pursuant to the Indenture, the Corporation has assigned to the Trustee for the benefit of the Owners of the 2025 Bonds, the 2021 Bonds and any Additional Bonds executed and delivered under the Indenture (1) all rights, title and interest of the Corporation in the Contract (except for certain indemnification rights, certain notice rights and the right to Additional Payments payable

to the Corporation), including its rights to receive the Installment Payments thereunder (2) all rights, title and interest of the Corporation in the Deed of Trust and the Mortgaged Property and (3) all money and securities from time to time held by the Trustee under the Indenture in any fund or account (except the Rebate Fund).

ENFORCEABILITY

NEITHER THE CONTRACT NOR THE 2025 BONDS CONSTITUTE 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 IN ANY ACTION FOR BREACH OF ANY CONTRACTUAL OBLIGATION UNDER THE CONTRACT, AND THE TAXING POWER OF THE COUNTY IS NOT PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEY DUE THE OWNERS OF THE 2025 BONDS PURSUANT TO THE CONTRACT.

The remedies afforded to the Trustee and the Owners of the 2025 Bonds upon a default by the County under the Contract are limited to those specified in the Contract and the Indenture, including exercising the rights of the beneficiary under the Deed of Trust and the rights of the Trustee in the funds held under the Indenture.

The 2025 Bonds will not constitute a debt or general obligation of the Corporation and will not give the Owners of the 2025 Bonds any recourse to the assets of the Corporation, but will be payable solely from amounts payable by the County under the Contract, from amounts realized on the foreclosure on the Mortgaged Property pursuant to the Deed of Trust and from funds held in certain funds and accounts under the Indenture for such purpose.

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

See "**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE CONTRACT — *Remedies on Default***" in Appendix C for a more complete description of the rights and powers of the Trustee upon the occurrence of an event of default under the Contract.

ADDITIONAL BONDS

Under the conditions described in the Indenture and so long as no Event of Default has occurred and is continuing under the Indenture, the Corporation may execute and deliver Additional Bonds under the Indenture without the consent of the Owners of the 2025 Bonds, the 2021 Bonds or any Additional Bonds then Outstanding under the Indenture to provide funds to pay (1) the cost of expanding the Project or acquiring, constructing, renovating and equipping other facilities or acquiring equipment and other capital assets for utilization by the County for public purposes; (2) the cost of refunding of all or any portion of the 2025 Bonds or any other installment financing obligations of the County; and (3) the Costs of Issuance relating to the execution, delivery and sale of such Additional Bonds.

The 2025 Bonds are payable on a parity with the 2021 Bonds and any Additional Bonds hereafter executed and delivered pursuant to the Indenture. The Installment Payments and any Installment Payments with respect to Additional Bonds issued under the Indenture will be deposited as received by the Trustee in the Bond Fund held by the Trustee. Money in the Bond Fund will be withdrawn and used to pay the principal and interest with respect to the 2025 Bonds, the 2021 Bonds and any Additional Bonds executed and delivered under the Indenture as the same become due and payable. If on any date the money on deposit in the Bond Fund is insufficient to pay all of the principal and interest with respect to the 2025 Bonds, the 2021 Bonds or any Additional Bonds executed and delivered under the Indenture which are due and payable on such date, such money will be used to pay such principal and interest with respect to the 2025 Bonds, the 2021 Bonds and any such Additional Bonds entitled to receive principal or interest on such date in the manner provided in the Indenture. See "**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE INDENTURE — *Application of Money***" in **Appendix C**.

AVAILABLE SOURCES FOR PAYMENT OF INSTALLMENT PAYMENTS

GENERAL

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

GENERAL FUND REVENUES

The County's general fund revenues and transfers for the Fiscal Years ended June 30, 2023 and June 30, 2024 were $180,713,111 and $194,107,033, respectively. General fund revenues are derived from various sources, including property taxes (which accounted for approximately 53.5% and 53.9%, respectively, of the general fund revenues and transfers), sales taxes, permits and fees, as well as intergovernmental revenues. For the Fiscal Year ended June 30, 2025, the County adopted a property tax of $0.725 per $100 of assessed value. The County has adopted a property tax rate of $0.60 per $100 of assessed value for the Fiscal Year ending June 30, 2026. A rate of $.01 per $100 of assessed value is estimated to generate $2,253,087 for the Fiscal Year ending June 30, 2026. 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.

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INSTALLMENT PAYMENT SCHEDULE

The following schedule sets forth for each Fiscal Year of the County ending June 30 the amount of principal and interest required to be paid under the Contract with respect to the 2021 Bonds and the 2025 Bonds. Totals may not foot due to rounding.

		2025 Bonds		
Fiscal Year Ending June 30	**Debt Service on 2021 Bonds**	**Principal**	**Interest**	**Total**
2026	$3,642,236	--	$710,788	$4,353,024
2027	3,539,829	$3,465,000	1,180,125	8,184,954
2028	3,431,020	3,450,000	1,007,250	7,888,270
2029	3,325,995	3,440,000	835,000	7,600,995
2030	3,214,820	2,335,000	690,625	6,240,445
2031	3,112,782	2,455,000	570,875	6,138,657
2032	3,005,162	2,460,000	448,000	5,913,162
2033	2,906,935	2,465,000	324,875	5,696,810
2034	2,045,650	2,465,000	201,625	4,712,275
2035	1,966,650	1,405,000	104,875	3,476,525
2036	1,895,550	1,395,000	34,875	3,325,425
2037	1,840,250	--	--	1,840,250
2038	1,792,850	--	--	1,792,850
2039	1,745,450	--	--	1,745,450
2040	1,693,125	--	--	1,693,125
2041	1,645,875	--	--	1,645,875
2042	1,598,625	--	--	1,598,625
Total	$42,402,804	$25,335,000	$6,108,913	$73,846,717

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CERTAIN RISKS OF 2025 BOND OWNERS

LIMITED OBLIGATION OF THE COUNTY

If the Installment Payments to be made by the County are insufficient to pay the principal and interest with respect to the 2025 Bonds, the 2021 Bonds and any Additional Bonds, as the same become due or, if any other event of default occurs under the Contract, the Trustee may accelerate the 2025 Bonds, the 2021 Bonds and any Additional Bonds and all unpaid principal amounts due by the County under the Contract and foreclose on the County's interest in the Mortgaged Property under the Deed of Trust. The Mortgaged Property includes only the sites on which the Chatham County Detention Center and Emergency Operations Center are located and any improvements thereon.

No deficiency judgment may be rendered against the County in any action for any breach of the Contract. The taxing power of the County is not and may not be pledged directly or indirectly or contingently to secure any money due under the Contract. The remedies afforded to the Trustee and the Owners of the 2025 Bonds, the 2021 Bonds and any Additional Bonds upon a default by the County under the Contract are limited to those of a secured party under the laws of the State, including foreclosing on the County's interest in the Mortgaged Property covered by the Deed of Trust. There can be no assurance that the money available in the funds and accounts held by the Trustee and the proceeds of any such foreclosure will be sufficient to provide for the payment of the principal and interest with respect to the 2025 Bonds, the 2021 Bonds and any Additional Bonds outstanding under the Indenture.

RISK OF NONAPPROPRIATION

The appropriation of money to make the Installment Payments is within the sole discretion of the Board. If the Board fails to appropriate such money, the only sources of payment for the 2025 Bonds will be the money, if any, available in the respective funds and accounts held by the Trustee under the Indenture and the proceeds of any attempted foreclosure on the County's interest in the Mortgaged Property under the Deed of Trust.

VALUE OF COLLATERAL

No special appraisal of the Mortgaged Property has been obtained and the amount of proceeds received through foreclosure of the County's interest in the Mortgaged Property will be affected by a number of factors, including without limitation (1) the costs and expenses in enforcing the lien and security, (2) the condition of the Mortgaged Property, (3) the occurrence of any damage, destruction, loss or theft of the Mortgaged Property which is not repaired or replaced and for which there are not received or appropriated money from insurance policies or any risk management program, (4) the lack of alternative uses of the Mortgaged Property, (5) issues related to design, zoning restrictions, use restrictions, easements and encumbrances on the Mortgaged Property, and (6) environmental problems and risks with respect to the Mortgaged Property.

No representation is made as to the value of the County's interest in the Mortgaged Property in foreclosure.

ENVIRONMENTAL RISKS

In November 2012, the County obtained a Phase I environmental assessment for the Chatham County Detention Center. The Phase I assessment revealed no evidence of recognized environmental conditions with regard to the Chatham County Detention Center. In October 2019, the County obtained a Phase I environmental assessment for the Emergency Operations Center. The Phase I assessment revealed no evidence of recognized environmental conditions with regard to the Emergency Operations Center.

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

UNINSURED OR UNDERINSURED CASUALTY

If (1) any portion of the Mortgaged Property is destroyed or damaged by fire or other casualty, (2) title to or the temporary or permanent use of any portion of the Mortgaged Property or the estate of the County or the Corporation or its assignee in any portion of the Mortgaged Property is taken under the power of eminent domain by any governmental authority; (3) a material defect in construction of any portion of the Mortgaged Property becomes apparent; or (4) title to or the use of any portion of the Mortgaged Property is lost by reason of a defect in title thereto, the County may elect not to repair, restore, improve or replace the affected portion of the Mortgaged Property if (1) the Net Proceeds are less than $500,000 and (2) a County Representative certifies to the Trustee that such Net Proceeds are not necessary to restore the affected portion of the Mortgaged Property to its intended use. In such event, the County will direct the Trustee to deposit such Net Proceeds in the Bond Fund to be applied toward the next payment of principal and interest with respect to the 2025 Bonds the 2021 Bonds and any Additional Bonds. The Contract requires the County to maintain certain insurance with respect to the Mortgaged Property, but such insurance may not cover all perils to which the Mortgaged Property is subject or provide sufficient Net Proceeds to fully repair or replace the Mortgaged Property.

OUTSTANDING GENERAL OBLIGATION DEBT OF THE COUNTY

The County currently has no general obligation bonds outstanding but has in the past and may in the future issue general obligation bonds and notes. The County has pledged and will pledge its faith and credit and taxing power to the payment of its general obligation bonds and notes issued or to be issued. See the caption "**THE COUNTY — DEBT INFORMATION**" in **Appendix A** for a description of the County's outstanding debt obligations. **FUNDS WHICH MAY OTHERWISE BE AVAILABLE TO PAY INSTALLMENT PAYMENTS OR ADDITIONAL PAYMENTS OR TO MAKE OTHER PAYMENTS TO BE MADE BY THE COUNTY UNDER THE CONTRACT MAY BE SUBJECT TO SUCH FAITH AND CREDIT PLEDGE BY THE COUNTY AND THEREFORE MAY BE REQUIRED TO BE APPLIED TO THE PAYMENT OF ITS GENERAL OBLIGATION INDEBTEDNESS.**

OTHER INDEBTEDNESS

There is no limitation on the County entering into additional contracts which provide for obligations the payment on which is subject to appropriation. See "**THE COUNTY — DEBT INFORMATION — *Other Long-Term Commitments***" in **Appendix A** 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 2025 Bonds, including (1) delay in enforcement of their remedies, (2) 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 (3) imposition without their consent of a plan of reorganization reducing or delaying payment of the 2025 Bonds. The effect of the other provisions of the United States Bankruptcy Code on the rights and remedies of the holders of the 2025 Bonds cannot be predicted and may be affected significantly by judicial interpretation, general principles of equity (regardless of whether considered in a proceeding in equity or at law) and considerations of public policy.

CYBERSECURITY

The County, like most other large public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats to its computing and other digital networks and systems including, but not limited to, hacking, phishing, viruses, malware and other attacks. As a recipient and provider of personal, private and sensitive information, the County has been and will continue to be a target of cybersecurity incidents that could result in adverse consequences to its operations and financial condition.

On October 28, 2020, Chatham County Management and Information Systems (MIS) staff identified a ransomware attack against the County network that resulted in the encryption of much of its network infrastructure and associated business systems. The hacker sent a ransom note demanding approximately $2.4 million, which the County refused to pay. The cyberattack shut down most County functions and temporarily cut off public access to services. In February 2021, the County discovered that the cyber actor(s) responsible for the ransomware event against the County had released certain data acquired by the cyber actor(s) from the County's servers. In the three months following the incident, the County upgraded its software system and changed its domain name from .org to the more secure .gov. The County's MIS staff implemented additional security measures and reinforced employee training. The financial cost of the incident was not significant to the County.

Although the County's cybersecurity and operational safeguards are periodically tested, no assurances can be given by the County that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the County's finances and/or operations. The cost of remedying any such damage or protecting against future

attacks could be substantial. In addition, cybersecurity breaches could expose the County to material litigation and other legal risks that could cause the County to incur material costs related to such legal claims or proceedings.

CLIMATE CHANGE

The State is susceptible to the effects of extreme weather events and natural disasters, including floods, droughts and hurricanes, which could result in negative economic impacts on the County. These effects may be amplified by a prolonged temperature increase over the next several decades commonly referred to as "climate change." No assurances can be given that a future extreme weather event drive by climate change will not adversely affect the operations of the County.

THE CORPORATION

The Chatham County Public Facilities Corporation is a nonprofit corporation incorporated under the Nonprofit Corporation Act of the State of North Carolina on August 24, 2006. The Corporation's purpose, as stated in its Articles of Incorporation, is to promote the general welfare of the citizens of the County by assisting the County in carrying out its governmental functions through the acquisition, construction and operation, sale or lease of real estate and improvements, facilities and equipment for the use and benefit of the general public. The Corporation has engaged in numerous financing transactions for the County and may participate in other financing transactions for the County in the future.

The Corporation's role in the financing described in this Official Statement will be limited. The Corporation's officers, directors and counsel will have the opportunity to review this Official Statement and the principal financing documents and to assist in their preparation. The Corporation's counsel will deliver certain legal opinions in connection with the transaction. The Corporation and the County expect, however, that the Corporation will have no continuing responsibilities or involvement with respect to the Mortgaged Property, its operations or the financing, or with respect to monitoring or providing for compliance with the terms of any of the financing documents. The Corporation has no taxing power, no assets and no employees. The Corporation will not be liable to make any payments of principal, premium or interest with respect to the 2025 Bonds.

THE COUNTY

See **Appendix A** for a description of the County. The County's Management Discussion and Analysis and basic financial statements and the notes thereto, drawn from the County's annual comprehensive financial report for the fiscal year ended June 30, 2024, are included as Appendix B hereto. The County's current contract with its auditors requires audits to be performed and submitted to the Local Government Commission of North Carolina (the "LGC") within six months of fiscal year end, which is no later than December 31, 2025 for the fiscal year ended June 30, 2025. The contract also requires the auditor to present the audited financial statements to the County's Board or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the audit report is submitted to

the LGC. Historically, the County's auditors have presented the audit to the County's Board by mid-December.

LEGAL MATTERS

LITIGATION

No litigation is now pending or, to the best of the County's knowledge, threatened, against or affecting the County which seeks to restrain or enjoin the authorization, execution or delivery of the 2025 Bonds 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 Contract and 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, no litigation is now pending or, to the best of the Corporation's knowledge, threatened, against or affecting the Corporation which seeks to restrain or enjoin the authorization, execution or delivery of the 2025 Bonds, the Indenture, the Contract or the Deed of Trust or which contests the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the 2025 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 or delivery of the 2025 Bonds, the Indenture or the Contract, or the Corporation's authority to carry out its obligations thereunder.

CONTINGENT LIABILITIES

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

OPINIONS OF COUNSEL

Legal matters related to the execution, sale and delivery of the 2025 Bonds are subject to the approval of Parker Poe Adams & Bernstein LLP, Bond Counsel. The opinion of Parker Poe Adams & Bernstein LLP, as Bond Counsel, substantially in the form set forth in **Appendix D** hereto, will be delivered at the time of the delivery of the 2025 Bonds. Certain legal matters will be passed on for the County by Gunn & Messick, LLP; for the Corporation by Parker Poe Adams & Bernstein LLP; and for the Underwriter by its counsel, Chapman and Cutler LLP.

TAX TREATMENT

GENERAL

On the date of execution and delivery of the 2025 Bonds, Bond Counsel will render an opinion that, under existing law assuming compliance by the County with certain provisions of the Code, the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax, however, such portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds is taken into account in determining the annual adjusted financial statement

income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the County rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2025 Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the 2025 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the County subsequent to execution and delivery of the 2025 Bonds to maintain the excludability of the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds from gross income for federal income tax purposes. Bond Counsel's opinion is given in reliance on certifications by representatives of the County as to certain facts material to the opinion and the requirements of the Code.

The County has covenanted to comply with all requirements of the Code that must be satisfied subsequent to the execution and delivery of the 2025 Bonds in order that the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the County with such covenants, and Bond Counsel has not been retained to monitor compliance by the County with such covenants subsequent to the date of execution and delivery of the 2025 Bonds. Failure to comply with certain of such requirements may cause the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the 2025 Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of or the receipt, accrual or amount of interest with respect to the 2025 Bonds.

If the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the County to comply with any requirements described above, the County is not required to prepay the 2025 Bonds or to pay any additional interest or penalty.

The Internal Revenue Service ("*IRS*") has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the 2025 Bonds. Prospective purchasers and owners of the 2025 Bonds are advised that, if the IRS does audit the 2025 Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the County as the taxpayer, and the owners of the 2025 Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the 2025 Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the 2025 Bonds should be aware that ownership of the 2025 Bonds and the accrual or receipt of the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2025 Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the 2025 Bonds should consult their own tax advisors as to collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the 2025 Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds to be subject directly or indirectly to federal, state, or local income taxation, adversely affect the market price or marketability of the 2025 Bonds or otherwise prevent the owners of the 2025 Bonds from realizing the full current benefit of the status of the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds.

Bond Counsel is further of the opinion that, under existing law, the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds is exempt from State of North Carolina income taxation.

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

ORIGINAL ISSUE PREMIUM

As indicated on the inside cover page, the 2025 Bonds are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the 2025 Bonds are sold and (b) the principal amount payable at maturity of such 2025 Bonds constitutes original issue premium, which original issue premium is not

deductible for federal income tax purposes. In the case of an owner of a 2025 Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such 2025 Bond is reduced from the owner's cost basis of such 2025 Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such 2025 Bond (whether upon its sale, redemption or payment at maturity). Owners of 2025 Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such 2025 Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a 2025 Bond.

CONTINUING DISCLOSURE OBLIGATION

In accordance with the requirements of Rule 15c2-12 ("*Rule 15c2-12* ") promulgated by the Securities and Exchange Commission (the "*SEC*"), the County has undertaken in the Second Contract Amendment to provide to the MSRB:

(1) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ended June 30, 2025, the audited financial statements of the County for such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the County for such Fiscal Year to be replaced subsequently by audited financial statements of the County to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ended June 30, 2025, (a) 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 in the tables found under the captions "**THE COUNTY — DEBT INFORMATION**" and "**-TAX INFORMATION**" (including subheadings thereunder) in **Appendix A** to this Official Statement (excluding in each case any information on overlapping or underlying units) and (b) the combined budget of the County for the then-current Fiscal Year, to the extent such items are not included in the audited financial statements referred to in paragraph (1) above;

(3) in a timely manner not in excess of 10 Business Days after the occurrence of the event, notice of any of the following events with respect to the 2025 Bonds:

(a) principal and interest payment delinquencies;

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

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

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

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

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2025 Bonds or other material events affecting the tax status of the 2025 Bonds;

(g) modifications of the rights of the beneficial owners of the 2025 Bonds, if material;

(h) call of any of the 2025 Bonds, if material, and tender offers;

(i) defeasance of any of the 2025 Bonds;

(j) release, substitution, or sale of any property securing repayment of the 2025 Bonds, if material;

(k) rating changes;

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

(m) 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 such actions, other than pursuant to its terms, if material;

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

(o) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and

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

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

For purposes of (o) and (p) above, "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.

The County agrees in the Contract that its undertaking described above is intended to be for the benefit of the Owners and the beneficial owners of the 2025 Bonds and is enforceable by the Trustee or by any of them, including an action for specific performance of the County's obligations described above, but a failure to comply will not be an Event of Default under the Contract and will not result in acceleration of the principal component of Installment Payments. An action must be instituted, had and maintained in the manner provided in the Contract for the benefit of all of the Owners and beneficial owners of the 2025 Bonds.

The County may modify from time to time, consistent with Rule 15c2-12, the information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County, but:

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

(2) the information to be provided, as modified, would have complied with the requirements of 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;

(3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by nationally recognized bond counsel or by the approving vote of the Owners of a majority in principal amount of the 2025 Bonds pursuant to the Indenture as may be amended from time to time.

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

All documents provided to the MSRB as described above are to be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The County may discharge its undertaking described above by transmitting those documents or notices in a manner subsequently required by the SEC in lieu of the manner described above.

The provisions of this paragraph terminate on payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest with respect to the 2025 Bonds, the 2021 Bonds and any Additional Bonds.

For each of the previous five years, the County has otherwise complied, in all material respects, with its existing continuing disclosure undertakings made pursuant to Rule 15c2-12.

UNDERWRITING

The Underwriter is offering the 2025 Bonds pursuant to a firm underwriting contract. The Underwriter has agreed to purchase all (but not less than all) of the 2025 Bonds for an aggregate purchase price of $27,964,686.89 (which purchase price equals the aggregate principal amount of the 2025 Bonds plus original issue premium of $2,758,516.20 and less an Underwriter's discount equal to $128,829.31). The Underwriter's contract is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the County, for which they received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments

BofA Securities, Inc., the Underwriter of the 2025 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("*MLPF&S*"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for its selling efforts with respect to the 2025 Bonds.

RELATIONSHIPS

Parker Poe Adams & Bernstein LLP serves as Bond Counsel for the County and, from time to time, it and Chapman and Cutler LLP, counsel to the Underwriter, have represented the Underwriter 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 2025 Bonds.

MUNICIPAL ADVISOR

DEC Associates, Inc. Charlotte, North Carolina ("*DEC Associates*") is acting as municipal advisor to the County in connection with the issuance of the 2025 Bonds.

RATINGS

Moody's Ratings ("*Moody's*") and S&P Global Ratings ("*S&P*"), have assigned independent ratings of "Aa1" and "AA+," respectively, to the 2025 Bonds. Such ratings reflect only the view of Moody's and S&P at the time the ratings were given, and neither the County nor the Underwriter make any representations as to the appropriateness of such ratings.

The ratings are not a recommendation to buy, sell or hold the 2025 Bonds and should be evaluated independently. There is no assurance that such ratings will not be withdrawn or revised downward by Moody's or S&P. Any such action may have an adverse effect on the market price of the 2025 Bonds. Neither the County nor the Underwriter has undertaken any responsibility after the execution and delivery of the 2025 Bonds to assure maintenance of the ratings or to oppose any such revision or withdrawal.

MISCELLANEOUS

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

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

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APPENDIX A

INFORMATION REGARDING THE COUNTY

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THE COUNTY

GENERAL DESCRIPTION AND DEMOGRAPHIC CHARACTERISTICS

Founded in 1771 and located at the geographic center of the State, the County encompasses an area of 707 square miles. The County borders Orange, Durham, Wake, Harnett, Lee, Moore, Randolph, and Alamance Counties and is situated between two of the State's three largest centers of population and commerce – the Research Triangle and the Piedmont Triad.

The County has experienced steady population growth over the past several decades. According to the estimate of the County, its population was 81,624 in 2023. By 2033, the North Carolina Office of State Budget and Management estimates that the County's population will grow to 115,000. Most of the County's population reside in unincorporated areas, with approximately 17% of residents living in a municipality. The Town of Pittsboro with a population of 4,930 serves as the County seat. The County is part of the Raleigh-Durham-Cary, North Carolina Combined Statistical Area, a region with an estimated 2023 population of 2,368,947.

The Bureau of the Census has recorded the population of the County to be as follows:

2000	2010	2020
49,329	63,505	74,470

The County ranks fifth among the State's 100 counties in median household income. The per capita income in the County consistently exceeds that of the State.

	State	Chatham County
2019	$47,766	$63,041
2020	51,758	64,087
2021	57,008	75,624
2022	58,953	76,790
2023	61,839	79,769

Source: United States Bureau of Economic Analysis. Figures are presented on a calendar year basis.

The combination of population growth and location serves to stimulate the County's economy. New residents are attracted to the County because of its rural quality of life and employment opportunities coupled with its location within a major metropolitan area.

In 2014, planning began for the 8,500-acre mixed-use development known as Chatham Park in Pittsboro. The development is approved for 22,000 residential units and 22 million square feet of non-residential space. Penguin Place, a 14,000 square-foot multi-tenant retail space, opened in early 2018 and is fully leased with retail and office tenants. The first phase of Mosaic at Chatham Park, a 44-acre, $140 million mixed-use project with 165 rental units opened in early 2021. The development includes retail, office, and multifamily residential areas. A solar farm and a water reclamation facility are located in Chatham Park. Storyliving by Disney has announced that it plans to build a new community within Chatham Park with approximately 4,000 residences to be known as Asteria. Sales are anticipated to begin in 2027.

The first, and one of the largest green communities in the Triangle region, Briar Chapel, is a 1,700-acre master-planned community project by Newland Real Estate Group, a nationally recognized developer. It includes a public park with softball fields, a soccer field, and a multipurpose/football field. It also includes 24 miles of trails. Veranda, a retail and dining hotspot, has been in operation since 2019. Two 55+ communities are located in Briar Chapel, Encore Briar Chapel, for homeowners, and Inspire Briar Chapel, a rental apartment community. O2 Fitness is a recent addition to Briar Chapel, permitted in May of 2024 for 30,000 square feet and valued at $7 million. It opened for business on July 7, 2025.

BUSINESS AND ECONOMIC PROFILE

General. The County retains a large agricultural base with a mixture of industrial, tourism, and service businesses supporting the County's economy. Strong economic influences in surrounding areas, such as Cary, Chapel Hill, Durham, Raleigh, and the Research Triangle Park, have had a positive effect on the growth of the County's population and economy, especially in the northern and eastern sections of the County. Over 25,000 County residents commute outside the County for employment.

The County, in conjunction with the Towns of Pittsboro, Siler City, and Goldston, participates in a joint venture to operate the Chatham Economic Development Corporation (the "*EDC*"). The EDC focuses on targeted attraction, retention, and entrepreneurship to improve the lives of County residents. It has worked with all three County towns on infrastructure projects, visioning projects, and specific business development projects. The EDC also works with private developers and regional partners to create new economic development options.

Health and Adult Continuing Care. Within the County, health services is the largest industry.

Chatham Hospital is an acute care facility with 25 beds that is part of the University of North Carolina Health Care System. Chatham Hospital is situated at the Business Park in Siler City. It has an intensive-care unit, a medical-surgical floor, two operating rooms, and a maternity ward. Its emergency room is staffed 24 hours a day and serves more than 1,000 patients a month.

Piedmont Health operates a community health center in Siler City. Medical, behavioral health, dental, pharmacy, and nutrition services are available at this location.

In February 2011, Chatham Hospital opened Chatham Medical Park, a medical office building. This building houses the Chatham Hospital Business Office and Wellness Program (cardiac rehabilitation, diabetes management, physical therapy, and occupational therapy). In addition, it contains physician offices and a conference center.

The County is within an hour's drive of the University of North Carolina Medical Center and Duke University Hospital, as well as a wide range of healthcare providers available throughout the Research Triangle and Piedmont Triad.

Senior care also accounts for a significant portion of the County's employment base. The County is home to several large continuing care communities, including Carolina Meadows,

Galloway Ridge, and The Laurels of Chatham. A 90-bed skilled nursing facility valued at $52 million has been permitted at Carolina Meadows.

Manufacturing. Manufacturing has a significant impact on the County's economy. The County has taken great strides to expand available manufacturing capabilities in order to attract permanent jobs and diversify its tax base. The County currently has two megasites: the 1,802-acre Chatham Advanced Manufacturing Site (CAM) on the western side of the County, and the 2,150-acre Triangle Innovation Point (TIP) on the eastern side of the County.

In June 2014, the CAM Site was designated as a North Carolina Certified Site by the North Carolina Department of Commerce. The site certification program is a rigorous program that develops an inventory of sites that have been reviewed by an independent panel that includes economic developers, utility providers, and engineers to ensure that a consistent set of standards have been achieved. In order to be certified, a site must meet the standards for 30 criteria identified by site selection consultants as significant when identifying potential sites for medium to large industrial projects.

The TIP Site (formerly known as the Moncure Megasite) has been in development for over a decade. This property includes more than 400 acres of property previously owned by Performance Fibers. The site is adjacent to U.S. Route 1 and is served by CSX Rail.

In March 2022 Vietnamese electric vehicle manufacturer VinFast announced plans to invest $4 billion and create 7,500 jobs at its location in the TIP Site. The plans include manufacturing electric vehicles and batteries on the site, which would be the company's first North American plant. The initial plans called for production to commence in July 2024. The production timeline has been pushed back, with the latest announcement indicating production is to commence in 2028.

In September 2022, Wolfspeed, a silicon carbide manufacturing company headquartered in Durham, North Carolina, announced that it would be establishing a new facility at the CAM Site, investing $5 billion over the next five years. The facility is the world's largest silicon carbide materials factory. Production commenced June 28, 2024. The company has stated its intent to create 1,800 jobs at the facility by 2030. On June 30, 2025, Wolfspeed filed for Chapter 11 bankruptcy protection as part of a prepackaged plan to restructure and significantly reduce its debt. The company has stated that it expects to emerge from bankruptcy by September 30, 2025.

Durham Coca-Cola Bottling Company, the region's distribution arm of Coca-Cola, built a new headquarters in the County in order to relocate from existing facilities in Durham and Lee Counties. Current plans call for production there to commence in the third quarter of 2026. In addition to the Coca-Cola building, the developers of Apex Gateway Park have constructed additional buildings on the 380-acre complex featuring a mix of industrial, life sciences, retail, and medical office space.

Innovative Construction Group announced in April 2024 plans for a new manufacturing facility at the CAM Site. The facility represents a significant investment of $39.8 million and is expected to create 157 new jobs over the next five years. The facility will manufacture wall panels,

roof trusses, and floor systems, offering a full frame shell construction process for single and multi-family, and commercial projects.

MetOx International, Inc. ("*MetOx*") announced plans in December 2024 to locate its next production facility in the County. MetOx is a pioneering manufacturer of high-temperature superconducting wire for efficient power transmission. The company has said it expects to invest $193.7 million and create 333 jobs. Construction is planned to begin in 2025 with employees added by 2029.

The County continues to foster expansion and retention of its existing industries through pursuit of external funding for building renovations, workforce development incentives, and capital investment subsidies. Arauco expanded its operation in the TIP Site in April of 2023, creating 26 new jobs. Charter Furniture expanded in 2020, investing approximately $1.5 million and moving approximately 110 jobs from its facility in Liberty to Siler City. It is now the third furniture manufacturer in the County. Hunt Forest Resources added another County location in 2024. Operating as Kindled Provisions, it purchased a 120,000-square-foot building for $3.8 million in Siler City. Gaines Oil invested $350,000 to expand its administrative offices and also added 14 new positions at its Goldston location. CTI Systems has invested about $1 million in improvements and new equipment at its Goldston facility, adding 20 jobs.

Agriculture. Agriculture and agribusiness (food, fibers, and forestry) remain significant to the local economy. Total farm income in the County for 2022 was $197,505,574, which ranked the County 31st in the State among its 100 counties. The most recent Census of Agriculture (2022) showed the County as having 1,076 farms, of which 95% identify as family farms. Most farms range in size from 10 to 179 acres.

The County ranks second in the State in beef cattle, third in overall cattle production, and 18th in broiler chicken production. The County also ranks ninth in hay production and third in sheep and goat population. There are five dairy operations in the County, which places it ninth in the State for the number of dairy cattle. The County is also gaining a reputation as an area of innovative and sustainable agriculture practices. Because of the County's proximity to the Research Triangle and Piedmont Triad metropolitan regions, there is a large demand for local agricultural products. Producers in the County currently are unable to satisfy this demand for local agricultural products.

The County-owned Agriculture and Conference Center meets a critical need for flexible event space in the County and houses all agriculture-related agencies under one roof, including Cooperative Extension, Soil & Water Conservation, and the local North Carolina Forestry Service.

Tourism. County-by-county travel economic impact statistics are prepared by Visit North Carolina by Tourism Economics in collaboration with the U.S. Travel Association. Domestic tourism in the County generated an economic impact of $79.5 million in 2023. In 2024, total payroll generated by the tourism industry in the County was $23.4 million with more than 650 people employed in the industry.

The County is home to diverse tourism assets, ranging from (1) budget to luxury attractions and accommodations for visitors, (2) regional filming, and (3) sports activities at nature-based

assets. The County is the site of the multi-faceted Fearrington House Inn and Restaurant, a five-diamond restaurant and inn, awarded many accolades including the #1 Best Hotel in North Carolina by *US News & World Report*, two decades of AAA five diamond status, and best rankings by both *Travel + Leisure* and *Condé Nast Traveler*. Fearrington Village, in addition to the luxury accommodations, encompasses a spa, weddings and meetings venue, restaurants, retail, trails, and year-round events. The Fearrington House Inn and the Governors Club, a private gated community, can each host several hundred guests for larger events. Additionally, the Governors Club has a championship golf course that hosts national golf tournaments (including U.S. Open qualifiers).

The County has been featured in *Small Market Meetings* several times for the historic and unique features of its inns and venues, including the Agriculture and Conference Center. The Agriculture & Conference Center, opened in 2017, is the County's largest multipurpose venue. It has an exhibit hall, four meeting rooms, and outdoor vendor space. The exhibit hall and meeting rooms offer several flexible spaces that can be used individually or combined for any event, allowing for up to 400 guests and boasts state-of-the art audiovisual technology including live streaming packages. It has quickly become the go-to event location for the community hosting business meetings, birthdays, graduations, weddings, family reunions, and more.

The Hampton Inn and Suites in Pittsboro held a ribbon cutting on November 14, 2024, providing a new option for meeting space and travelers wanting an overnight stay. The hotel has 120 rooms and 1,000 square feet of meeting space with full audiovisual capabilities. The new venue further enhances the County's ability to attract multi-day events to the area.

The County has served as the backdrop for a myriad of print and television commercials, instructional videos, and independent films.

The County's natural resources provide opportunities for recreation. The Haw, Deep, and Rocky Rivers offer opportunities for canoeing, kayaking, paddle boarding, fishing, and hiking as well as scenic areas for viewing wildlife. Jordan Lake State Recreation Area is one of the State's most popular state parks. It features a 14,000-acre reservoir with boating and fishing access and offers 1,000 camp sites, seven beaches for swimming, 14 miles of hiking trails, and picnic shelters. The County is home to other nature-based sites including Jordan Lake Educational State Forest and the American Tobacco Trail, a 22-mile rails-to-trail greenway with 4.5 miles in the County. Fishing, swimming, cycling, running events and marathons draw athletes and spectators. A major annual event in June is the Ironman 70.3 competition. The County is also a co-host of the Tobacco Road Marathon, an annual multi-county event and Boston Marathon qualifier.

Agricultural tourism also brings visitors to the County. There are farmers markets, seasonal celebrations, farms offering open farm days, farm tours, food events, and educational programs. Among these farms are Celebrity Dairy, Carolina Sunshine Alpaca Farm, Granite Springs Farm, Little Pond Gardens, Little Way Farm, and the Student Organic Farm at CCCC. Animal refuges offer visitors a unique experience in addition to education. The County is home to two Global Federation of Animal Sanctuaries accredited refuges, Carolina Tiger Rescue and Piedmont Farm Animal Refuge.

Business Parks. In an attempt to further diversify its industrial employment base, the County constructed the Central Carolina Business Campus (the "*Business Park*") in Siler City near the intersection of U.S. 64 and U.S. 421 in Siler City. Central Carolina Community College, Chatham Hospital, Avantus Renal Therapy, and Chatham Youth Development Center have a presence in the Business Park. The EDC has primary responsibility for marketing the 202 acres of buildable land.

Directly adjacent to the TIP Site is Triangle Innovation Point West. This brownfield site is being redeveloped as a business park. FedEx opened its new 338,000 square-foot distribution center in New Hill (TIP West) in 2023, creating up to 300 part-time and full-time positions.

CONSTRUCTION

Construction activity in the County is indicated by the following table, which summarizes the number and value of building permits for new construction issued in the County for the last five calendar years:

	Commercial		Residential		
Calendar Year	Number	Value	Number	Value	Total Value
2020	58	$ 33,095,539	601	$248,984,599	$282,080,138
2021	92	100,529,907	761	297,282,641	397,812,548
2022	81	104,663,592	817	349,385,883	454,049,475
2023	121	582,196,382[1]	508	222,209,523	804,405,905[1]
2024	47	116,059,155	448	241,213,769	357,272,924
2025 (six mos.)	31	6,099,051	275	139,909,917	146,008,968

[1] The increase in 2023 is largely attributable to Wolfspeed.

Source: County Central Permitting Department, Town of Siler City Department of Zoning, Planning and Development and the Town of Cary Inspections and Permitting Department.

TAXABLE SALES

Taxable sales in the County for the last five fiscal years for which information is available are shown in the following table:

FY Ended June 30	Total Taxable Sales	Percentage Increase (Decrease) Over Previous Year
2021	$ 941,568,821	28.5%
2022	1,131,759,577	20.2
2023	1,290,817,742	14.1
2024	1,478,309,519	14.5
2025	1,429,762,083	(3.3)

Source: North Carolina Department of Revenue, Financial Services Division, Revenue Research Section.

EMPLOYMENT

The following table lists the largest employers in the County for the fiscal year ended June 30, 2024:

Employers	Type	Full-Time Equivalent Employees
Chatham County Schools	Education	1,000+
Chatham County	Government	500-999
Carolina Meadows Inc.	Retirement Community	250-499
Mountaire Farms of NC Inc.	Chicken Processing	250-499
Ace Electric Inc.	Electrical Contractor	250-499
Galloway Ridge Inc.	Retirement Community	250-499
Wal-Mart Associates Inc.	Retail	250-499
Rex Healthcare Inc.	Health Care Facility	100-249
Old Dominion Insulation Inc.	Insulation Contractor	100-249
Flakeboard America Limited (subsidiary of Arauco Panels USA LLC)	Manufacturer	100-249

Source: Chatham County Economic Development Corporation and Chatham County Schools.

The Labor & Economic Analysis Division of the North Carolina Department of Commerce has estimated the percentage of unemployment (not seasonally unadjusted) in the County to be as follows:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	5.5%	5.3%	4.8%	4.4%	4.4%	4.8%	4.5%	4.3%	3.6%	3.6%	3.4%	2.9%
2022	3.5	3.3	3.1	2.9	3.1	3.5	3.4	3.6	3.0	3.2	3.2	2.8
2023	3.3	3.3	3.1	2.7	3.1	3.3	3.3	3.4	3.0	3.1	3.1	3.0
2024	3.3	3.4	3.3	2.8	3.1	3.5	3.7	3.5	2.9	2.9	3.2	2.9
2025	3.4	3.1	3.2	3.0	3.3	3.5	3.3					

Source: North Carolina Department of Commerce – Labor and Economic Analysis Division.

ARTS AND CULTURE

The County is home to numerous artists, including potters, painters, blacksmiths, glassblowers, fiber artists, sculptors, musicians, photographers, and writers. The arts community continues to grow through the efforts of individuals and organizations, including the Chatham County Arts Council.

The County is home to The GrassRoots Festival of Music and Dance at Shakori Hills, a four-day festival bringing together bluegrass musicians. Festival participants also have access to local crafts and food and a sustainability fair.

Live music can also be found at a number of venues across the County during the summer. Bynum Front Porch, Finally Fridays every third Friday in Siler City, and several restaurants host local musicians playing an eclectic mixture of bluegrass, jazz, and other popular music.

Silk Hope's Old-Fashioned Farmer Days provides an important cultural link to the County's agricultural past and connects new and old residents to the County's rural character.

The County's Park, Recreation & Cultural Resources Department opened a new Arts Center on May 17, 2025. The main feature of the Arts Center is two studios: one for clay hand-building, pottery wheels and kilns alongside technical classes, and another for largely visual and performance arts programming. The Arts Center features displays from local artists in its exhibition space and provides interactive arts education and workshops for all ages. Recent workshops have included Paint with a Beekeeper, Robots and Recycling, Painting and Planting, Printmaking, Working with Clay, Creative Writing, Stained Glass, Sewing, Mosaics, Pottery on the Wheel, Painting, Watercolor, Floral, Glass Fusion, and a Makers Class.

SPORTS AND RECREATION

The County has six golf courses with a number of specialty golf/lodging packages offered at The Fearrington House Inn and Restaurant.

Utilizing fees paid by developers, state grants, and a capital reserve fund, the County has acquired/built four new parks within the last few years. The Briar Chapel Park is a 66-acre park donated by the Briar Chapel development that features lighted soccer, softball and multipurpose fields, a picnic shelter, a playground, a paved walking trail, and a dog park. Earl Thompson Park's 23 acres include a lighted multi-use field and playground. The County's plan is to locate a park in each quadrant of the County. Currently, three of the four County quadrants have park facilities: (1) the Northeast District Park, a 65-acre park, includes a lighted baseball and multi-purpose field, a paved walking trail, a shelter, tennis/pickleball courts, a catch and release pond, and a playground; (2) the Northwest District Park, a 118-acre recreational site, includes an activity center, a swimming pool, picnic shelter, playground, a basketball court, a gravel trail, an open grassed area for ball practices and games, a pond, and a dining hall; and (3) the 25-acre Southwest District Park includes a gravel trail, a lighted multi-use ball field, a picnic shelter with a full kitchen and concession stand, a sand volleyball court, and a playground.

The Chatham Park YMCA in Pittsboro officially opened on March 15, 2025. The 36,000 square-foot, state-of-the-art facility offers a modern wellness center, group exercise studios, indoor and open-air courts for basketball, pickleball and fitness classes, two outdoor pools, and additional outdoor and multipurpose spaces.

GOVERNMENT AND MAJOR SERVICES

Government Structure. A five-member Board of Commissioners (the "*Board*") elected to four-year staggered terms governs the County. Members are elected at large but reside in specified districts. The current County Manager, Bryan Thompson, assumed the role in December 2024 following the former County Manager's retirement. He had been serving as Assistant County Manager since July 2019.

The Board is charged with the responsibility of governing the County in accordance with the General Statutes of North Carolina. Among other responsibilities, the Board enacts an annual balanced budget, adopts local ordinances, and establishes policy.

The County Manager is the chief administrator of the County. The County Manager is appointed by the Board and serves at the Board's pleasure. The major duties of the County Manager include supervising and coordinating the activities of the County departments, executing

all orders and policies set forth by the Board, attending Board meetings, making recommendations on appropriate matters of business, recommending an annual budget, advising the Board of the financial condition of the County, representing the County in business with other agencies, and performing other duties assigned by the Board.

Education. The Chatham County Schools Administrative Unit (the "*School System*") serves the County. A five-member elected Board of Education, which appoints a superintendent as the administrative head, governs the School System. The School System is comprised of 19 schools serving approximately 8,749 students.

State law provides for a basic minimum education program for each school administrative unit. The minimum program provides funds for operational costs only; the Board of Education depends upon the Board of County Commissioners for funds for educational facilities and for supplemental operating requirements.

The following table shows the number of schools and the total public school enrollment for the last five school years for the School System:

School Year	No. of Schools	Total ADM
2020-21	19	8,588
2021-22	19	8,767
2022-23	19	8,921
2023-24	19	8,767
2024-25	19	8,749

Note: ADM or Average Daily Membership (determined by actual records at the schools) is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The ADM computation is used as a basis for teacher allotments.

Source: Office of the Superintendent, Chatham County Schools.

Central Carolina Community College ("*CCCC*") is a public two-year college and a member of the North Carolina Community College System that serves approximately 1,400 credential-seeking students in the County and approximately 5,800 students regionally each academic year. The County, in conjunction with the State of North Carolina, Lee County, Harnett County, and Lee County Board of Education participate in a joint venture to operate CCCC. The participants appoint members to the 16-member Board of Trustees of CCCC. The County has the basic statutory responsibility for providing funding for the facilities of CCCC.

CCCC offers Associate in Arts, Associate in Science, and Associate in Engineering degree programs that transfer to four-year colleges and universities, two-year programs that lead to an Associate in Applied Science degree, as well as diploma and certificate programs. CCCC also offers non-curriculum courses in basic education, technical, vocational, enrichment, and general interest areas. These non-curriculum courses do not count toward a college degree or diploma, but a certificate of completion is given and continuing education units are awarded. The Adult High School/GED program awards a diploma or certificate. CCCC also provides workforce training for area businesses and industries, and assists entrepreneurs through its Small Business Center.

CCCC has locations in the Towns of Siler City and Pittsboro. The Pittsboro campus is located on 43 acres and has 60,000 square feet of floor space for classrooms, shops, offices, and laboratories. The Chatham County Small Business Center is located at this campus as well as a 25,000-square-foot joint CCCC-Chatham Community Library that serves college students, faculty, and the community. This campus is the primary location for CCCC's sustainability programs – Sustainable Agriculture; Sustainability Technologies; Green Building and Renewable Energy; and Natural Chef Culinary Arts. These programs are housed in the Sustainable Technology Center, which showcases the latest in green building technologies.

The Siler City Center is located in the Central Carolina Business Campus on a 41-acre plot. The 24,000-square-foot facility is LEED-Silver certified and exhibits innovative technology throughout. At this location, CCCC provides the following: (1) high school equivalency preparation, adult high school, and high school equivalency exams, (2) English as a second language, (3) Wolfspeed customized training, (4) nurse aide, welding, and various university transfer courses for high school students, and (5) B.E.L.L. (Bridge to Earning, Learning & Living) Academy, which provides specialized education for adults with a diagnosed intellectual disability.

A new CCCC location opened in the spring of 2020 in the commercial area of Briar Chapel. This campus houses a state-of-the-art facility for training employees in the health sciences field.

County residents also have convenient access to a number of other institutions of higher learning. Several colleges and universities, including The University of North Carolina at Chapel Hill, North Carolina State University, North Carolina Central University, and Duke University, are within a one-hour drive from the County.

Transportation. Several major highways (U.S. 15-501, US 1, US 64, and future I-685) access the County. Numerous State roads link the County to Interstate 40 and Interstate 85. Chapel Hill, Durham, Greensboro, Sanford, and Raleigh are all within an hour's drive. Utilizing the present highway network, major freight carriers, bus lines, and delivery services serve the area.

The maintenance, expansion, and improvements of primary and secondary highways within the County are the responsibility of the State. Each municipality within the County bears the responsibility for its local street system. The County has no financial obligations with respect to construction and maintenance of the road system.

Air transportation is less than one hour away at either the Raleigh-Durham International Airport or the Piedmont Triad International Airport in Greensboro. In addition, there is a public airport in the County, the Siler City Municipal Airport. The airport has a 5,000-foot paved, lighted runway with instrument approach capability. Both business jets and private, smaller aircraft are accommodated at the airport. A "reliever airport" located in neighboring Lee County is in close proximity to the TIP Site in the southeastern portion of the County.

Social Services. The County Department of Social Services (the "*Social Services Department*") provides a variety of services that provide work or economic support services, including: Medicaid, Work First, Special Assistance to Adults, which provides non-Medicaid-eligible adults with housing in care facilities, Energy Assistance, Emergency Assistance, Food and Nutrition services, Child Care Subsidy, Child Support Enforcement, and Program Integrity. Other

services provided by the Social Services Department include those that protect and support vulnerable adults and children. The Social Services Department is funded by a combination of County, federal, and State funds.

Health Department. The County Public Health Department (the "*Health Department*") operates a clinic in Siler City. The Health Department offers clinical services and preventive health programs. In addition, the Health Department is responsible for the regulation of food establishments and institutions, school sanitation, and the permitting of onsite wastewater systems and private wells. The Health Services Department is funded by a combination of County, federal, and State funds.

Aging Services. Chatham County Council on Aging was a nonprofit founded in 1974 that ceased operations June 30, 2023, when the Board voted to transition the former nonprofit to a County department. The department provided 15,796 in-home aide hours of personal care in its first full year and more than 500 older adults in the County signed up to use the Pittsboro and Siler City Centers for Active Living for the first time. Both of the County's Centers for Active Living are certified as a "Center of Excellence" by the North Carolina Division of Aging and Adult Services. In addition, the Siler City Center for Active Living was named the 2025 Ann Johnson Senior Center of the Year by the North Carolina Senior Center Alliance.

Emergency Medical Services. The County contracts with FirstHealth of the Carolinas to provide County-wide paramedic level emergency medical services (EMS). A combination of transport ambulances and quick response vehicles provide 24-hour service within the County.

Public Service Enterprises. Effective July 1, 2025, the County's utilities system, including the Southeast Water District, merged with TriRiver Water Authority, a regional water utility company that was created in 2024 when Sanford and Pittsboro merged utility services. Its current service area includes approximately 40,000 customers, including 11,000 new customers from the County. Siler City will soon merge its system with TriRiver Water Authority as well. By combining resources as one water/wastewater utility, the County will experience a variety of benefits including reduced operational costs, greater system resiliency and reliability, positive regional economic impact, and enhanced funding opportunities.

Solid Waste & Recycling is a division of the County's Environmental Quality Department. The division manages approximately one-third of the solid waste generated in the County through its 12 collection centers.

DEBT INFORMATION

Legal Debt Limit. In accordance with the provisions of the State Constitution and The Local Government Finance Act, as amended, the County had the statutory capacity to incur net general obligation debt in the amount of $1,005,688,000 as of June 30, 2024.

Outstanding General Obligation Debt. The County has no general obligation debt outstanding.

Bonds Authorized And Unissued. The County has no general obligation bonds authorized and unissued.

Other Long-Term Commitments. The County has executed various other long-term obligations payable from general funds including Quality School Construction Bonds, limited obligation bonds, and private placement installment financings. See Note II.B.8 to the County's Audited Financial Statements in **Appendix B** hereto.

Debt Outlook. The County conducts a formal Capital Improvements Plan ("*CIP*") process annually based on a seven-year outlook for capital needs. Future projects, along with corresponding values listed in the CIP, include a new skilled trades education building for CCCC ($15,000,000), a joint public safety facility ($30,000,000), a county complex ($60,000,000), a sheriff's office administration building ($20,000,000), and a new elementary school ($54,000,000). The County continually evaluates the appropriate method to finance such needs, including the incurrence of debt.

TAX INFORMATION

General Information.

	2021	2022	2023	2024	2025[4]
Assessed Valuation					
Assessment Ratio[1]	100%	100%	100%	100%	100%
Real Property	10,304,116,871	11,991,296,886	12,382,201,716	12,835,426,597	13,218,072,718
Personal Property	1,646,846,277	1,715,162,449	1,915,165,989	2,102,903,414	2,143,190,696
Public Services Companies	214,822,244	227,258,616	235,295,363	283,029,565	294,000,000
Total Assessed Valuation[2]	12,165,785,392	13,933,717,951	14,532,663,068	15,221,359,576	15,655,263,414
Assessed Valuation Per Capita[3]	163,365	178,384	183,809	185,481	188,195
Per Capita Rate per $100[2]					
Levy	0.670	0.665	0.665	0.685	0.725

[1]Percentage of assessed value has been established by statute.

[2]Assessed values of taxable real property were revalued as of January 1, 2021 and became effective for the fiscal year ended June 30, 2022. Assessed values were also revalued as of January 1, 2025 and became effective for the fiscal year ended June 30, 2026.

[3]Using estimates of U.S. Census Bureau.

[4] Unaudited.

Tax Collections.

YEAR ENDED JUNE 30	PRIOR YEARS' LEVIES COLLECTED	CURRENT YEAR'S LEVY COLLECTED	PERCENTAGE OF CURRENT YEAR'S LEVY COLLECTED
2020	$747,361	$77,029,214	98.93%
2021	418,031	81,083,169	99.37
2022	668,894	92,065,893	99.20
2023	557,900	96,110,284	99.29
2024	--	103,812,369	99.40

Ten Largest Taxpayers for Fiscal Year ended June 30, 2024.

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION
Mountaire Farm of NC Inc.	Poultry	$174,506,858	1.15%
Duke Energy Progress	Public Utility - Electric	168,304,586	1.11
Carolina Meadows Inc.	Assisted Living	143,286,948	0.94
Galloway Ridge Inc.	Retirement Community	116,704,443	0.77
Arauco Panels USA	Manufacturing of Engineered Wood Products	102,843,606	0.68
CP South LLC	Forestry Management	78,209,969	0.51
Chatham Park Investors LLC	Real Estate	58,964,577	0.39
Minnesota Mining & Manufacturing Co.	Mining	57,561,297	0.38
Whittler Spe LLC ETAL	Residential	36,650,169	0.24
Public Service Co of NC	Public Utility – Natural Gas	32,190,978	0.21
TOTAL		$969,223,431	6.75%

Source: Chatham County Tax Assessor

FISCAL YEAR ENDED JUNE 30, 2025 BUDGET OUTLOOK

The County's fiscal year 2025 budget included a four cent tax increase to 72.5 cents/$100 valuation. The budget funded 98.31% of the Chatham County Schools' request for a total of an additional $4,885,000. The budget also included 21 additional positions to meet workload demand.

As of July 30, 2025 revenues for the fiscal year ended June 30, 2025 are estimated to be 5.97% over budget. Expenditures are estimated to be 6.71% below budget.

FISCAL YEAR ENDING JUNE 30, 2026 BUDGET OUTLOOK

On June 16, 2025, the Board adopted the County budget for the fiscal year ending June 30, 2026, which is 9.77% above the budget for fiscal year 2025. Additional expenditures in the budget include 16 new positions, multiple software and technology projects, funds to establish an activities-based day program for adults with intellectual and developmental disabilities, an increase to the child passenger safety program, a contract arborist/landscape architect, enhanced mental health services in the Sheriff's office, a 3.89% increase in funding for the County's schools, a 5% and 5.4% increased contribution to the dental and health plans respectively, a .75% increase

to the Local Government Employee's Retirement System (LGERS), an increase to the County's on-call pay rate, and 4% pay raises for County employees. Revenues are projected to increase 9.5% above the fiscal year 2025 original budget. Consistent with the County's financial policy, the appropriation of fund balance is tied to one-time expenses, such as capital outlay. The budget includes a fund balance appropriation of $4,892,893.

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The following information on the pension plans is presented on the calendar year basis; the information in the independent auditor's footnote was presented on the fiscal year basis.

The County participates in the North Carolina Local Governmental Employees' Retirement System and the Supplemental Retirement Income Plan of North Carolina.

North Carolina Local Governmental Employees' Retirement System. The North Carolina Local Governmental Employees' Retirement System ("*LGERS*") is a cost-sharing multiple-employer-defined pension plan administered through a board of trustees by the State for public employees of counties, cities, boards, commissions and other similar governmental entities. While the State Treasurer is the custodian of System funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to LGERS. The County and the Chatham County Board of Alcoholic Beverage Control (the "*ABC Board"*) contribute to LGERS. Article 3 of General Statutes Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Contributions provisions are established by statute and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual covered salary. The County and the ABC Board contributions are actuarially determined and set by the LGERS Board of Trustees. For the County, the contractually required contribution rate for the year ended June 30, 2024 for employees not engaged in law enforcement and for law enforcement officers is 12.85% and 14.10%, respectively, of annual covered payroll. The contribution requirements of members, the County, and the ABC Board are established and may be amended by the North Carolina General Assembly. Contribution to the pension plan from the County were $5,101,903 for the year ended June 30, 2024.

At June 30, 2024, the County reported a liability of $25,187,931 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions.

For further information, including certain of the actuarial assumptions used, see Note II.B.3 to the County's Audited Financial Statements in **Appendix B** hereto.

Financial statements and required supplementary information for the North Carolina Local Governmental Employees' Retirement System are included in the Annual Comprehensive Financial Report ("*ACFR*") for the State. See the State's ACFR for additional information.

Law Enforcement Officers' Special Separation Allowance. The County administers a public employee retirement system (the "*Separation Allowance*"), a single-employer defined benefit pension plan that provides retirement benefits to the County's sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

At June 30, 2024 the County reported a total pension liability of $3,246,005. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions.

Supplemental Retirement Income Plan for Law Enforcement Officers. The County contributes to the Supplemental Retirement Income Plan (the "*Plan*"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County.

State statute requires the County contribute each month an amount equal to 5% of each officer's salary. All amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan. Contributions for the fiscal year ended June 30, 2024 were $368,038, which consisted of $293,039 from the County and $74,999 from the law enforcement officers.

Supplemental Retirement Income Plan of North Carolina 401(k). The County contributes to the Supplemental Retirement Income Plan of North Carolina, often referred to as the State's 401(k) Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all employees not engaged in law enforcement who work more than 20 hours of each week and who are not already receiving supplemental retirement benefits. The County contributes each month an amount equal to 5.0% of employees' salaries. In addition, the employees may elect to make voluntary contributions to the plan. Contributions for the fiscal year ended June 30, 2024 were $2,155,684, which consisted of $1,660,989 from the County and $494,695 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 employees not engaged in law enforcement, permits those employees 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 does not contribute to the deferred compensation plan. Employees may make voluntary contributions to the plan. Contributions from employees for the fiscal year ended June 30, 2024 were $46,523.

OTHER POST-EMPLOYMENT BENEFITS

According to a resolution of the Board, the County provides post-employment healthcare benefits to retirees of the County, provided they participate in LGERS and have at least 20 years of creditable service with the County. Retirees who do not meet the aforementioned criteria have the option to purchase basic medical insurance for themselves and their dependents through the County for 18 months. As of June 2024, 28 retirees were receiving post-employment health

benefits and there were 513 active plan members. The County is self-insured for its healthcare coverage and contributes funding for all employee groups annually. The Board may amend the benefit provision.

The County agrees to provide medical insurance to certain retired employees as an extended benefit. Eligible retirees who elect this coverage will be enrolled in the group health plan. For members that retire with at least 30 years of service, the County pays 100% of the cost of coverage for the retiree until the retiree reaches the age of 65. For members that retire with at least 25 years of service, the County pays 75% of the cost of health coverage for the retiree until the retiree reaches the age of 65. For members that retire with at least 20 years of service, the County pays 50% of the cost of health coverage for the retiree until the retiree reaches the age of 65. Retirees cease to be eligible for group health insurance at age 65. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The County's total other post-employment benefits liability of $10,771,689 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

Further information is provided in Note II.B.3 in the County's Audited Financial Statements attached hereto as **Appendix B**.

APPENDIX B

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

The County has not requested nor obtained the consent of its auditor to the inclusion of these financial statements in this Official Statement.

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Management's Discussion and Analysis

As management of Chatham County, we offer readers of Chatham County's financial statements this narrative overview and analysis of the financial activities of Chatham County for the fiscal year ended June 30, 2024. 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.

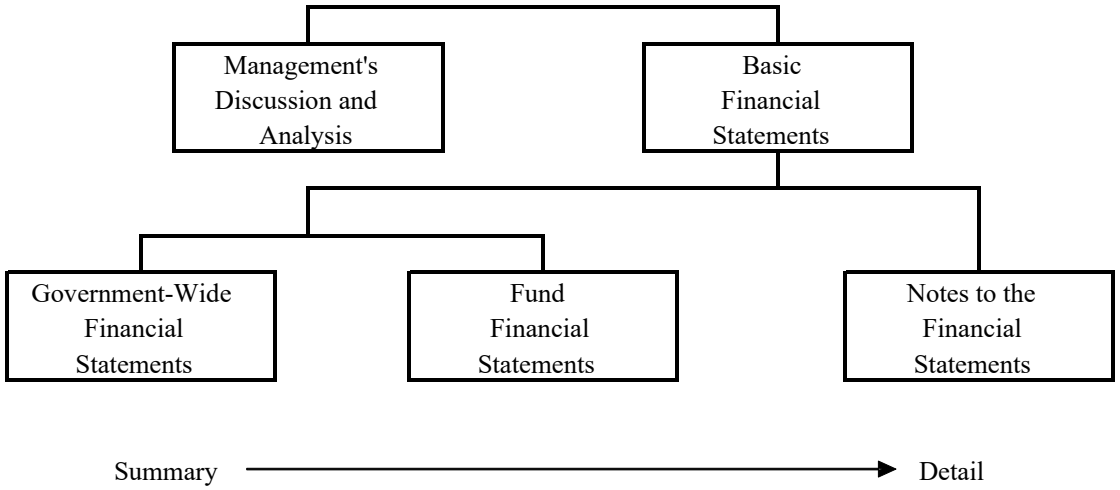
Financial Highlights

- The assets and deferred outflows of resources of Chatham County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $192,798,575 (*net position*).
- Long term liabilities decreased by $12,036,937. The decrease can be attributed to the annual retirement of long-term debt.
- The government's total net position increased by $31,177,403 primarily due to the improvement in the local economy and management's continued focus on monitoring spending and maximizing revenue collection.
- As of the close of the current fiscal year, Chatham County's governmental funds reported combined ending fund balances of $188,868,019 a net increase in fund balance of $16,301,405. Approximately 9.09% of this total amount, or $17,177,503, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $53,592,332 or 29.78%, of total General Fund expenditures and transfers to other funds for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Chatham 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 Chatham 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 L) 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. After the notes, supplemental information is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension and benefit plans.

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 it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, education, parks and recreation, and general administration. Property taxes, sales taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water, sewer, and waste management services offered by Chatham County. The final category is the component unit. Chatham County ABC Board is legally separate from the County; however, the County is financially accountable for the Board by appointing its members. Also, the ABC Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits A and B 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. Chatham 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 Chatham 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.

Chatham 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balance.

Proprietary Funds – Chatham County has two kinds of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Chatham County uses enterprise funds to account for its water and sewer activity and for its waste management operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an Internal Service Fund to account for one activity – its Self-Insurance Fund. Because this operation benefits predominantly governmental rather than business-type activities, the Internal Service Fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Chatham County has six fiduciary funds.

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 start on page 18 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Chatham County's progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $192,798,575.

During the 2023-2024 fiscal year, the County's net position increased by $31,177,403. This increase is primarily due to the improvement in the local economy and management's continued focus on monitoring spending and maximizing revenue collection. An additional portion of Chatham County's net position $17,176,130 (8.91%) represents resources that are subject to external restrictions on how they may be used.

Chatham County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	$ 217,701,995	$ 201,382,187	$ 39,033,677	$ 39,433,069	$ 256,735,672	$ 240,815,256
Capital assets	144,469,243	143,558,159	51,480,204	50,724,786	195,949,447	194,282,945
Total assets	362,171,238	344,940,346	90,513,881	90,157,855	452,685,119	435,098,201
Deferred Outflows of Resources	20,819,078	19,377,438	1,514,268	1,110,647	22,333,346	20,488,085
Liabilities:						
Long-term liabilities outstanding	251,243,529	262,985,146	11,215,402	11,510,722	262,458,931	274,495,868
Other liabilities	12,001,568	11,390,880	1,196,485	1,183,105	13,198,053	12,573,985
Total liabilities	263,245,097	274,376,026	12,411,887	12,693,827	275,656,984	287,069,853
Deferred Inflows of Resources	6,274,512	6,626,543	288,394	268,718	6,562,906	6,895,261
Net Position:						
Net investment in capital assets	67,531,636	56,918,805	43,173,622	41,261,016	110,705,258	98,179,821
Restricted	17,176,130	13,905,281	-	-	17,176,130	13,905,281
Unrestricted	28,762,941	12,491,129	36,154,246	37,044,941	64,917,187	49,536,070
Total net position	$ 113,470,707	$ 83,315,215	$ 79,327,868	$ 78,305,957	$ 192,798,575	$ 161,621,172

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

- Continued diligence in the collection of property taxes resulting in a high collection percentage of 99.40%.
- The County continued to accumulate funds in the Capital Improvement Projects Reserve Fund. Chatham County Commissioners set aside 9.7 cents on the tax rate to fund debt payments on current and future capital projects.
- Continued low cost of debt due to the County's high bond rating. The County maintained its AAA rating from Standard and Poor's and its Aa1 rating from Moody's Investor Service.
- Construction was completed on the new Emergency Operations Building and the Central Services Building and both facilities were occupied.

Chatham County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues						
Charges for services	$ 12,465,069	$ 10,064,941	$ 13,604,514	$ 12,744,919	$ 26,069,583	$ 22,809,860
Operating grants and contributions	17,050,634	27,794,427	772,610	370,398	17,823,244	28,164,825
General revenues:						
Property taxes	119,758,549	110,557,782	-	-	119,758,549	110,557,782
Sales taxes	31,538,819	28,513,275	-	-	31,538,819	28,513,275
Other taxes and licenses	1,462,396	1,698,749	-	-	1,462,396	1,698,749
Grants and contributions not restricted	5,121,400	5,634,962	-	-	5,121,400	5,634,962
Unrestricted investment earnings	5,980,540	3,579,833	1,192,486	818,388	7,173,026	4,398,221
Other	3,556,708	683,557	-	47,672	3,556,708	731,229
Total revenues	196,934,115	188,527,526	15,569,610	13,981,377	212,503,725	202,508,903
Expenses:						
General government	29,166,020	22,450,287	-	-	29,166,020	22,450,287
Public safety	53,141,250	41,277,569	-	-	53,141,250	41,277,569
Economic and physical development	4,989,302	4,692,779	-	-	4,989,302	4,692,779
Human services	21,532,770	18,575,711	-	-	21,532,770	18,575,711
Cultural and recreational	4,007,929	3,472,876	-	-	4,007,929	3,472,876
Education	48,246,320	50,602,853	-	-	48,246,320	50,602,853
Interest on long-term debt	8,097,636	8,855,068	-	-	8,097,636	8,855,068
Utility	-	-	8,941,404	8,380,829	8,941,404	8,380,829
Southeast water district	-	-	761,705	764,437	761,705	764,437
Solid waste management	-	-	4,844,590	4,094,937	4,844,590	4,094,937
Total expenses	169,181,227	149,927,143	14,547,699	13,240,203	183,728,926	163,167,346
Change in net position	27,752,888	38,600,383	1,021,911	741,174	28,774,799	39,341,557
Special item	2,402,604	-	-	-	2,402,604	-
Change in net position, after special item	30,155,492	38,600,383	1,021,911	741,174	31,177,403	39,341,557
Net Position:						
Beginning of year - July 1	83,315,215	44,714,832	78,305,957	77,564,783	161,621,172	122,279,615
End of year - June 30	$ 113,470,707	$ 83,315,215	$ 79,327,868	$ 78,305,957	$ 192,798,575	$ 161,621,172

Governmental activities. Governmental activities increased the County's net position by $30,155,492.

Key elements affecting net position:

- Property tax revenue for the year continues to grow based on a robust real estate market that reflects demand outpacing supply of improved property. Real property saw a greater than 3.65% increase along with Personal property growing at a greater than 8.79% rate, mainly due to an increase in business listings.
- Sales Tax distributions grew at an average rate of 11% in total, slightly lower than the statewide average of 15%, based on the same growth factors as seen in other sources of the county's financials. Consumers continue to support the local economy as we see an increase in business development, allowing for a strong recovery.

Business-type activities. Business-type activities increased the County's net position by $1,021,911. This increase can be attributed to continued growth in in both the residential and commercial development reflecting an increase in the number of new connections for water services and fees collected for these services.

Financial Analysis of the County's Funds

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

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

At June 30, 2024, the governmental funds of Chatham County reported a combined fund balance of $188,868,019 a 9.45% increase over last year.

The General Fund is the chief operating fund of Chatham County. The County's total General Fund as shown on Exhibit C consist of five consolidated funds, the General Fund, the Revaluation Fund, the Housing Trust Fund, the Land Preservation Fund, the Coal Ash Fund, and the Law Enforcement Pension Fund. At the end of the current fiscal year, Chatham County's fund balance available for appropriation in the General Fund was $71,254,249, while total fund balance was $84,930,909. The County currently has an available fund balance of 39.85% of General Fund expenditures and transfers out, while total fund balance represents 47.50% of that same amount.

The governing body of Chatham County has determined that the County should maintain an unassigned fund balance in its General Fund equal to 20% of the previous annual operating budget in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. At June 30, 2024, this percentage was 26%.

The County received $376,988 in fiscal year 2023 and $798,229 in fiscal year 2024 in Opioid Settlement funding to be used toward collaborative strategic planning, early intervention, post-overdose response teams, reentry programs and evidence-based addiction treatment.

The Capital Reserve Fund increased 7.18% in fund balance due to additional revenues and fees received allowing for an additional $650,135 to be transferred over the original budgeted transfer of $3,482,504. These funds will be used for future projects.

The Facilities Improvement Projects Fund decreased $3,180,945 or 18.50% based on the expenditures related to the construction of the Emergency Operations Center and other related projects. The School Construction Fund increased by $7,462 or 0.38% based on the expenditures related to the construction on the Central Services Facility.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. 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. Total amendments to the General Fund increased

revenues and transfers in by $6,178,949 and decreased expenditures and transfers out by $1,922,685.

Proprietary Funds. Chatham County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, unrestricted net position amounted to $28,395,667 for the Utility Fund, $1,131,548 for the Southeast Water District, and $6,627,031 for the Waste Management Fund. The total increase in net position for all proprietary funds was $1,021,911.

Capital Asset and Debt Administration

Capital assets. Chatham County's capital assets for its governmental and business-type activities as of June 30, 2024, totaled $195,949,447 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and infrastructure for utility and solid waste management services.

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Non-Depreciable Assets:						
Land	$ 13,364,018	$ 13,364,018	$ 980,258	$ 980,258	$ 14,344,276	$ 14,344,276
Construction in progress	40,081,565	42,007,004	13,011,484	10,967,745	53,093,049	52,974,749
Depreciable Assets:						
Buildings	82,722,769	80,088,861	1,514,109	1,617,474	84,236,878	81,706,335
Equipment and vehicles	6,287,853	6,191,306	68,412	80,918	6,356,265	6,272,224
Infrastructure:						
Water lines	-	-	35,818,548	36,991,050	35,818,548	36,991,050
Right-to-use leased assets	998,517	679,252	27,044	662	1,025,561	679,914
Right-to-use subscription assets	1,014,521	1,227,718	60,349	86,679	1,074,870	1,314,397
Total assets	$ 144,469,243	$ 143,558,159	$ 51,480,204	$ 50,724,786	$ 195,949,447	$ 194,282,945

Major capital asset transactions during the year include:

- Continued acquisition and work on the radio replacement project.

Additional information on the County's capital assets can be found in Note 2 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2024, Chatham County had total bonded debt outstanding of $2,575,000 all of which is debt backed by the full faith and credit of the County.

Chatham County's Outstanding Debt
General Obligation Bonds and Other Long-Term Obligations
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	$ -	$ -	$ 2,575,000	$ 2,635,000	$ 2,575,000	$ 2,635,000
Revenue bonds	-	-	1,482,000	1,520,000	1,482,000	1,520,000
Other long-term obligations	165,986,111	178,827,491	3,543,890	4,292,509	169,530,001	183,120,000
Direct placement/borrowings	33,068,460	36,286,646	622,923	934,385	33,691,383	37,221,031
Permium on long-term obligations	11,052,728	11,903,100	-	-	11,052,728	11,903,100
Leases	1,018,857	684,946	27,713	708	1,046,570	685,654
Subscriptions	812,210	1,058,175	55,056	81,168	867,266	1,139,343
Compensated absences	2,809,211	2,314,864	199,147	153,794	3,008,358	2,468,658
LGERS pension	23,289,939	19,386,173	1,897,991	1,260,889	25,187,930	20,647,062
LEOSSA pension	3,246,005	2,802,608	-	-	3,246,005	2,802,608
OPEB	9,960,008	9,721,143	811,682	632,269	10,771,690	10,353,412
Total	$ 251,243,529	$ 262,985,146	$ 11,215,402	$ 11,510,722	$ 262,458,931	$ 274,495,868

Chatham County's total general obligation bonds and other long-term obligations decreased by $12,036,937 (4.4%) over the past fiscal year. The majority of this decrease can be attributed to the annual retirement of long-term debt.

Chatham County maintained its Aa1 bond rating from Moody's Investor Service and its AAA rating from Standard and Poor's Corporation. This bond rating is an indication of the sound financial condition of Chatham 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 Chatham County is $1,005,688,000.

Additional information regarding Chatham County's long-term debt can be found in Note 2 of this audited financial report.

Economic Factors and Fiscal Year End 2024 Budgets and Rates

- Chatham continues to maintain a AAA rating from Standard and Poor's. Only ten other counties in North Carolina and 105 across the US have AAA ratings from Standard and Poor's. The County also maintained a rating from Moody's of Aa1.
- As of 2022, the latest data available, Chatham County has the highest per capita income in the state, 37% higher than the state average.
- Chatham County's seasonally unadjusted unemployment rate (3.5% in June 2024, latest data available) continues to trend below the state (3.6%).
- The County's FY 2025 property tax rate increased by 4 cents/$100 valuation to a total of 72.5 cents/$100 valuation.

- Total property values increased by 4.77%. Values for each part of the base are expected to increase/decrease as follows:

    - Real property, a 3.65% increase, resulting from a robust real estate market in Chatham County that reflects demand outpacing supply of improved property, as well as development growth and additional commercial and industrial development.
    - Personal property, an 8.79% increase, resulting from increases in business property listings.
    - Public utility values, 20.25% increase; Utility values are provided by NC Department of Revenue.
    - Motor vehicles, a 11.07% increase. Motor vehicle values are provided by the NC Department of Motor Vehicles (DMV).

- In FY 2024, locally collected sales tax (Article 39), which is distributed based on where collected, grew by 15% compared to about 3% statewide growth. Locally, FY 2024 sales tax revenues (Articles 39 and 42) were both trending roughly 15% above FY 2023, compared with 3% for sales tax collected statewide (Article 40). A referendum in March of 2020 was successful and levy of Article 46 began in October of 2020. This revenue is not shared with municipalities. Article 46 revenue is projected to bring Chatham about $3.2 million in FY 2025.

- FY 2024 building permit revenue was estimated to increase 77.78% over the prior year due to continued growth within the county, which was projected to be somewhat impacted by increasing interest rates leading to slower residential development. However, several commercial and industrial projects, including a large-scale industrial project, which began development in FY 2023 continued during FY 2024 and new permit issuance increased substantially. The actual collection increased by 91% over the prior year. Register of Deeds stamps, which are paid when properties are sold within the County, collected 101.15% of the FY 2024 budgeted amount (1.15% over budget), with an estimated $1.21 million by year-end. Building and real estate activity in Chatham is expected to continue to show growth, with several commercial/industrial projects underway and modest residential growth continuing.

- Chatham County Council on Aging, a non-profit founded on July 8, 1974, whose original mission was “to promote the independence and dignity of our older adults and to help them remain healthy, secure and involved in their own homes and community as long as possible”, ceased operations as of June 30, 2023. The Chatham County Board of Commissioners voted to transition the former non-profit into a department within Chatham County government in 2022, acknowledging tremendous growth within the older adult population. On July 1, 2023 Chatham County Aging Services became an official department of the County.

  As part of the agreement, the County took on all assets and liabilities of the former non-profit. The assets acquired totaled $4,196,460, capital assets included two buildings, equipment, and vehicles with a net book value of $2,402,604. The liabilities included one lease of no material value. Their FY24 operating budget included $1,468,295 for salaries and fringe benefits and $1,525,054 for operating expenditures. The transaction is reflected as a special item in Exhibit B – Statement of Activities.

Budget Highlights for the Fiscal Year Ending June 30, 2025

- Governmental Activities: Chatham's FY 2025 budget was prepared in the midst of significant growth and change within Chatham County. Over the last couple of years, major economic development projects, including Wolfspeed and Vinfast, announced they would be coming to Chatham County and those projects are now underway. Chatham continues to be seen as a competitive location for growth – both residential and commercial/industrial. As we move forward into the next fiscal year, the FY 2025 budget will enable us to address current challenges, seize opportunities for growth and innovation, and continue building a stronger, more resilient Chatham County. As a County, we must look to the future and the challenges and opportunities that it will provide. The rapid growth and development we have long anticipated has arrived. While residential growth has slowed recently, we have seen a marked increase in commercial development. Throughout this budget, you will see we are focused on ensuring the development that is occurring is well monitored and aligns with the long-term vision that Plan Chatham has laid out for Chatham County. Additionally, this budget shows that the County is enhancing and expanding services in order to meet the needs of our growing population.

- The county continues to prioritize support for education. The budget funds 98.31% of Chatham County Schools' request for a total of an additional $4,885,000. Current expense will increase by $2,400,000 in order to fund the state salary adjustments that were provided to Schools staff in the most recent budget, and address the compression issues that arose as a result of those changes. An additional $2,360,000 will be added to teacher pay supplement costs to increase the base salary for all teachers by an additional $2,000. This budget funds the "hybrid" supplement model for a third year, where teachers will receive a set amount of salary supplement based on years of service and education as well as a small percentage of their total salary (percent also based on years of service and education). This model will allow the County and School System to have greater flexibility in addressing needed changes to the supplement funding level while reducing the impact that external factors, primarily state budget changes, will have on our ability to maintain our competitive supplement funding model. Our goal for the teacher supplement is to maintain Chatham's standing as fifth in our region. This year Chatham was surpassed only by the much larger Wake, Chapel Hill, Durham and Orange districts.

- The County continues a partnership with Central Carolina Community College to support Chatham County Promise, a program that guarantees up to two years of free tuition and fees at CCCC to all eligible Chatham County residents who graduate from high school in 2019 through 2025. The program requires $260,000 in FY 2025.

- The FY 2025 budget includes $1.8 million to fund twenty-two additional positions (both full and part-time) to meet current and future workload demand; one financial analyst; one commercial tax appraiser; one reappraisal manager; one child welfare adoption social worker; three income maintenance caseworkers; one child welfare on-call social worker; one reentry case manager; one animal resources officer; four animal shelter attendants; one detention maintenance officer; six deputy sheriffs; and one utility customer service technician.

In addition to these twenty-two new positions, expansion items include some additional funding for programs:

- An additional $113,904 is recommended to increase the amenities offered at the Agriculture & Conference Center. These funds will be used to purchase an announcer stand for the arena, a mobile restroom trailer for use with outdoor events, picnic tables for use outdoors, and additional nesting tables for event use.

- An additional $87,085 is included in an increase to the contract with the school system for County garage operations. These funds will be used to purchase an alignment machine, provide salary increases to the existing staff, and to hire a new mechanic to perform standard preventative maintenance (oil changes, tire rotations) and to reduce the number of vehicles that have to be sent to privately owned centers for repairs.

- An additional $56,082 is included for the implementation of in-house meal preparation for Aging Services. The meal preparation process will still be overseen by a vendor; however, by making some one-time upgrades to the kitchen and increasing the hours of two part-time staff members, Aging Services will be able to deliver meals more efficiently. Additionally, by utilizing County owned space, the contractual price per meal is reduced.

- Additional funds are included to finish the current shell space in the Animal Resource Center (ARC) as a surgical suite. The suite will allow vets to perform spay/neuter surgeries on-site at the ARC, which will reduce the number of days between an animal's adoption and when they can leave the shelter. The cost for this project is $74,219 and includes both the one-time purchases needed to upfit the space and the additional cost of supplies needed to perform the procedures.

- An additional $43,263 is included in the Detention Center's inmate medical contract. This increase will fund an additional nurse that will work on a different shift schedule than the current nurse, increasing the availability of medical care and reducing the amount of medical triage and medication disbursement that the detention officers will be required to perform.

- Additional funds are included for technology upgrades for the Sheriff's Office, including the purchase of a forensic tower ($20,000) and upgrades and replacement of the existing body camera system ($222,595). The forensic tower will be used to further assist investigators in electronic investigations – including decrypting cell phone/tablet/computer data, as well as data storage. Additionally, the current body camera system is nearing end-of-life and this budget funds a partial replacement of the existing cameras, with additional camera replacements occurring over the next several fiscal years. It also funds a transition from an on-premises server, which is also near end-of-life, to a cloud server storage solution.

- An additional $25,000 is included to join the Central Pines Regional Council's (CPRC) grant assistance program. These funds will allow CPRC to seek out grants on behalf of Chatham County and will assist the County in applying for those grants. This is a pilot program to confirm that the County's participation in this program is a net financial positive for the County.

- An additional $19,000 is included to contract with a vendor to collect, input, analyze, and provide an easily accessible dashboard for all County energy, water, and fuel usage, as well as public EV charging and county building solar production. This data will allow us to be able to identify issues and direct resources to correct them. Funds are included for the addition of inmate dental care as part of the Detention Center's medical contract. Dental issues can often lead to far greater health concerns and the implementation of this program will hopefully help to further reduce the chance of any significant medical events occurring within the Detention Center.

- The budget also includes a 4% pay increase for employees pay raises. The salaries of the County Manager, Director of Elections, Register of Deeds, Sheriff, and Board of Commissioners will increase 4% over salaries in FY 2023-2024, and is consistent with the increases the County employees will receive. Additionally, the Chair of the Board of Commissioners will receive an additional increase of $4,000.

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 Roy Lynch, Finance Officer, Chatham County, Post Office Box 608, Pittsboro, North Carolina 27312. You can also call (919)-542-8471 or visit our website www.chathamcountync.gov for more information.

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BASIC FINANCIAL STATEMENTS

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government			Chatham County Board of Alcoholic Beverage Control
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash, cash equivalents and investments	$ 189,916,810	$ 34,561,575	$ 224,478,385	$ 913,587
Property taxes receivable, net	1,164,344	-	1,164,344	-
Accounts receivable, net	5,355,607	3,644,197	8,999,804	-
Due from other governments	12,240,164	86,886	12,327,050	-
Lease receivable	1,793,423	-	1,793,423	-
Other receivables	-	219,133	219,133	-
Inventories	-	-	-	1,094,356
Prepaid items	-	-	-	49,218
Cash - restricted	7,135,822	521,886	7,657,708	-
Net pension asset	95,825	-	95,825	-
Capital assets:				
Right to use leased asset, net of amortization	2,013,038	87,393	2,100,431	1,415,937
Land, improvements and construction in progress	56,893,718	13,991,742	70,885,460	206,623
Other capital assets, net of depreciation	85,562,487	37,401,069	122,963,556	2,490,289
Total capital assets	144,469,243	51,480,204	195,949,447	4,112,849
Total assets	362,171,238	90,513,881	452,685,119	6,170,010
Deferred Outflows of Resources:				
Pension deferrals	15,643,209	1,201,315	16,844,524	315,872
OPEB deferrals	3,840,188	312,953	4,153,141	-
Charge on refunding	1,335,681	-	1,335,681	-
Total deferred outflows of resources	20,819,078	1,514,268	22,333,346	315,872
Liabilities:				
Accounts payable and accrued liabilities	6,784,949	674,599	7,459,548	736,830
Liabilities to be paid from restricted assets	1,036,036	521,886	1,557,922	-
Unavailable revenues	4,125,628	-	4,125,628	-
Due to other governments	54,955	-	54,955	-
Long-term liabilities:				
Due within one year	21,110,924	1,471,059	22,581,983	426,064
Due in more than one year	230,132,605	9,744,343	239,876,948	3,358,346
Total liabilities	263,245,097	12,411,887	275,656,984	4,521,240

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government			Chatham County Board of Alcoholic Beverage Control
	Governmental Activities	Business-Type Activities	Total	
Deferred Inflows of Resources:				
Pension deferrals	936,812	16,961	953,773	23,458
OPEB deferrals	3,330,708	271,433	3,602,141	-
Leases	1,696,225	-	1,696,225	-
Prepaid taxes	310,767	-	310,767	-
Total deferred inflows of resources	6,274,512	288,394	6,562,906	23,458
Net Position:				
Net investment in capital assets	67,531,636	43,173,622	110,705,258	953,127
Restricted for:				
Stabilization by state statute	15,784,042	-	15,784,042	-
Register of Deeds' pension plan	95,825	-	95,825	-
Courthouse clock	75,067	-	75,067	-
Emergency telephone	211,818	-	211,818	-
Economic development	15,830	-	15,830	-
Fire protection	460,286	-	460,286	-
Human services	118,657	-	118,657	-
Law enforcement	414,605	-	414,605	-
Working capital	-	-	-	265,195
Unrestricted	28,762,941	36,154,246	64,917,187	722,862
Total net position	$ 113,470,707	$ 79,327,868	$ 192,798,575	$ 1,941,184

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	$ 29,166,020	$ 1,068,020	$ 2,556,004	$ -
Public safety	53,141,250	6,925,683	2,362,344	-
Economic and physical development	4,989,302	1,092,394	310,502	-
Human services	21,532,770	949,103	11,338,267	-
Cultural and recreational	4,007,929	424,969	483,517	-
Education	48,246,320	2,004,900	-	-
Interest on long-term debt	8,097,636	-	-	-
Total governmental activities	169,181,227	12,465,069	17,050,634	-
Business-Type Activities:				
Utility	8,941,404	8,506,607	489,411	-
Southeast sater district	761,705	919,460	-	-
Solid waste management	4,844,590	4,178,447	283,199	-
Total business-type activities	14,547,699	13,604,514	772,610	-
Total primary government	$ 183,728,926	$ 26,069,583	$ 17,823,244	$ -
Component Unit:				
Chatham County Board of Alcoholic Beverage Control	$ 6,955,831	$ 6,895,080	$ -	$ -

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions / Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Chatham County Board of Alcoholic Beverage Control
	Governmental Activities	Business Type Activities	Total	
Primary Government:				
Governmental Activities:				
General government	$ (25,541,996)	$ -	$ (25,541,996)	
Public safety	(43,853,223)	-	(43,853,223)	
Economic and physical development	(3,586,406)	-	(3,586,406)	
Human services	(9,245,400)	-	(9,245,400)	
Cultural and recreational	(3,099,443)	-	(3,099,443)	
Education	(46,241,420)	-	(46,241,420)	
Interest on long-term debt	(8,097,636)	-	(8,097,636)	
Total governmental activities	(139,665,524)	-	(139,665,524)	
Business-Type Activities:				
Utility	-	54,614	54,614	
Southeast water district	-	157,755	157,755	
Solid waste management	-	(382,944)	(382,944)	
Total business-type activities	-	(170,575)	(170,575)	
Total primary government	(139,665,524)	(170,575)	(139,836,099)	
Component Unit:				
Chatham County Board of Alcoholic Beverage Control				$ (60,751)
General Revenues:				
Taxes:				
Property taxes, levied for general purposes	119,758,549	-	119,758,549	-
Local option sales tax	31,538,819	-	31,538,819	-
Other taxes	1,462,396	-	1,462,396	-
Grants and contributions not restricted	5,121,400	-	5,121,400	-
Unrestricted investment earnings	5,980,540	1,192,486	7,173,026	6,068
Miscellaneous	3,556,708	-	3,556,708	1,604
Total general revenues	167,418,412	1,192,486	168,610,898	7,672
Special item - acquisition of Council on Aging	2,402,604	-	2,402,604	-
Total general revenues and special item	169,821,016	1,192,486	171,013,502	7,672
Change in net position	30,155,492	1,021,911	31,177,403	(53,079)
Net Position:				
Net position, beginning	83,315,215	78,305,957	161,621,172	1,994,263
Net position, ending	$ 113,470,707	$ 79,327,868	$ 192,798,575	$ 1,941,184

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

CHATHAM COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds				
	General	American Rescue Plan	Opioid Settlement Fund	Capital Reserve	Capital Improvements Project Reserve
Assets:					
Cash, cash equivalents, and investments	$ 75,112,138	$ -	$ -	$ 26,770,722	$ 44,597,871
Cash - restricted	1,966,602	4,128,078	1,041,142	-	-
Property taxes receivable, net	1,004,313	-	-	-	-
Due from other governments	12,077,301	-	-	-	-
Lease receivables	1,793,423	-	-	-	-
Other receivables	1,508,520	-	3,272,270	177,574	241,720
Total assets	$ 93,462,297	$ 4,128,078	$ 4,313,412	$ 26,948,296	$ 44,839,591
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	$ 4,422,867	$ 2,450	$ 3,301	$ -	$ -
Liabilities to be paid from restricted assets	1,036,036	-	-	-	-
Unearned revenues	-	4,125,628	-	-	-
Due to other governments	54,955	-	-	-	-
Total liabilities	5,513,858	4,128,078	3,301	-	-
Deferred Inflows of Resources:					
Prepaid taxes	310,633	-	-	-	-
Leases	1,696,225	-	-	-	-
Unavailable revenues	-	-	3,266,543	-	-
Property taxes receivable	1,004,313	-	-	-	-
Health clinic receivable	6,359	-	-	-	-
Total deferred inflows of resources	3,017,530	-	3,266,543	-	-
Fund Balances:					
Nonspendable:					
Leases	97,198	-	-	-	-
Restricted:					
Stabilization by state statute	13,579,462	-	-	177,574	241,720
Courthouse clock	-	-	-	-	-
Emergency telephone	-	-	-	-	-
Economic and physical development	-	-	-	-	-
Fire protection	-	-	-	-	-
Human services	-	-	-	-	-
Law enforcement	-	-	-	-	-
Committed:					
LEO Special Separation Allowance	1,191,628	-	-	-	-
Tax revaluation	930,566	-	-	-	-
Housing trust	1,142,397	-	-	-	-
Land preservation	1,584,188	-	-	-	-
Capital projects	-	-	1,043,568	-	44,597,871

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

CHATHAM COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds			
	Facilities Improvements	School Construction Fund	Total Nonmajor Funds	Total Governmental Funds
Assets:				
Cash, cash equivalents, and investments	$ 14,091,266	$ 2,077,019	$ 15,005,353	$ 177,654,369
Cash - restricted	-	-	-	7,135,822
Property taxes receivable, net	-	-	160,031	1,164,344
Due from other governments	-	-	162,863	12,240,164
Lease receivables	-	-	-	1,793,423
Other receivables	-	18	78,043	5,278,145
Total assets	$ 14,091,266	$ 2,077,037	$ 15,406,290	$ 205,266,267
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	$ 81,453	$ 95,668	$ 131,652	$ 4,737,391
Liabilities to be paid from restricted assets	-	-	-	1,036,036
Unearned revenues	-	-	-	4,125,628
Due to other governments	-	-	-	54,955
Total liabilities	81,453	95,668	131,652	9,954,010
Deferred Inflows of Resources:				
Prepaid taxes	-	-	134	310,767
Leases	-	-	-	1,696,225
Unavailable revenues	-	-	-	3,266,543
Property taxes receivable	-	-	160,031	1,164,344
Health clinic receivable	-	-	-	6,359
Total deferred inflows of resources	-	-	160,165	6,444,238
Fund Balances:				
Nonspendable:				
Leases	-	-	-	97,198
Restricted:				
Stabilization by state statute	-	18	1,785,268	15,784,042
Courthouse clock	-	-	75,067	75,067
Emergency telephone	-	-	211,818	211,818
Economic and physical development	-	-	15,830	15,830
Fire protection	-	-	460,286	460,286
Human services	-	-	118,657	118,657
Law enforcement	-	-	414,605	414,605
Committed:				
LEO Special Separation Allowance	-	-	-	1,191,628
Tax revaluation	-	-	-	930,566
Housing trust	-	-	-	1,142,397
Land preservation	-	-	-	1,584,188
Capital projects	14,009,813	1,981,351	-	61,632,603

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

CHATHAM COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds				
	General	American Rescue Plan	Opioid Settlement Fund	Capital Reserve	Capital Improvements Project Reserve
Assigned:					
Subsequent year's expenditures	12,813,138	-	-	-	-
General government	-	-	-	26,770,722	-
Public safety	-	-	-	-	-
Education	-	-	-	-	-
Cultural and recreation	-	-	-	-	-
Unassigned	53,592,332	-	-	-	-
Total fund balances	84,930,909	-	1,043,568	26,948,296	44,839,591
Total liabilities, deferred inflows of resources, and fund balance	$ 93,462,297	$ 4,128,078	$ 4,313,412	$ 26,948,296	$ 44,839,591

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

CHATHAM COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds			
	Facilities Improvements	School Construction Fund	Total Nonmajor Funds	Total Governmental Funds
Assigned:				
Subsequent year's expenditures	-	-	-	12,813,138
General government	-	-	-	26,770,722
Public safety	-	-	133,777	133,777
Education	-	-	8,216,701	8,216,701
Cultural and recreation	-	-	4,018,561	4,018,561
Unassigned	-	-	(336,097)	53,256,235
Total fund balances	14,009,813	1,981,369	15,114,473	188,868,019
Total liabilities, deferred inflows of resources, and fund balance	$ 14,091,266	$ 2,077,037	$ 15,406,290	$ 205,266,267

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total fund balance - governmental funds	$ 188,868,019
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	142,456,205
Right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,013,038
Assets and liabilities of the Self-Insurance Internal Service Fund used by management to account for certain insurance costs are included in governmental activities in the Statement of Net Position.	11,632,903
Charges related to advance refunding bond issue	1,335,681
Net pension asset	95,825
Pension related deferred outflows	15,643,209
OPEB related deferred outflows	3,840,188
Net pension liability - LGERS	(23,289,939)
Total pension liability - LEOSSA	(3,246,005)
Net OPEB liability	(9,960,008)
Deferred inflows of resources for taxes and other receivables	4,437,246
Pension related deferred inflows	(936,812)
OPEB related deferred inflows	(3,330,708)
Compensated absences not expected to be materially liquidated with expendable available resources.	(2,809,211)
Long-term liabilities, including bonds payable, accrued interest payable, lease payable, and installment purchases, are not due and payable in the current period and, therefore, are not reported in the funds.	(213,278,924)
Net position of governmental activities	$ 113,470,707

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	Major Funds				
	General	American Rescue Plan	Opioid Settlement Fund	Capital Reserve	Capital Improvement Project Reserve
Revenues:					
Ad valorem taxes	$ 104,557,481	$ -	$ -	$ -	$ -
Local option sales tax	31,538,819	-	-	-	-
Other taxes	1,462,396	-	-	-	-
Unrestricted intergovernmental	5,121,400	-	-	-	-
Restricted intergovernmental	10,971,359	196,139	798,229	-	638,700
Permits and fees	7,110,442	-	-	-	-
Sales and services	2,985,814	-	-	-	-
Investment earnings	6,183,555	-	24,231	953,852	1,413,108
Other general revenues	3,774,629	-	-	-	-
Total revenues	173,705,895	196,139	822,460	953,852	2,051,808
Expenditures:					
Current:					
General government	18,553,306	-	-	-	-
Public safety	32,037,510	196,139	-	-	-
Economic and physical development	6,139,593	-	-	-	-
Human services	23,460,127	-	144,851	-	-
Cultural and recreational	4,016,458	-	-	-	-
Intergovernmental:					
Education	48,220,879	-	-	-	-
Debt service:					
Principal retirement	16,904,065	-	-	-	-
Interest and fees	8,279,674	-	-	-	-
Total expenditures	157,611,612	196,139	144,851	-	-
Revenues over (under) expenditures	16,094,283	-	677,609	953,852	2,051,808
Other Financing Sources (Uses):					
Transfers from other funds	19,694,185	-	-	4,132,639	16,940,242
Transfers (to) other funds	(21,198,708)	-	-	(3,281,681)	(17,143,754)
Total transfers from (to) other funds	(1,504,523)	-	-	850,958	(203,512)
Debt proceeds:					
Subscription liability issued	380,448	-	-	-	-
Lease liability issued	551,997	-	-	-	-
Total proceeds	932,445	-	-	-	-
Total other financing sources (uses)	(572,078)	-	-	850,958	(203,512)
Net change in fund balances	15,522,205	-	677,609	1,804,810	1,848,296
Fund Balances:					
Fund balances, beginning	69,408,704	-	365,959	25,143,486	42,991,295
Fund balances, ending	$ 84,930,909	$ -	$ 1,043,568	$ 26,948,296	$ 44,839,591

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	Major Funds			
	Facilities Improvement Projects	School Construction Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	$ -	$ -	$ 15,317,237	$ 119,874,718
Local option sales tax	-	-	-	31,538,819
Other taxes	-	-	-	1,462,396
Unrestricted intergovernmental	-	-	-	5,121,400
Restricted intergovernmental	-	-	1,024,011	13,628,438
Permits and fees	-	-	2,239,234	9,349,676
Sales and services	-	-	-	2,985,814
Investment earnings	282,776	7,462	435,124	9,300,108
Other general revenues	-	-	-	3,774,629
Total revenues	282,776	7,462	19,015,606	197,035,998
Expenditures:				
Current:				
General government	-	-	823,815	19,377,121
Public safety	5,297,021	-	16,056,426	53,587,096
Economic and physical development	-	-	-	6,139,593
Human services	-	-	220,070	23,825,048
Cultural and recreational	-	-	441,291	4,457,749
Intergovernmental:				
Education	-	598,448	277,365	49,096,692
Debt service:				
Principal retirement	-	-	-	16,904,065
Interest and fees	-	-	-	8,279,674
Total expenditures	5,297,021	598,448	17,818,967	181,667,038
Revenues over (under) expenditures	(5,014,245)	(590,986)	1,196,639	15,368,960
Other Financing Sources (Uses):				
Transfers from other funds	1,833,300	598,448	1,262,648	44,461,462
Transfers (to) other funds	-	-	(2,837,319)	(44,461,462)
Total transfers from (to) other funds	1,833,300	598,448	(1,574,671)	-
Debt proceeds:				
Subscription liability issued	-	-	-	380,448
Lease liability issued	-	-	-	551,997
Total proceeds	-	-	-	932,445
Total other financing sources (uses)	1,833,300	598,448	(1,574,671)	932,445
Net change in fund balances	(3,180,945)	7,462	(378,032)	16,301,405
Fund Balances:				
Fund balances, beginning	17,190,758	1,973,907	15,492,505	172,566,614
Fund balances, ending	$ 14,009,813	$ 1,981,369	$ 15,114,473	$ 188,868,019

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

CHATHAM 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, 2024

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:		
Net changes in fund balances - total governmental funds	$	16,301,405
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are depreciated and amortized over their estimated useful lives.		
Expenditures for capital assets		3,816,992
Current year's depreciation/amortization		(5,308,512)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payment, payments to escrow agent and amortization on long-term debt		17,754,437
Increase in accrued interest payable		182,038
Debt proceeds, lease proceeds, subscription proceeds and premium		(932,445)
Deferred charge on refunding		(106,365)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund statements.		
Compensated absences		(494,347)
OPEB plan expense		(210,666)
Contributions to pension plan in the current fiscal year		5,180,658
Pension expense - LGERS		(6,869,771)
Pension expense - ROD		(23,699)
Pension expense - LEOSA		(1,434,954)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund statements.		47,401
Special item - acquisition of Council on Aging		2,402,604
Net revenue of the Self-Insurance Internal Service Fund determined to be governmental-type.		(149,284)
Total change in net position of governmental activities	$	30,155,492

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget Over/Under
Revenues:				
Ad valorem taxes	$ 102,106,792	$ 102,106,792	$ 104,557,481	$ 2,450,689
Local option sales tax	28,416,672	28,416,672	31,538,819	3,122,147
Other taxes	1,420,324	1,420,324	1,462,396	42,072
Unrestricted intergovernmental	5,044,784	5,044,784	5,121,400	76,616
Restricted intergovernmental	9,141,834	11,036,594	10,971,359	(65,235)
Permits and fees	3,637,600	3,637,600	7,110,442	3,472,842
Sales and services	2,973,341	2,985,648	2,985,814	166
Investment earnings	205,805	205,805	5,958,063	5,752,258
Other general revenues	1,154,131	1,452,048	3,774,629	2,322,581
Total revenues	154,101,283	156,306,267	173,480,403	17,174,136
Expenditures:				
General government	17,808,553	22,899,763	17,416,333	5,483,430
Public safety	33,637,392	34,812,789	32,131,209	2,681,580
Economic and physical development	5,480,852	6,535,894	5,658,552	877,342
Human services	25,020,175	27,461,475	23,460,127	4,001,348
Cultural and recreational	4,078,373	4,971,154	4,016,458	954,696
Intergovernmental:				
Education	48,041,810	48,316,810	48,220,879	95,931
Debt service:				
Principal retirement	16,059,567	16,805,362	16,904,065	(98,703)
Interest and fees	8,292,249	8,324,717	8,279,674	45,043
Total expenditures	158,418,971	170,127,964	156,087,297	14,040,667
Revenues over (under) expenditures	(4,317,688)	(13,821,697)	17,393,106	31,214,803
Other Financing Sources (Uses):				
Transfers from other funds	21,216,210	21,216,210	19,694,185	(1,522,025)
Transfers to other funds	(21,898,522)	(22,454,202)	(23,254,202)	(800,000)
Total transfers	(682,312)	(1,237,992)	(3,560,017)	(2,322,025)
Total other financing sources (uses)	(682,312)	(1,237,992)	(3,560,017)	(2,322,025)
Appropriated fund balance	5,000,000	15,059,689	-	(15,059,689)
Net change in fund balance	$ -	$ -	13,833,089	$ 13,833,089
Reconciliation from budgetary basis to modified accrual basis:				
Lease liabiity issued			551,997	
Capital outlay - leases			(551,997)	
Subscription liabiity issued			380,448	
Capital outlay - leases			(380,448)	
Fund Balances:				
Fund balance, beginning			61,044,956	
Fund balance, ending			$ 74,878,045	

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

CHATHAM COUNTY, NORTH CAROLINA

OPIOID SETTLEMENT FUND - MAJOR FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	2024			
	Original Budget	Final Budget	Actual	Variance Over/Under
Revenues:				
Restricted intergovernmental	$ 2,907,865	$ 2,907,865	$ 798,229	$ (2,109,636)
Investment earnings	-	-	24,231	24,231
Total revenues	2,907,865	2,907,865	822,460	(2,085,405)
Expenditures:				
Human services	2,907,865	2,907,865	144,851	2,763,014
Net change in fund balance	$ -	$ -	677,609	$ 677,609
Fund Balance:				
Fund balance, beginning			365,959	
Fund balance, ending			$ 1,043,568	

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-Type Activities - Enterprise				Governmental Activities
	Utility	Southeast Water District	Solid Waste and Recycling	Total	Self-Insurance Internal Service
Assets:					
Current assets:					
Cash, cash equivalents, and investments	$ 26,271,382	$ 862,034	$ 7,428,159	$ 34,561,575	$ 12,262,441
Cash - restricted	481,141	40,745	-	521,886	-
Receivables, net	3,318,380	274,641	51,176	3,644,197	8,376
Due from other governments	13,702	-	73,184	86,886	-
Other receivables	155,072	7,428	56,633	219,133	69,086
Total current assets	30,239,677	1,184,848	7,609,152	39,033,677	12,339,903
Non-current assets:					
Capital assets:					
Right to use assets, net of amorization	39,523	-	47,870	87,393	-
Land, improvements, and construction in progress	13,496,237	-	495,505	13,991,742	-
Other capital assets, net of depreciation and amortization	31,744,682	3,925,665	1,730,722	37,401,069	-
Total capital assets, net	45,280,442	3,925,665	2,274,097	51,480,204	-
Total non-current assets	45,280,442	3,925,665	2,274,097	51,480,204	-
Total assets	75,520,119	5,110,513	9,883,249	90,513,881	12,339,903
Deferred Outflows of Resources:					
Pension deferrals	575,630	-	625,685	1,201,315	-
OPEB deferrals	149,957	-	162,996	312,953	-
Total deferred outflows of resources	725,587	-	788,681	1,514,268	-
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	539,256	12,555	122,788	674,599	707,000
Liabilities to be paid from restricted assets	481,141	40,745	-	521,886	-
Compensated absences payable	112,626	-	86,521	199,147	-
General obligation bonds payable	-	63,000	-	63,000	-
Revenue bonds payable	-	39,000	-	39,000	-
Total OPEB liability payable	19,037	-	20,692	39,729	-
Direct borrowings	311,462	-	-	311,462	-
Other long-term borrowings	798,966	-	19,755	818,721	-
Total current liabilities	2,262,488	155,300	249,756	2,667,544	707,000
Non-current liabilities:					
Net pension liability	909,454	-	988,537	1,897,991	-
Total OPEB liability	369,894	-	402,059	771,953	-
General obligation bonds payable	-	2,512,000	-	2,512,000	-
Revenue bonds payable	-	1,443,000	-	1,443,000	-
Direct borrowings	311,461	-	-	311,461	-
Other long-term borrowings	2,780,753	-	27,185	2,807,938	-
Total non-current liabilities	4,371,562	3,955,000	1,417,781	9,744,343	-
Total liabilities	6,634,050	4,110,300	1,667,537	12,411,887	707,000
Deferred Inflows of Resources:					
Pension deferrals	8,127	-	8,834	16,961	-
OPEB deferrals	130,062	-	141,371	271,433	-
Total deferred inflows of resources	138,189	-	150,205	288,394	-
Net Position:					
Net investment in capital assets	41,077,800	(131,335)	2,227,157	43,173,622	-
Unrestricted	28,395,667	1,131,548	6,627,031	36,154,246	11,632,903
Total net position	$ 69,473,467	$ 1,000,213	$ 8,854,188	$ 79,327,868	$ 11,632,903

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise				Governmental Activities
	Utility	Southeast Water District	Solid Waste and Recycling	Total	Self-Insurance Internal Service
Operating Revenues:					
Charges for services	$ 8,506,607	$ 919,460	$ 4,178,447	$ 13,604,514	$ 9,544,893
Other operating revenues	109,357	-	-	109,357	-
Total operating revenues	8,615,964	919,460	4,178,447	13,713,871	9,544,893
Operating Expenses:					
Operating expenses	7,434,006	500,000	4,539,834	12,473,840	10,063,555
Depreciation and amortization	1,301,000	106,338	302,486	1,709,824	-
Total operating expenses	8,735,006	606,338	4,842,320	14,183,664	10,063,555
Operating income (loss)	(119,042)	313,122	(663,873)	(469,793)	(518,662)
Non-Operating Revenues (Expenses):					
Investment earnings	910,304	38,825	243,357	1,192,486	369,378
Interest and other charges	(206,398)	(155,367)	(2,270)	(364,035)	-
Other grants and revenue	380,054	-	283,199	663,253	-
Total non-operating revenues (expenses)	1,083,960	(116,542)	524,286	1,491,704	369,378
Change in net position	964,918	196,580	(139,587)	1,021,911	(149,284)
Net Position:					
Beginning of year - July 1	68,508,549	803,633	8,993,775	78,305,957	11,782,187
End of year - June 30	$ 69,473,467	$ 1,000,213	$ 8,854,188	$ 79,327,868	$ 11,632,903

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise				Governmental Activities
	Utility	Southeast Water District	Solid Waste and Recycling	Total	Self-Insurance Internal Service
Cash Flows from Operating Activities:					
Cash received from customers	$ 8,594,188	$ 950,092	$ 4,173,076	$ 13,717,356	$ 9,544,789
Cash paid for goods and services	(4,859,717)	(501,062)	(1,711,783)	(7,072,562)	(9,780,556)
Cash paid to or on behalf of employees for services	(2,499,980)	-	(2,407,897)	(4,907,877)	-
Customer deposits	9,540	755	-	10,295	-
Net cash provided (used) by operating activities	1,244,031	449,785	53,396	1,747,212	(235,767)
Cash Flows from Non-Capital Financing Activities:					
Intergovernmental non-operating revenues/transfers received	380,054	-	272,610	652,664	-
Net cash provided (used) by non-capital financing activities	380,054	-	272,610	652,664	-
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(2,374,245)	-	(90,997)	(2,465,242)	-
Proceeds from capital debt	25,577	-	11,997	37,574	-
Principal paid on bonds, notes and capital leases	(1,078,807)	(98,000)	(17,955)	(1,194,762)	-
Interest paid on bonds, notes and capital leases	(218,791)	(155,367)	(2,270)	(376,428)	-
Net cash provided (used) by capital and related financing activities	(3,646,266)	(253,367)	(99,225)	(3,998,858)	-
Cash Flows from Investing Activities:					
Interest on investments	919,423	37,744	242,349	1,199,516	370,671
Net increase (decrease) in cash and cash equivalents	(1,102,758)	234,162	469,130	(399,466)	134,904
Cash and Cash Equivalents:					
Beginning of year - July 1	27,855,281	668,617	6,959,029	35,482,927	12,127,537
End of year - June 30	$ 26,752,523	$ 902,779	$ 7,428,159	$ 35,083,461	$ 12,262,441
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	$ (119,042)	$ 313,122	$ (663,873)	$ (469,793)	$ (518,662)
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and amortization	1,301,000	106,338	302,486	1,709,824	-
Changes in assets and liabilities, and deferred outflows and inflows of resources:					
(Increase) decrease in accounts receivable	(21,776)	30,632	(5,371)	3,485	(104)
(Increase) decrease in deferred outflows of resources - pension	(54,502)	-	(313,008)	(367,510)	-
(Increase) decrease in deferred outflows of resources - OPEB	23,069	-	(59,180)	(36,111)	-
Increase (decrease) in net pension liability	121,398	-	515,704	637,102	-
Increase (decrease) in OPEB liability	(6,237)	-	185,650	179,413	-
Increase (decrease) in deferred inflows of resources - pensions	(23,400)	-	49,294	25,894	-
Increase (decrease) in deferred inflows of resources - OPEB	(6,360)	-	142	(6,218)	-
Increase (decrease) in accounts payable and accrued liabilities	(8,759)	(1,062)	25,299	15,478	282,999
Increase (decrease) in customer deposits	9,540	755	-	10,295	-
Increase (decrease) in accrued vacation pay	29,100	-	16,253	45,353	-
Total adjustments	1,363,073	136,663	717,269	2,217,005	282,895
Net cash provided (used) by operating activities	$ 1,244,031	$ 449,785	$ 53,396	$ 1,747,212	$ (235,767)
Non-Cash Investing and Capital Activities:					
Right-to-use asset acquired in exchange for lease liability	$ 25,577	$ -	$ 11,997	$ 37,574	$ -

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

CHATHAM COUNTY, NORTH CAROLINA

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Custodial Funds
Assets:	
Cash and cash equivalents	$ 69,239
Taxes receivable for other governments, net	69,401
Due from other governments	104,085
Total assets	242,725
Liabilities:	
Due to other governments	171,105
Net Position:	
Restricted for:	
Individuals, organizations, and other governments	$ 71,620

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

CHATHAM COUNTY, NORTH CAROLINA

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Custodial Funds
Additions:	
Ad valorem taxes for other governments	$ 13,110,459
Collections on behalf of inmates	231,716
Total assets	13,342,175
Deductions:	
Tax distributions to other governments	13,127,852
Payments on behalf of inmates	231,806
Total liabilities	13,359,658
Net increase (decrease) in fiduciary net position	(17,483)
Net Position:	
Net position, beginning	89,103
Net position, ending	$ 71,620

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

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I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County of Chatham, North Carolina, is a political subdivision of the State of North Carolina. It is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10, is located in the central part of the State, and according to 2020 Census data has a population of approximately 76,285. The County operates under a Commissioner-Manager form of government. The County is responsible for and maintains services inherent to the operation of a county government including general government, public safety, human services, education, economic and physical development, and cultural and recreational services. The County also operates a water and sewer utility system and a solid waste management system.

As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Southeast Water District exists to provide and maintain water systems for the County residents within the district. The district is reported as an enterprise fund in the County's financial statements. Southwest Water District and Northwest Water District have no financial transactions or account balances; therefore, they are not presented in the basic financial statements. Chatham 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 basic financial statements. The Chatham County Board of Alcoholic Beverage Control (the ABC Board), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). The blended presentation method presents component units as a department or unit of the County and offers no separate presentation as with the discrete method.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Southeast Water District	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the district. The County has operational responsibility for the district.	None Issued
Southwest Water District	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the district. The County will have operational responsibility for the district.	None Issued
Northwest Water District	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the district. The County will have operational responsibility for the district.	None Issued
Chatham County Industrial Facility and Pollution Control Financing Authority	Discrete	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.	None issued
Chatham County ABC Board	Discrete	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.	Chatham County ABC Board 11455 Suite B, US 15-501 Chapel Hill, NC 27516

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's net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Because the operations of the county's internal service fund benefits predominantly governmental activities the internal service fund has been included within the governmental activities in the government wide statements.

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

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

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

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund, Housing Trust Fund, Law Enforcement Separation Allowance Fund, Land Preservation and the Coal Ash Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 they are consolidated in the General Fund.

Capital Improvement Project Reserve Fund. The County transfers annually an amount equivalent to nine and two tenths' cents on the property tax rate into this fund. The money will be used to fund debt service on a variety of general capital projects, including a new emergency operations center and school administrative building.

Facilities Improvements Fund. This fund accounts for the financing and construction of facilities and additional office space within the County.

School Construction Fund. This fund accounts for the construction of new school facilities and additions to existing facilities within the County.

American Rescue Plan Fund. This fund accounts for the infusion of funds to meet pandemic response needs of the community and rebuild a stronger, more equitable economy as the Country recovers.

Opioid Settlement Fund. This fund accounts for funds received from a nationwide settlement related to multiple opioid lawsuits.

Capital Reserve Fund. This fund accounts for the accumulation of funds for large capital purchases.

The County reports the following major enterprise funds:

Utility Fund. This fund is used to account for the County's water and sewer operations.

Southeast Water District Fund. This fund is used to account for the operations of the water district covering the southeastern portion of the County.

Solid Waste and Recycling Fund. This fund is used to account for the operations of the County's collection and disposal of solid waste.

The County reports the following fund types:

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund and Goldston-Gulf Sanitary District Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, and the Jail Inmate Pay Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families.

Nonmajor Funds. The County maintains several legally budgeted funds. The Emergency Telephone System Fund, the Forfeited Property Fund, the Recreation-Payment in Lieu Fund, the Impact Fees Fund, the Bynum Canoe Access/Easement Monitoring Fund, the Courthouse Clock Fund, the Library Foundation Fund, the Representative Payee Fund, the Fines and Forfeitures Fund, and the Special Fire District Funds are reported as nonmajor special revenue funds. The Tech/System Improvement Project Fund, County Wide Parks Project Fund, and Emergency Vehicle Replacement Capital Reserve Project are reported as nonmajor capital project funds.

Internal Service Fund. Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis. The measurement focus is upon determination of net income, financial position, and changes in financial position. The generally accepted accounting principles here are those applicable to similar businesses in the private sector and, thus, these funds are maintained on the accrual basis. The County has one internal service fund, the Self-Insurance Internal Service Fund.

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. Custodial funds use the economic resources measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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 revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013 or those for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the state at year-end on behalf of the 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 is 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 general revenues.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the general capital projects funds and enterprise capital projects funds. The enterprise capital projects funds are consolidated with the enterprise operating funds for reporting purposes. The Self Insurance internal service fund operates under a financial plan approved by the board.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year funds. The County budget officer is authorized by the budget ordinance to transfer appropriations between department areas within a fund up to $5,000; however, any revisions that alter total expenditures of any fund must be approved by the governing board. 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 tie until the annual ordinance can be adopted.

D. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

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

1. Deposits and Investments

All deposits of the County and the ABC Board are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County 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] authorizes the County 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 majority of the County and the ABC Board's investments are carried at fair value. Non-participating interest earning investment contracts are accounted for at cost.

The North Carolina Capital Management Trust (NCCMT), which consists of an SEC-registered money market mutual fund is reported at fair value. Governmental Portfolio is a 2a-7 fund, which invests in treasuries and government agencies and is rated AAAm by S&P and AAA-mf by Moody Investor Services.

2. Cash and Cash Equivalents

The County pools moneys from several funds, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

3. Restricted Assets

The unexpended proceeds of the American Rescue Plan and Opioid Settlement Funds are classified as restricted assets because their use must be expended in accordance with the agreements. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Customer deposits and financial guarantees held by the County before any services are supplied are restricted to the service for which they were collected.

Restricted Cash			
Governmental Activities:			
General Fund	Tax revaluation	$	930,566
	Customer deposits		80,068
	Financial guarantees		955,968
American Rescue Plan Fund	Unexpended grant proceeds		4,128,078
Opioid Settlement Fund	Unexpended settlement proceeds		1,041,142
Total governmental activities			7,135,822
Business-Type Activities:			
Utility Fund	Customer deposits		481,141
Southeast water district	Customer deposits		40,745
Total business-type activities			521,886
Total restricted cash		$	7,657,708

4. 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, 2023.

5. Lease Receivable

The County's lease receivable is measured at the present value of 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.

6. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. The ABC Board receivables are stated at realizable value and no allowance for bad debts has been provided.

7. Inventories and Prepaid Items

The inventories of the ABC Board are valued at the lower of cost or net realizable value using the first-in, first-out method. The ABC Board has prepaid expenses that consist of prepaid insurance and prepaid maintenance contract. The inventory of the County's Enterprise Fund consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's Enterprise Fund is recorded as an expense as it is consumed or sold.

8. Capital Assets

Capital assets, which include property, plant, infrastructure, equipment, and vehicles, are reported in the County's government-wide financial and proprietary financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life of more than one year. 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. 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 Chatham County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit the issuance of limited obligation bonds and installment purchase financing for the purpose 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 Board of Education give the Board of Education 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 Board of Education once all restrictions of the bond and financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Chatham County Board of Education.

Capital assets are depreciated using the straight-line method over the assets' estimated useful lives. Assets acquired under capital leases are amortized over the assets' estimated useful lives. Capital assets are reported in the County's basic financial statements net of accumulated depreciation and amortization.

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

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

The right to use subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The right to use subscription assets are amortized on a straight-line basis over the life of the related SBITA.

The estimated useful lives for the County's capital assets are as follows:

Asset Class	Primary Government	ABC Board
Buildings	20-60 years	
Plant and distribution system	50 years	
Computer, equipment, and vehicles	3-5 years	4-10 years
Leasehold improvements		10-40 years

9. 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 the following items that meet this criteria – a charge on refunding, pension related deferrals, and OPEB related 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 the following items that meet the criteria for this category - prepaid taxes, leases, property taxes receivable, health clinic receivables, unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), pension related deferrals and OPEB related deferrals.

10. 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 on the statements of net position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources. Bond premiums and discounts are amortized over the life of the loan using the straight-line method. Bonds payable are recorded net of any applicable premiums or discounts. Bond issuance costs, except for prepaid insurance costs, are expenses in the reporting period in which they are incurred.

The County's general obligation bonds were issued to finance the construction of facilities utilized in the operations of the southeast water district system and are being retired by its resources and reported as long-term debt in the Southeast Water District Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirement are appropriated when due.

The County has constructed new school facilities, county office facilities, made water system improvements and purchased equipment under private-placement loan agreements, limited obligation bonds, loans from the North Carolina Department of Environment and Natural Resources, and the United States Department of Agriculture. Loan agreements are recorded in the appropriate columns of the government-wide and proprietary fund financial statements. The southeast water district issued revenue bonds to construct water lines within the district. Loan agreements are recorded in the proprietary fund financial statements.

11. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned, and the ABC Board employees may accumulate up to forty days earned vacation leave. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide and proprietary funds.

The sick leave policies of the County 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 neither the County nor the ABC Board has any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

12. Net Position/Fund Balances

Net Position

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

Nonspendable 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.

Leases – 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 revenue sources that are restricted to specific purposes externally imposed or imposed by law.

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

Restricted for Emergency Telephone – portion of fund balance restricted by state statute to enhance the County's 911 system

Restricted for Law Enforcement – portion of fund balance restricted by state statute for law enforcement

Restricted for Fire Protection – portion of fund balance restricted by revenue source for fire protection

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for economic and physical development

Restricted for Human Services – portion of fund balance that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program

The difference in restricted fund balance on Exhibit C from restricted net position on Exhibit A is ROD pension plan of $95,825.

Committed Fund Balance - This classification represents the portion of fund balance that can only be used for specific purpose imposed by majority vote of Chatham County's Governing Board (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing board.

Committed for Tax Revaluation – portion of fund balance that can only be used for Tax Revaluation

Committed for Capital Projects - portion of fund balance to be used for the construction of capital projects. The governing board has adopted an ordinance committing these funds to these projects.

Committed for LEO Special Separation Allowance – portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations

Committed for Housing Trust – portion of fund balance to be used for Board designated affordable housing projects. The governing board has adopted a policy committing the use of these funds for emergency housing and affordable housing incentive programs.

Committed for Land Preservation – portion of fund balance to be used for Board designated farmland preservation projects. The governing board has adopted a plan committing the use of these funds for farmland preservation plans and initiatives.

Assigned Fund Balance - Portion of fund balance that Chatham County's governing board has budgeted for specific purposes

Subsequent Year's Expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing board approves the appropriation; however, the budget ordinance authorizes the manager to make certain modifications utilizing a contingency line item without requiring Board approval.

Assigned for General Government - portion of fund balance budgeted by the Board for capital reserve expenditures

Assigned for Education - portion of fund balance budgeted by the Board for future education expenditures

Assigned for Cultural and Recreation - portion of fund balance budgeted by the Board for cultural and recreation expenditures

Assigned for Public Safety – portion of fund balance budgeted by the Board for future emergency vehicle expenditures

Unassigned Fund Balance - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds

The General Fund may report a positive unassigned fund balance. In governmental funds other than the General fund, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned for those purposes.

Chatham County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-County funds, and/or 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.

Chatham County has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the County in such a manner that unassigned fund balance is at least equal to or greater than 20% of the previous annual operating budget.

Reconciliation of the Statement of Revenues, Expenditures, and Fund Balance – Budget and Actual – General Fund to the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds

The Coal Ash Fund, Law Enforcement Separation Allowance Fund, Housing Trust Fund, Land Preservation Fund and Revaluation Fund are consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds (Exhibit D). Fund balance for the General Fund is reconciled as follows:

	Revaluation Fund	Coal Ash Fund	Housing Trust Fund	Land Preservation Fund	Law Enforcement Separation Allowance Fund	Total
Fund balance, ending - General Fund (Exhibit F)	$ -	$ -	$ -	$ -	$ -	$ 74,878,045
Revenues:						
Investment earnings	-	161,461	26,881	-	37,150	225,492
Other general revenues	-	-	-	-	245,000	245,000
Total revenues	-	161,461	26,881	-	282,150	470,492
Expenditures:						
General government	204,528	-	-	-	-	204,528
Public safety	-	-	-	-	151,301	151,301
Economic and physical development	-	18,085	462,956	-	-	481,041
Total expenditures	204,528	18,085	462,956	-	151,301	836,870
Revenues over (under) expenditures	(204,528)	143,376	(436,075)	-	130,849	(366,378)
Other Financing Sources (Uses):						
Transfers in	500,000	-	939,859	615,635	-	2,055,494
Total other financing sources (uses)	500,000	-	939,859	615,635	-	2,055,494
Revenues and other financing sources over (under) expenditures and other financing uses	295,472	143,376	503,784	615,635	130,849	1,689,116
Fund Balance:						
Beginning of year - July 1	635,094	4,854,994	837,781	968,553	1,067,326	8,363,748
End of year - June 30	$ 930,566	$ 4,998,370	$ 1,341,565	$ 1,584,188	$ 1,198,175	10,052,864
Total ending fund balance (Exhibit D)						$ 84,930,909

13. Defined Benefit-Cost Sharing Plans

The County participates in two cost-sharing, multiple-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 asset or 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 in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments for all plans are reported at fair value.

F. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position.

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide Statement of Net Position. The net adjustment of $(75,397,312) consists of the following:

Capital assets (net) used in governmental activities are not financial resources and are, therefore, not reported in the funds	$	142,456,205
Assets and liabilities of the Self-Insurance Internal Service Fund used by management to account for certain insurance costs are included in the governmental activities in the Statement of Net Position.		11,632,903
Charges related to advance refunding bond issue		1,335,681
Net pension asset		95,825
Right-to-use assets		2,013,038
Pension related deferred outflows		15,643,209
OPEB related deferred outflows		3,840,188
Pension related deferred inflows		(936,812)
OPEB related deferred inflows		(3,330,708)
Deferred inflows of resources for taxes and other receivables		4,437,246
Liabilities that because they are not due and payable in the current period, do not require current resources to pay and are not reported in the fund statements:		
Bonds and installment financing		(213,278,924)
Compensated absences		(2,809,211)
Net pension liability - LGERS		(23,289,939)
Total pension liability - LEOSSA		(3,246,005)
Net OPEB liability		(9,960,008)
Total adjustment	$	(75,397,312)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. The total adjustment of $13,854,087 is comprised of the following:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	$ 3,816,992
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements	(5,308,512)
Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes resources of governmental funds. Neither transaction has any effect on net position. Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt.	
Debt proceeds, lease proceeds and premium	(932,445)
Principal payment, payments to escrow agent and amortization on long-term debt	17,754,437
Increase in accrued interest payable	182,038
Deferred charge on refunding	(106,365)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	5,180,658
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded in the fund statements.	
Compensated absences	(494,347)
OPEB plan expense	(210,666)
Pension expense:	
Local Government Employee Retirement System (LGERS)	(6,869,771)
Register of Deeds (LGERS-ROD)	(23,699)
Law Enforcement Officers Special Separation Allowance (LEOSSA)	(1,434,954)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded in the fund statements	47,401
Special item - acquisition of Council on Aging, net of depreciation	2,402,604
Net revenue of the Self-Insurance Internal Service Fund determined to be governmental-type	(149,284)
Total	$ 13,854,087

II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County'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 or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County 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 ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County 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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County 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 of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County and the ABC Board have no formal policy regarding custodial credit risk for deposits.

At June 30, 2024, the County's deposits had a carrying amount of $5,656,422 and a bank balance of $6,637,122. Of the bank balance, $512,287 was covered by federal depository insurance and $6,124,835 was covered by collateral held under the Pooling Method. The County had $1,900 of cash on hand at year-end.

At June 30, 2024, the carrying amount of deposits for Chatham County ABC Board was $800,352 and the bank balance was $730,683. All of the bank balance was covered by federal depository insurance except for $248,597.

2. Investments

As of June 30, 2024, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months	1-5 Years
US Government Agencies	Fair Value - Level 2	$133,447,830	$20,944,510	$20,860,249	$91,643,071
US Government Treasuries	Fair Value - Level 1	18,076,609	998,546	3,870,329	13,207,734
Commercial Paper	Fair Value - Level 2	7,291,798	7,291,798	-	-
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	67,730,774	67,730,774	-	-
Total		$ 226,547,011	$ 96,965,628	$ 24,730,578	$ 104,850,805

At June 30, 2024, the ABC Board had $113,235 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The ABC Board has no policy regarding credit risk.

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 rising interest rates, the County has an informal investment policy that requires purchases of securities to be tiered with staggered maturity dates and limits investment maturities to a maximum of 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, 2024, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2024. The County's investments in US Agencies (Federal Home Loan Bank) are rated AAA by Standard & Poor's and Aa1 by Moody's Investors Service.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's informal policy indicates that the County shall utilize 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. At June 30, 2024, all of the County's investments were in the County's name.

Concentration of Credit Risk. The County's informal investment policy does not limit the amount that the County may invest in any one issuer. The County makes every effort to maintain a diversified investment portfolio according to security type and institution and tries not to allow for an investment in one issuer in excess of 40% of the County's total investments unless the maturity date range and interest rate provides a better return on investment. More than 5% of the County's investments are in the following issuers:

	Percent of Total Investments
Federal Farm Credit Bank	23.43%
Federal Home Loan Bank	33.90%
Federal Home Loan Mortgage Corporation	20.50%
Federal National Mortgage Association	8.94%

3. 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.

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.

Year Levied	Tax	Interest	Total
2021	$ 6,698,138	$ 2,193,640	$ 8,891,778
2022	7,466,083	1,773,195	9,239,278
2023	7,616,810	1,123,479	8,740,289
2024	7,894,712	453,946	8,348,658
Total	$ 29,675,743	$ 5,544,260	$ 35,220,003

4. Receivables

Receivables at the government-wide level at June 30, 2024 were as follows:

	Taxes Receivable	Accounts Receivable	Interest Receivable	Lease Receivable	Due from Other Governments
Governmental Activities:					
General	$ 1,506,900	$ 1,073,021	$ 435,499	$ 1,793,423	$ 12,077,301
Other governmental	160,031	3,266,541	503,084	-	162,863
Internal service	-	8,376	69,086	-	-
Total	1,666,931	4,347,938	1,007,669	1,793,423	12,240,164
Allowance for doubtful accounts	502,587	-	-	-	-
Total governmental activities	$ 1,164,344	$ 4,347,938	$ 1,007,669	$ 1,793,423	$ 12,240,164
Business-Type Activities:					
Utility	$ -	$ 3,668,729	$ 151,982	$ -	$ 13,702
Southeast water district	-	298,523	7,428	-	-
Solid waste management	-	92,962	41,479	-	73,184
Total	-	4,060,214	200,889	-	86,886
Allowance for doubtful accounts	-	397,773	-	-	-
Total business-type activities	$ -	$ 3,662,441	$ 200,889	$ -	$ 86,886

Due from other governments that is owed to the County consists of the following:

Governmental Activities:	
Local option sales tax	$ 8,207,365
Sales tax refunds	897,803
Motor vehicle tax	920,298
Local municipalities	7,268
Federal and state grants	2,207,430
Total governmental activities	$ 12,240,164
Business-Type Activities:	
Solid waste disposal tax	$ 15,731
White goods disposal tax	10,326
Scrap tire tax	36,710
Federal and state grants	10,417
Local municipalities	13,702
Total business-type activities	$ 86,886

Lease Receivable

On July 1, 2021, the County entered into a 203-month lease as lessor for the use of Morehead Water Tank Tower – Governor's Club. An initial lease receivable was recorded in the amount of $1,062,125. As of June 30, 2024, the value of the lease receivable is $953,446. The lessee is required to make monthly fixed payments of $4,492. The lease has an interest rate of 2.0110%. The value of the deferred inflow as of June 30, 2024 is $874,538 and the County recognized lease revenue of $62,529 during the fiscal year. The lessee has three extension option(s), each for 60-months.

On July 1, 2021, the County entered into a 65-month lease as lessor for the use of USDA/FSA – AG Center. An initial lease receivable was recorded in the amount of $193,098. As of June 30, 2024, the value of the lease receivable is $87,419. The lessee is required to make monthly fixed payments of $3,052. The lease has an interest rate of .9800%. The value of the deferred inflow as of June 30, 2024 is $86,370 and the County recognized lease revenue of $35,576 during the fiscal year.

On July 1, 2021, the County entered into a 397-month lease as lessor for the use of Southwest Chatham Tower – HXR Revalued. An initial lease receivable was recorded in the amount of $114,877. As of June 30, 2024, the value of the lease receivable is $49,893. The lessee is required to make monthly fixed payments of $1,500. The lease has an interest rate of 3.7090%. The value of the deferred inflow as of June 30, 2024 is $47,081 and the County recognized lease revenue of $22,599 during the fiscal year. The lessee has five extension option(s), each for 60-months.

On July 18, 2022, the County entered into a 36-month lease as lessor for the use of Day Mark – 815 Sanford Road Remeasured. An initial lease receivable was recorded in the amount of $34,595. As of June 30, 2024, the value of the lease receivable is $11,751. The lessee is required to make monthly fixed payments of $991. The lease has an interest rate of 2.1840%. The value of the deferred inflow as of June 30, 2024 is $11,716 and the County recognized lease revenue of $11,716 during the fiscal year.

On July 1, 2021, the County entered into a 65-month lease as lessor for the use of Chatham County Art Council – 118 West Street. An initial lease receivable was recorded in the amount of $3,598. As of June 30, 2024, the value of the lease receivable is $1,317. The lessee is required to make monthly fixed payments of $190. The lease has an interest rate of 2.8940%. The value of the deferred inflow as of June 30, 2024 is $1,310 and the County recognized lease revenue of $2,284 during the fiscal year.

On July 1, 2023, the County entered into a 132-month lease as lessor for the use of Morehead/Chatham Tank – Sprint/T-Mobile. An initial lease receivable was recorded in the amount of $397,566. As of June 30, 2024, the value of the lease receivable is $372,437. The lessee is required to make monthly fixed payments of $2,875. The lease has an interest rate of 2.6580%. The value of the deferred inflow as of June 30, 2024 is $361,423 and the County recognized lease revenue of $36,142 during the fiscal year. The lessee has two extension option(s), each for 60-months.

On February 1, 2024, the County entered into a 300-month lease as lessor for the use of Seaforth 64 – Verizon Wireless. An initial lease receivable was recorded in the amount of $319,605. As of June 30, 2024, the value of the lease receivable is $317,160. The lessee is required to make monthly fixed payments of $1,200. The lease has an interest rate of 3.3550%. The value of the deferred inflow as of June 30, 2024 is $313,787 and the County recognized lease revenue of $5,318 during the fiscal year. The lessee has four extension option(s), each for 60-months.

Year Ending June 30	Governmental Activities	
	Principal	Interest
2025	$ 148,781	$ 40,137
2026	143,739	37,567
2027	101,071	35,171
2028	90,925	33,082
2029	96,233	30,913
2030-2034	601,411	115,499
2035-2039	420,319	52,525
2040-2044	85,382	25,383
2045-2049	105,562	8,634
Total	$ 1,793,423	$ 378,911

5. Capital Assets

Governmental capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Increases	Decreases	Transfers In (Out)	Balance July 1, 2024
Governmental activities:					
Non-Depreciable Assets:					
Land	$ 13,364,018	$ -	$ -	$ -	$ 13,364,018
Construction in progress	42,007,004	1,522,696	-	(3,448,135)	40,081,565
Total	55,371,022	1,522,696	-	(3,448,135)	53,445,583
Depreciable/Amortizable Assets:					
Buildings	99,154,020	2,157,651	-	2,738,089	104,049,760
Equipment and vehicles	26,381,952	2,207,455	513,597	710,046	28,785,856
Right-to-use leased assets	872,264	551,997	9,613	-	1,414,648
Right-to-use subscription assets	1,710,173	380,448	86,304	-	2,004,317
Total	128,118,409	5,297,551	609,514	3,448,135	136,254,581
Less Accumulated Depreciation/Amortization:					
Buildings	19,065,159	2,261,832	-	-	21,326,991
Equipment and vehicles	20,190,646	2,820,954	513,597	-	22,498,003
Right-to-use leased assets	193,012	232,732	9,613	-	416,131
Right-to-use subscription assets	482,455	593,645	86,304	-	989,796
Total	39,931,272	5,909,163	609,514	-	45,230,921
Depreciable/Amortizable assets, net	88,187,137	(611,612)	-	3,448,135	91,023,660
Total governmental activities capital assets, net	$ 143,558,159	$ 911,084	$ -	$ -	$ 144,469,243

Depreciation and amortization expenses were charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	$ 2,300,508
Public safety	2,625,181
Human services	313,985
Economic and physical development	252,514
Cultural and recreational	416,975
Total	$ 5,909,163

Enterprise Fund capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Increases	Decreases	Balance July 1, 2024
Utility Fund:				
Non-Depreciable Assets:				
Land	$ 484,753	$ -	$ -	$ 484,753
Construction in progress	10,967,745	2,043,739	-	13,011,484
Total	11,452,498	2,043,739	-	13,496,237
Depreciable/Amortizable Assets:				
Buildings	5,474,057	-	-	5,474,057
Equipment and vehicles	2,877,908	304,929	-	3,182,837
Distribution lines	49,354,350	-	-	49,354,350
Right-to-use leased assets	575	21,767	-	22,342
Right-to-use subscription assets	43,234	3,810	-	47,044
Total	57,750,124	330,506	-	58,080,630
Less Accumulated Depreciation/Amortization:				
Buildings	5,323,926	51,473	-	5,375,399
Equipment and vehicles	3,018,265	164,572	-	3,182,837
Distribution lines	16,642,162	1,066,164	-	17,708,326
Right-to-use leased assets	129	3,771	-	3,900
Right-to-use subscription assets	10,943	15,020	-	25,963
Total	24,995,425	1,301,000	-	26,296,425
Depreciable/Amortizable assets, net	32,754,699	(970,494)	-	31,784,205
Total Utility Fund capital assets, net	$ 44,207,197	$ 1,073,245	$ -	$ 45,280,442

	Balance July 1, 2023	Increases	Decreases	Balance July 1, 2024
Southeast Water District:				
Depreciable Assets:				
Distribution lines	$ 5,307,500	$ -	$ -	$ 5,307,500
Less Accumulated Depreciation:				
Distribution lines	1,275,497	106,338	-	1,381,835
Depreciable assets, net	4,032,003	(106,338)	-	3,925,665
Total Southeast Water District Fund capital assets, net	$ 4,032,003	$ (106,338)	$ -	$ 3,925,665
Solid Waste & Recycling Fund:				
Non-Depreciable Assets:				
Land	$ 495,505	$ -	$ -	$ 495,505
Depreciable/Amortizable Assets:				
Buildings	3,497,036	-	-	3,497,036
Equipment and vehicles	2,656,244	79,000	-	2,735,244
Right-to-use leased assets	279	10,148	-	10,427
Right-to-use subscription assets	69,378	1,849	-	71,227
Total	6,222,937	90,997	-	6,313,934
Less Accumulated Depreciation/Amortization:				
Buildings	2,029,693	51,892	-	2,081,585
Equipment and vehicles	2,188,110	231,863	-	2,419,973
Right-to-use leased assets	63	1,762	-	1,825
Right-to-use subscription assets	14,990	16,969	-	31,959
Total	4,232,856	302,486	-	4,535,342
Depreciable/Amortizable assets, net	1,990,081	(211,489)	-	1,778,592
Total Solid Waste Management Fund capital assets, net	$ 2,485,586	$ (211,489)	$ -	$ 2,274,097
Total Enterprise Fund capital assets	$ 50,724,786	$ 755,418	$ -	$ 51,480,204

6. Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets, net of depreciation/amortization	$ 144,469,243	$ 51,480,204
Less:		
Gross debt	(200,885,638)	(8,306,582)
Construction retainage payable	25,000	-
Premium on long-term obligations	(11,052,728)	-
Debt related to assets not owned by the County	134,975,759	-
Net capital debt	(76,937,607)	(8,306,582)
Net investment in capital assets	$ 67,531,636	$ 43,173,622

Deferred charge on refunding is not related to County's capital assets and is not included in the calculation of governmental Net Investment in Capital Assets.

7. Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Additions	Disposals	Balance June 30, 2024
ABC Board:				
Non-Depreciable Assets:				
Land	$ 206,623	$ -	$ -	$ 206,623
Depreciable and Amortizable Assets:				
Leasehold improvements	404,211	172,756	-	576,967
Furniture/equipment	2,613,490	-	-	2,613,490
Leased buildings	1,999,076	-	-	1,999,076
Total	5,016,777	172,756	-	5,189,533
Less Accumulated Depreciation and Amortization:				
Furniture/equipment and leasehold improvements	542,971	157,197	-	700,168
Leased buildings	350,779	232,360	-	583,139
Total	893,750	389,557	-	1,283,307
Total ABC Board capital assets, net	$ 4,329,650	$ (216,801)	$ -	$ 4,112,849

The ABC Board has recorded right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

The ABC Board has recorded three right to use leased assets. The assets are right to use assets for leased buildings. The related leases are discussed in the leases subsection of the liabilities section of this note. The right to use lease assets are amortized on a straight line-basis over the terms of the related leases.

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2024 were as follows:

	Vendors	Salaries and Benefits	Claims Liability	Total
Governmental Activities:				
General	$ 5,002,334	$ 1,797,120	$ -	$ 6,799,454
Internal service	-	-	707,000	707,000
Other governmental	311,228	3,303	-	314,531
Total governmental activities	$ 5,313,562	$ 1,800,423	$ 707,000	$ 7,820,985
Business-Type Activities:				
Utility	$ 938,532	$ 81,865	$ -	$ 1,020,397
Southeast water district	53,300	-	-	53,300
Solid waste management	47,612	75,176	-	122,788
Total business-type activities	$ 1,039,444	$ 157,041	$ -	$ 1,196,485

2. Pension Plan and Other Post-Employment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's 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 at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. 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 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, 2024, was 14.10% of compensation for law enforcement officers and 12.85% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were $5,101,903 for the year ended June 30, 2024.

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

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

At June 30, 2024, the County reported a liability of $25,187,931 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022.

The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The 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, 2024, the County's proportion was .380% (measured as of June 30, 2023), which was an increase of .014% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of $7,199,400. At June 30, 2024, 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
Difference between expected and actual experience	$ 2,806,681	$ 60,423
Changes of assumptions	1,070,342	-
Net difference between projected and actual earnings on pension plan investments	6,741,393	-
Changes in proportion and difference between County contributions and proportionate share of contributions	222,133	164,671
County contributions subsequent to the measurement date	5,101,903	-
Total	$ 15,942,452	$ 225,094

The $5,101,903 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, 2025. 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	Amount
2025	$ 3,800,587
2026	1,950,681
2027	4,579,126
2028	285,061
2029	-
Thereafter	-
Total	$ 10,615,455

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

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

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

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

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

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

Asset Class	Target Allocation	Expected Real Rate of Return
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
Total	100.0%	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability and investment policy of 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 6.50%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits 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)	$43,637,101	$25,187,931	$9,998,846

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

The 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 55 years of age and have completed five or more years 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 the December 31, 2022 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Active plan members	91
Total	98

2. 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 Statement 73.

3. Actuarial Assumptions

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

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

The discount rate 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, 2022 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. Other key assumptions include:

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.

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.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County paid $138,533 as benefits came due for the reporting period. Administration costs of the separation allowance are paid in the General Fund. There were no contributions made by employees.

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

At June 30, 2024, the County reported a total pension liability of $3,246,005. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was rolled forward to December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the County recognized pension expense of $327,904.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 258,255	$ 210,543
Changes of assumptions	491,346	513,894
County benefit payments and plan administrative expense made subsequent to the measurement date	72,278	-
Total	$ 821,879	$ 724,437

The County paid $72,278 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pension which will be recognized as a decrease of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	$ 50,429
2026	57,145
2027	10,464
2028	(93,173)
2029	(20,654)
Thereafter	20,953
Total	$ 25,164

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 4.00%, 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 (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	$ 3,575,380	$ 3,246,005	$ 2,951,198

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

	2024
Beginning balance	$ 2,802,608
Service cost	150,754
Interest on the total pension liability	117,807
Differences between expected and actual experience	225,080
Changes of assumptions or other inputs	88,289
Benefit payments	(138,533)
Net pension obligation, end of year	$ 3,246,005

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.31% at June 30, 2023 to 4.00% at June 30, 2024.

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.

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

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 the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024 were $368,038, which consisted of $293,039 from the County and $74,999 from law enforcement officers. No amounts were forfeited.

d. Supplemental Retirement Income Plan of North Carolina 401(k)

Plan Description. The County contributes to the Supplemental Retirement Income Plan of North Carolina 401(k) (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all employees not engaged in law enforcement who work more than 20 hours of each week and who are not already receiving supplemental retirement benefits. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. The County contributes each month an amount equal to five percent (5.0%). Also, the employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2024 were $2,155,684, which consisted of $1,660,989 from the County and $494,695 from employees.

e. Deferred Compensation Plan

Plan Description. 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 employees not engaged in law enforcement, 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 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. 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 not reported within the County's Custodial Funds.

Funding Policy. The County does not contribute to the deferred compensation plan. Employees may make voluntary contributions to the plan. Contributions from employees for the year ended June 30, 2024 were $46,523.

f. Registers of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing multiple-employer benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local 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 Resisters of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were $6,477 for the year ended June 30, 2024.

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

At June 30, 2024, the County reported an asset of $95,825 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2024, the County's proportion was 0.797% (measured as of June 30, 2023), which was a decrease of 0.027% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of $23,698. At June 30, 2024, 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
Difference between expected and actual experience	$ -	$ 4,242
Net difference between projected and actual earnings on pension plan investments	48,674	-
Changes in proportion and difference between County contributions and proportionate share of contributions	25,042	-
County contributions subsequent to the measurement date	6,477	-
Total	$ 80,193	$ 4,242

$6,477 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, 2025.

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	Amount
2025	$ 34,447
2026	17,826
2027	14,130
2028	3,071
2029	-
Thereafter	-
Total	$ 69,474

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

Inflation	2.50 percent
Salary increases	3.25 to 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.

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

Future and ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 99.8% 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 0.9%.

The information above is based on 30-year expectations developed with the consulting actuary as part of a study that was completed in early 2022, and is part of the asset, liability and investment policy of 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%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension asset is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits 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:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	$ (65,412)	$ (95,825)	$ (121,469)

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.

g. Pension (Asset) Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension asset (liability) for LGERS and ROD was measured as of June 30, 2023, and the total pension liability used to calculate the net position liability (asset) was determined by an actuarial valuation as of December 31, 2022. The total pension liability for LEOSSA was measured as of December 31, 2023, with an actuarial valuation date of December 31, 2022. 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 expenses:

	LGERS	ROD	LEOSSA	Total
Proportionate share of net pension (asset) liability	$ 25,187,931	$ (95,825)	n/a	$ 25,092,106
Proportion of the net pension asset (liability)	0.38031%	-0.79741%	n/a	-
Total pension liability	-	-	3,246,005	3,246,005
Pension expense	7,199,400	23,698	327,904	7,551,002

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	$ 2,806,681	$ -	$ 258,255	$ 3,064,936
Changes of assumptions	1,070,342	-	491,346	1,561,688
Net difference between projected and actual earnings on pension plan investments	6,741,393	48,674	-	6,790,067
Changes in proportion and differences between County contributions and proportionate share of contributions	222,133	25,042	-	247,175
County contributions (LGERS,ROD)/benefits payments and administration costs (LEOSSA) subsequent to the measurement date	5,101,903	6,477	72,278	5,180,658
	$ 15,942,452	$ 80,193	$ 821,879	$ 16,844,524
Deferred Inflows of Resources				
Differences between expected and actual experience	$ 60,423	$ 4,242	$ 210,543	$ 275,208
Changes of assumptions	-	-	513,894	513,894
Changes in proportion and differences between County contributions and proportionate share of contributions	164,671	-	-	164,671
	$ 225,094	$ 4,242	$ 724,437	$ 953,773

h. Other Post-Employment Benefits

Healthcare Benefits

Plan Description. Under the terms of resolutions, the County administers a single employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. On September 25, 2019, the ABC Board voted to approve the revised "Retiree's Benefit Section" of the personnel policy manual. This section eliminated the other post-employee benefit plan and replaced it with a Retiree Longevity Payout Plan.

Benefits Provided. Retirees qualify for benefits provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the County. Retirees who do not meet the aforementioned criteria have the option to purchase basic medical insurance for themselves and their dependents through the County for eighteen months. The County is self-insured for its healthcare coverage and contributes funding for all employee groups annually. Currently, 21 retirees are eligible for post-employment health benefits. Eligible retirees who elect this coverage will be enrolled in the group health plan. For members that retire with at least 30 years of service, the County pays 100% of the premium cost for pre-medicare eligible health coverage for the retiree. For

members that retire with at least 25 years of service, the County pays 75% of the premium cost for pre-medicare eligible health coverage. For members that retire with at least 20 years of service, the County pays 50% of the premium cost for pre-Medicare eligible health coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The plan may be amended by the Board of Commissioners. A separate report was not issued for the plan.

Years of County Service at Retirement	County Contribution
30 or more	100.00%
25-29	75.00%
20-24	50.00%
Less than 20	Not eligible

Membership of the other post-employment health benefit plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Retirees receiving benefits	28
Active plan members	513
Total	541

Total OPEB Liability

The County's total OPEB liability of $10,771,689 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

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%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation	
General employees	3.25% - 8.41%
Law enforcement officers	3.25% - 7.90%
Municipal Bond Index Rate (discount):	
Prior measurement date	3.54%
Measurement date	3.65%
Healthcare cost trends, pre-Medicare	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2032

The discount rate used to measure the total OPEB liability was based on 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 total OPEB liability.

Changes in the total OPEB Liability:

Total OPEB Liability as of June 30, 2023	$ 10,353,412
Changes for the year:	
Service cost	579,256
Interest	377,766
Differences between expected and actual experience	126,889
Changes of assumptions or other inputs	(138,400)
Benefit payments	(527,234)
Net changes	418,277
Total OPEB Liability as of June 30, 2024	$ 10,771,689

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 performed 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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	$ 12,108,495	$ 10,771,689	$ 9,604,140

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

	1% Decrease	Current	1% Increase
Total OPEB liability	$ 9,275,043	$ 10,771,689	$ 12,598,001

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

For the year ended June 30, 2024, the County recognized OPEB expense of $1,140,127. At June 30, 2024, 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
Difference between expected and actual experience	$ 1,352,224	$ 2,343,028
Changes of assumptions	2,273,683	1,259,113
Benefit payments and administrative costs made subsequent to the measurement date	527,234	-
Total	$ 4,153,141	$ 3,602,141

$527,234 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2025	$ 172,827
2026	205,775
2027	134,944
2028	10,461
2029	(26,143)
Thereafter	(474,098)
Total	$ 23,766

i. 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 multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the system, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will 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 payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

The County has also elected to provide enrollment in additional term life and accidental death and dismemberment insurance to employees. The plan, which is available to all County employees who work 30 hours or more per week, is valued at $10,000. Employees may elect to purchase additional coverage for themselves or their dependents at additional cost. Any benefit elections purchased in excess of $50,000 are considered taxable to the employee as a fringe benefit.

4. Deferred Outflows and Inflows of Resources

The County has several deferred inflows and outflows of resources. The deferred amounts are comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charges on refunding of debt	$ 1,335,681	$ -
Pension deferrals	16,844,524	953,773
OPEB deferrals	4,153,141	3,602,141
Leases	-	1,696,225
Prepaid taxes not yet earned (general)	-	310,633
Prepaid taxes not yet earned (special revenue)	-	134
Total	$ 22,333,346	$ 6,562,906

5. Closure and Post-Closure Landfill Costs

The County closed its landfill facility in October 1993 and placed a cover on the site. The County is required to perform semi-annual monitoring functions at the site. Costs that relate to monitoring activities are expensed as incurred. Post-closure costs for the fiscal year ended June 30, 2024 were approximately $31,847. As a result of the monitoring, the County submitted an assessment and remediation plan pursuant to NC Administrative Code 13B in November 1998 to the North Carolina Department of Environment and Natural Resources Division of Waste Management. The plan required the County to purchase land adjacent to the site as a buffer zone. All necessary property to provide the buffer zone was purchased and the project was completed during the fiscal year ending June 30, 2009. Future post-closure costs is an estimate subject to changes resulting from inflation, technology, or changes in applicable laws or regulations. Future post-closure costs will be expensed as incurred.

6. Risk Management

The County and the ABC Board are 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 County purchases insurance for property, general liability, automobile, errors and omissions, law enforcement liability and employment practices liability. The County's property is insured based on replacement cost up to a limit of $238,585,941. The County carries flood insurance for non-flood zones with a limit of coverage of $5,000,000. General liability law enforcement, public official, employment practices and employee benefit liability have a $1,000,000 per occurrence limit, with a $3,000,000 total aggregate and automobile liability of $1,000,000 per occurrence. The County purchases a $5,000,000 umbrella over all of the casualty coverage. The County carries a workers' compensation policy that has a $1,000,000 per occurrence limit, with a $1,000,000 per employee limit and a total $1,000,000 policy limit. The County self-insures for employee health coverage, which is administered by a private company, with a stop loss provision of $180,000 per occurrence. The maximum lifetime benefit is unlimited, in accordance with health care reform. The County carries commercial insurance coverage above these limits. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years. In accordance with G.S. 159-29, the County's employees that

have access to $100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Register of Deeds and Tax Collector were each individually bonded for $100,000. The Finance Officer was individually bonded for $1,000,000. The Sheriff is individually bonded for $25,000. The remaining employees that have access to funds are bonded under a blanket bond for $300,000.

The ABC Board has commercial property, general liability, auto liability, liquor legal liability, workmen's compensation and employee health coverage. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the last three fiscal years. Each board member and employees designated as general manager and finance officer are bonded in the amount of $50,000 secured by a corporate surety.

7. Contingent Liabilities and Commitments

At June 30, 2024, 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 County self-insures for employee health coverage. The County has recorded a liability in its Self-Insurance Internal Service Fund for estimated unfiled insurance claims.

The following is a reconciliation of the changes in the liability for claims and judgments for the prior two fiscal years:

Accrued claims and judgments, June 30, 2023	$ 424,000
Additions	8,762,874
Benefits paid	(8,479,874)
Accrued claims and judgments, June 30, 2024	$ 707,000

8. Long-Term Obligations

a. Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On 07/01/2021, Chatham County, NC entered into a 64 month ease as Lessee for the use of Sheriff's Office - Goldston. An initial lease liability was recorded in the amount of $18,715. As of 06/30/2024, the value of the lease liability is $8,301, and the value of the short-term lease liability is $3,534. Chatham County, NC is required to make monthly fixed payments of $300. The lease has an interest rate of 0.9800%. The value of the right to use asset as of 06/30/2024 is $18,715 with accumulated amortization of $10,527.

On 07/01/2021, Chatham County, NC entered into a 78 month lease as Lessee for the use of Sheriff's Office - Pittsboro. An initial lease liability was recorded in the amount of $184,623. As of 06/30/2024, the value of the lease liability is $102,600, and the value of the short-term lease liability is $28,841. Chatham County, NC is required to make monthly fixed payments of $2,000. The lease has an interest rate of 1.2960%. The value of the right to use asset as of 06/30/2024 is $184,623 with accumulated amortization of $85,211.

On 07/01/2021, Chatham County, NC entered into a 80 month lease as Lessee for the use of Sheriff's Office - Siler City - 134 Village Lake Drive. An initial lease liability was recorded in the amount of $191,684. As of 06/30/2024, the value of the lease liability is $107,371, and the value of the short-term lease liability is $28,779. Chatham County, NC is required to make monthly fixed payments of $2,500. The lease has an interest rate of 1.2960%. The value of the right to use asset as of 06/30/2024 is $191,684 with accumulated amortization of $86,258. Chatham County, NC has 2 extension option(s), each for 60 months.

On 07/01/2021, Chatham County, NC entered into a 71 month lease as Lessee for the use of Sheriff's Office - Siler City - 124 Village Lake Drive. An initial lease liability was recorded in the amount of $57,219. As of 06/30/2024, the value of the lease liability is $55,351, and the value of the short-term lease liability is $18,462. Chatham County, NC is required to make monthly fixed payments of $1,650. The lease has an interest rate of 2.8510%. The value of the right to use asset as of 06/30/2024 is $114,090 with accumulated amortization of $58,747. Chatham County, NC has 1 extension option(s), each for 24 months. The Lessor has 1 extension option(s), each for 36 months.

On 03/01/2023, Chatham County, NC entered into a 72 month lease as Lessee for the use of Asarum Ventures - Platinum Commons - Suites D,E-1 & F. An initial lease liability was recorded in the amount of $399,284. As of 06/30/2024, the value of the lease liability is $315,346, and the value of the short-term lease liability is $64,271. Chatham County, NC is required to make monthly fixed payments of $6,000. The lease has an interest rate of 2.7020%. The value of the right to use asset as of 06/30/2024 is $399,284 with accumulated amortization of $88,730. Chatham County, NC has 1 extension option(s), each for 12 months.

On 10/28/2022, Chatham County, NC entered into a 36 month lease as Lessee for the use of Pitney Bowes - Manager Send Pro P. An initial lease liability was recorded in the amount of $11,979. As of 06/30/2024, the value of the lease liability is $5,607, and the value of the short-term lease liability is $4,467. Chatham County, NC is required to make quarterly fixed payments of $1,149. The lease has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2024 is $11,979 with accumulated amortization of $6,689.

On 12/01/2023, Chatham County, NC entered into a 60 month lease as Lessee for the use of Pitney Bowes - DSS Send Pro P. An initial lease liability was recorded in the amount of $19,664. As of 06/30/2024, the value of the lease liability is $17,769, and the value of the short-term lease liability is $3,716. Chatham County, NC is required to make quarterly fixed payments of $1,070. The lease has an interest rate of 3.4510%. The value of the right to use asset as of 06/30/2024 is $19,664 with accumulated amortization of $2,259.

On 09/05/2023, Chatham County, NC entered into a 60 month lease as Lessee for the use of Sharp Business Systems. An initial lease liability was recorded in the amount of $507,378. As of 06/30/2024, the value of the lease liability is $434,225, and the value of the short-term lease liability is $99,879. Chatham County, NC is required to make monthly fixed payments of $9,184. The lease has an interest rate of 2.6560%. The value of the right to use asset as of 06/30/2024 is $507,378 with accumulated amortization of $83,435.

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

Year Ending	Governmental Activities		Business-Type Activities	
June 30	Principal	Interest	Principal	Interest
2025	$ 245,348	$ 21,870	$ 6,601	$ 658
2026	247,982	16,036	6,533	481
2027	248,736	10,164	6,625	307
2028	210,007	4,543	6,803	129
2029	66,784	567	1,151	4
Total	$ 1,018,857	$ 53,180	$ 27,713	$ 1,579

ABC Board

The Board has entered into agreements to lease certain retail store buildings. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception.

The first agreement was executed on December 20, 2022 to lease a store building (Store #1) and requires 60 monthly payments of $5,833. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.50%, which is the Board's incremental borrowing rate. As a result of the lease, the Board has recorded a right to use asset with a net book value of $232,828 at June 30, 2024.

The second agreement was executed on October 1, 2021 to lease a store building (Store #3) and requires 60 monthly payments of $4,966. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.50%, which is the Board's incremental borrowing rate. As a result of the lease, the Board has recorded a right to use asset with a net book value of $127,412 at June 30, 2024.

The third agreement was executed on December 23, 2019 to lease a store building (Store #4) and requires 180 monthly payments of $10,417. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.50%, which is the Board's incremental borrowing rate. As a result of the lease, the Board has recorded a right to use asset with a net book value of $1,055,696 at June 30, 2024.

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

Year Ending June 30	Principal	Interest
2025	$ 205,769	$ 65,984
2026	223,552	56,362
2027	189,815	46,698
2028	146,893	38,867
2029	117,446	33,302
2030-2034	675,494	75,046
Total	$ 1,558,969	$ 316,259

b. Subscriptions

The County has entered into subscription-based information technology arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

On 07/01/2022, Chatham County, NC entered into a 39 month subscription for the use of GovAccess License. An initial subscription liability was recorded in the amount of $36,653. As of 06/30/2024, the value of the subscription liability is $12,906, and the value of the short-term subscription liability is $12,906. Chatham County, NC is required to make annual fixed payments of $11,962. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 is $36,653 with accumulated amortization of $22,289.

On 10/01/2022, Chatham County, NC entered into a 32 month subscription for the use of ClearGov - Civic Edition. An initial subscription liability was recorded in the amount of $55,831. As of 06/30/2024, the value of the subscription liability is $23,5, and the value of the short-term subscription liability is $23,224. Chatham County, NC is required to make annual fixed payments of $23,040. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 is $58,231 with accumulated amortization of $37,056.

On 07/01/2022, Chatham County, NC entered into a 26 month subscription for the use of JailCore Software. An initial subscription liability was recorded in the amount of $12,039. As of 06/30/2024, the value of the subscription liability is $0, and the value of the short-term subscription liability is $0. Chatham County, NC is required to make annual fixed payments of $6,600. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2024 is $12,039 with accumulated amortization of $10,917. Chatham County, NC had a termination period of 1 month as of the subscription commencement.

On 07/06/2022, Chatham County, NC entered into a 36 month subscription for the use of ESRI Enterprise. An initial subscription liability was recorded in the amount of $161,499. As of 06/30/2024, the value of the subscription liability is $53,824, and the value of the short-term subscription liability is $53,824. Chatham County, NC is required to make annual fixed payments of $55,000. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 is $161,499 with accumulated amortization of $106,918.

On 08/01/2022, Chatham County, NC entered into a 36 month subscription for the use of Microsoft Enterprise License. An initial subscription liability was recorded in the amount of $644,359. As of 06/30/2024, the value of the subscription liability is $214,753, and the value of the short-term subscription liability is $214,753. Chatham County, NC is required to make annual fixed payments of $219,443. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 is $644,359 with accumulated amortization of $411,674. Chatham County, NC has 1 extension option(s), each for 36 months.

On 07/01/2022, Chatham County, NC entered into a 35 month subscription for the use of DebtBook Software. An initial subscription liability was recorded in the amount of $24,247. As of 06/30/2024, the value of the subscription liability is $0, and the value of the short-term subscription liability is $0. Chatham County, NC is required to make annual fixed payments of $12,500. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 is $27,997 with accumulated amortization of $19,198.

On 07/01/2022, Chatham County, NC entered into a 60 month subscription for the use of SmartGov. An initial subscription liability was recorded in the amount of $48,392. As of 06/30/2024, the value of the subscription liability is $29,905, and the value of the short-term subscription liability is $9,434. Chatham County, NC is required to make annual fixed payments of $9,559. The subscription has an interest rate of 2.3660%. The value of the right to use asset as of 06/30/2024 is $48,392 with accumulated amortization of $19,357.

On 07/01/2022, Chatham County, NC entered into a 36 month subscription for the use of Comper Pro. An initial subscription liability was recorded in the amount of $97,920. As of 06/30/2024, the value of the subscription liability is $28,136, and the value of the short-term subscription liability is $28,136. Chatham County, NC is required to make annual fixed payments of $42,250. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2024 is $97,920 with accumulated amortization of $65,280.

On 02/20/2023, Chatham County, NC entered into a 36 month subscription for the use of Varonis. An initial subscription liability was recorded in the amount of $256,343. As of 06/30/2024, the value of the subscription liability is $85,535, and the value of the short-term subscription liability is $85,535. Chatham County, NC is required to make annual fixed payments of $87,807. The subscription has an interest rate of 2.6560%. The value of the right to use asset as of 06/30/2024 is $256,343 with accumulated amortization of $116,541.

On 07/01/2022, Chatham County, NC entered into a 54 month subscription for the use of DevNet. An initial subscription liability was recorded in the amount of $393,048. As of 06/30/2024, the value of the subscription liability is $159,722, and the value of the short-term subscription liability is $68,260. Chatham County, NC is required to make quarterly fixed payments of $60,285. The subscription has an interest rate of 0.6860%. The value of the right to use asset as of 06/30/2024 is $393,048 with accumulated amortization of $174,688.

On 01/01/2024, Chatham County, NC entered into a 36 month subscription for the use of OpenGov Software 2024 Main. An initial subscription liability was recorded in the amount of $240,886. As of 06/30/2024, the value of the subscription liability is $163,449, and the value of the short-term subscription liability is $78,174. Chatham County, NC is required to make annual fixed payments of $77,438. The subscription has an interest rate of 2.5330%. The value of the right to use asset as of 06/30/2024 is $240,886 with accumulated amortization of $40,148.

On 03/06/2024, Chatham County, NC entered into a 24 month subscription for the use of Varonis Addition 2024. An initial subscription liability was recorded in the amount of $79,376. As of 06/30/2024, the value of the subscription liability is $52,466, and the value of the short-term subscription liability is $52,466. Chatham County, NC is required to make annual fixed payments of $26,910. The subscription has an interest rate of 2.5700%. The value of the right to use asset as of 06/30/2024 is $79,376 with accumulated amortization of $12,678.

On 01/01/2024, Chatham County, NC entered into a 36 month subscription for the use of OpenGov Software 2024 Module. An initial subscription liability was recorded in the amount of $65,846. As of 06/30/2024, the value of the subscription liability is $43,346, and the value of the short-term subscription liability is $21,402. Chatham County, NC is required to make annual fixed payments of $22,500. The subscription has an interest rate of 2.5330%. The value of the right to use asset as of 06/30/2024 is $65,846 with accumulated amortization of $10,974.

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

Year Ending	Governmental Activities		Business-Type Activities	
June 30	Principal	Interest	Principal	Interest
2025	$ 613,529	$ 16,500	$ 34,585	$ 1,300
2026	175,948	3,211	9,961	484
2027	22,733	71	10,510	249
Total	$ 812,210	$ 19,782	$ 55,056	$ 2,033

c. 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. Chatham County's southeast water district issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the southeast water district, are collateralized by the full faith, credit, and taxing power of the district. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the County under this agreement.

The County's general obligation bonds payable at June 30, 2024 is comprised of the following individual issue:

Serviced by the County's Southeast Water District:

$3,200,000 Bonds issued March 23, 2010, interest at 4%; due serially to 2049	$ 2,575,000

Annual debt service requirements to maturity for the County's and the district's general obligation bonds and bond anticipation notes are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2025	$ 63,000	$ 103,000
2026	65,000	100,480
2027	68,000	97,880
2028	70,000	95,160
2029	73,000	92,360
2030-2034	412,000	415,560
2035-2039	501,000	326,240
2040-2044	611,000	217,640
2045-2049	712,000	85,400
Total	$ 2,575,000	$ 1,533,720

d. Revenue Bonds

In March 2010, the County's Southeast Water District issued $1,886,000 of direct placement revenue bonds through the USDA to provide funds for the acquisition and construction of major water system capital improvements. The revenue bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or upon its income, receipts, or revenues. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any or its property in connection with any default under the bond order.

The County's revenue bonds payable at June 30, 2024 are comprised of the following individual issues:

Serviced by the County's Southeast Water District:	
$262,000 bonds issued March 23, 2010, interest at 4%; due serially to 2049	$ 212,000
$1,624,000 bonds issued March 23, 2010, interest at 4%; due serially to 2049	1,270,000
Total	$ 1,482,000

Annual debt service requirements to maturity for the southeast water district's revenue bonds are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2025	$ 39,000	$ 49,755
2026	40,000	48,450
2027	41,000	47,113
2028	43,000	45,743
2029	44,000	44,300
2030-2034	245,000	198,248
2035-2039	289,000	154,338
2040-2044	341,000	102,443
2045-2049	400,000	41,213
Total	$ 1,482,000	$ 731,603

The County has been in compliance with the covenants as to service charges in Section 5.01 of the bond order, authorizing the issuance of the Water Revenue Bond Series 2010 A and B since its adoption in 2010. Section 5.01 of the Bond Order requires the debt service coverage ratio to be no less than 110%.

The debt service coverage ratio calculation for the year ended June 30, 2024 is as follows:

Operating revenues	$ 919,460
Operating expenses	500,000
Operating income*	419,460
Non-operating revenues (expenses)**	(65,860)
Income available for debt service	$ 353,600
Debt service, principal and interest paid (revenue bond only)	$ 88,682
Debt service coverage ratio	399%

* Per revenue covenants, this does not include depreciation of $106,338.

** Per revenue covenants, this does not include revenue bond interest of $50,682

e. Other Long-Term Obligations

The County has executed various other long-term obligations including Quality School Construction Bonds, certificates of participation, private placement loans, and state revolving loans for the purpose of property acquisition and construction.

As authorized by state law G.S. 160A-20 and 153A-158.1, the County has financed a portion of these property acquisitions for use by the Chatham County Board of Education. The installment purchases were issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with the Chatham County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease term is the same as that of the installment purchase obligation. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education.

Other long-term debt payables by the County at June 30, 2024 are comprised of the following individual issues:

Governmental Activities:	
Direct Placements:	
$21,940,000 loan with United States Department of Agriculture (USDA); Total loan amount includes three separate loans with USDA; Due in annual installments with interest at 3.125%; maturing in 2053 collateralized by real estate	$ 18,291,680
$7,120,000 refunding private placement loan with PNC Bank. Original loan with Capital Bank for the construction of a joint County and Central Carolina Community College (CCCC) library and CCCC classroom facility on the CCCC campus in Pittsboro and CCCC classroom facilities in Siler City. Due in annual principal payments and semi-annual interest payments with interest at 2.160%, maturing in 2029, collateralized by real estate	3,300,000
$18,151,334 loan with Banc of America; Proceeds to be used for the upgrade and enhancement of the County's emergency communications/radio system, including construction of several communication towers. Due in annual principal payment and semi-annual interest payments with interest at 1.566%, maturing in 2030, collateralized by equipment.	10,890,630
Qualified School Construction Bonds (QSCB) in the amount of $4,396,129 issued on July 23, 2010: due serially to 2025 with interest at 6.11%; collateralized by real estate including a school building; the QSCB permits a subsidy to the County at 5.34%. Due to federal government sequestration the amount of interest credit received has been reduced by 8.7%.	586,150
Total direct placements	33,068,460

Other Long-Term Obligations:	
Limited Obligation Bonds Series 2012 in the amount of $6,717,498 issued April 5, 2012; interest at 1.00% to 5.00 %; due serially to 2029. Proceeds used for renovations to a County office building and renovations to an existing high school facility; collateralized by the real estate	1,971,111
Limited Obligation Bonds Series 2021A in the amount of $31,585,000 issued in August 2021 for the construction of a new emergency operations center and a central services facility and warehouse for the County school system; due in annual payments with interest at 3.00% to 5.00%; maturing in 2041; collateralized by the real estate	28,425,000
Limited Obligation Bonds Series 2021B (refunding) in the amount of $9,455,000 issued in August 2021 for the construction of a new detention facility; due in annual payments with interest at 0.28% to 1.88% maturing in 2032; collateralized by the real estate	7,455,000
Limited Obligation Bonds Series 2014 in the amount of $45,445,000 issued in November 2014 for the construction of a new agriculture center, the Margaret Pollard Middle School and a joint county-school garage; due in semi-annual payments with interest at 3.00% to 5.00%; maturing in 2033; collateralized by real estate	23,780,000
Limited Obligation Bonds Series 2015 (refunding) in the amount of $21,655,000 issued in July 2015; interest at 2.00% to 5.00%; due serially to 2035. Proceeds used for the construction of an elementary school, additions to and renovation of an existing high school addition and renovation of the Department of Social Services Building, construction of roads, water lines and sewer lines for the County Business Campus, other miscellaneous school capital projects; collateralized by real estate	11,255,000
Limited Obligation Bonds Series 2018 in the amount of $111,730,000 issued in July 2018 for the construction of a new high school, a new elementary school and a Health Science Community College Facility; interest at 3.00% to 5.00% due serially to 2038; collateralized by real estate	93,100,000
Total other long-term obligations	165,986,111
Total governmental activities	$ 199,054,571

Business-Type Activities:

Direct Borrowings:	
$6,229,235 State revolving loan with North Carolina Department of Environment and Natural Resources; due in annual installments with an interest rate of 2.305%: maturing in 2026	$ 622,923
Other Long-Term Obligations:	
$12,077,502 Refunding limited obligation bonds, Series 2012 issued April 5, 2012; interest at 1.00% to 5.00 %; due serially to 2029	3,543,890
Total business-type activities	$ 4,166,813
Total other long-term obligations	$ 203,221,384

Annual debt service requirements to maturity for the County's other long-term obligation bonds, certificates of participation, and loans are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	$ 16,032,681	$ 7,649,234	$ 1,088,997	$ 172,115
2026	16,061,172	7,002,317	1,117,914	125,336
2027	15,716,975	6,361,585	835,369	77,111
2028	15,708,040	5,697,463	867,498	34,539
2029	15,342,109	5,040,187	257,035	6,426
2030-2034	59,659,775	16,890,223	-	-
2035-2039	44,969,608	6,204,563	-	-
2040-2044	8,077,729	1,703,151	-	-
2045-2049	3,910,373	932,882	-	-
2050-2054	3,576,109	282,972	-	-
Total	$ 199,054,571	$ 57,764,577	$ 4,166,813	$ 415,527

f. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
Governmental Activities:					
Other long-term obligations	$ 178,827,491	$ -	$ 12,841,380	$ 165,986,111	$ 12,822,465
Direct placement installment purchase	36,286,646	-	3,218,186	33,068,460	3,210,216
Premium on long-term obligations	11,903,100	-	850,372	11,052,728	850,372
Leases	684,946	551,997	218,086	1,018,857	245,348
Subscriptions	1,058,175	380,448	626,413	812,210	613,529
Net pension liability - LGERS	19,386,173	3,903,767	-	23,289,940	-
Total pension liability - LEOSSA	2,802,608	443,397	-	3,246,005	72,278
Total OPEB liability	9,721,143	238,864	-	9,960,007	487,505
Compensated absences	2,314,864	4,973,496	4,479,149	2,809,211	2,809,211
Total governmental activities	$ 262,985,146	$ 10,491,969	$ 22,233,586	$ 251,243,529	$ 21,110,924
Business-Type Activities:					
Solid Waste and Recycling:					
Leases	$ 231	$ 10,148	$ 1,563	$ 8,816	$ 2,102
Subscriptions	52,667	1,849	16,392	38,124	17,653
Net pension liability - LGERS	472,833	515,704	-	988,537	-
Total OPEB liability	237,101	185,650	-	422,751	20,692
Compensated absences	70,268	159,915	143,662	86,521	86,521
Total solid waste management	833,100	873,266	161,617	1,544,749	126,968
Southeast Water District:					
General obligation bonds	2,635,000	-	60,000	2,575,000	63,000
Direct placement revenue bonds	1,520,000	-	38,000	1,482,000	39,000
Total southeast water district	4,155,000	-	98,000	4,057,000	102,000
Utility:					
Other long-term obligations	4,292,509	-	748,619	3,543,890	777,535
Direct borrowings	934,385	-	311,462	622,923	311,462
Leases	477	21,767	3,347	18,897	4,499
Subscriptions	28,501	3,810	15,379	16,932	16,932
Net pension liability - LGERS	788,056	121,398	-	909,454	-
Total OPEB liability	395,168	-	6,237	388,931	19,037
Compensated absences	83,526	205,937	176,837	112,626	112,626
Total utility	6,522,622	352,912	1,261,881	5,613,653	1,242,091
Total business-type activities	$ 11,510,722	$ 1,226,178	$ 1,521,498	$ 11,215,402	$ 1,471,059

At June 30, 2024, Chatham County had a legal debt margin of $1,005,688,000.

The County's outstanding notes from direct placements related to governmental activities of $33,068,460 contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment. Net pension liability, total pension liability, and net other post-employment liability for governmental activities are all typically liquidated in the General Fund. Compensated absences for governmental activities typically have been liquidated in the General Fund and are accounted for on an LIFO basis, assuming that employees are taking leave time as it is earned.

Debt Related to Capital Activities – Of the total governmental activities debt listed, only $76,962,607 relates to assets to which the County holds title.

ABC Board

The ABC Board had long-term net pension liability as of June 30, 2024 of $481,656.

The ABC Board had long-term notes payable as of June 30, 2024 of $1,743,785.

The ABC Board had long-term lease liabilities as of June 30, 2024 of $1,558,969.

C. Interfund Balances and Activity

Transfers to/from other funds during the year ended June 30, 2024, consist of the following:

Fund Type	Fund Name	To	From	Purpose
Major Governmental	General	$ 2,603,131	$ -	
Nonmajor Governmental	Impact Fees	-	2,603,131	Fund debt on planned capital
Major Governmental	General	17,073,716	-	
Major Governmental	Capital Improvement Project Reserve	-	17,073,716	Fund debt on planned capital
Major Governmental	School Construction	598,448	-	Fund pay-go school capital
Major Governmental	Capital Improvement Project Reserve	-	598,448	projects
Major Governmental	General	-	4,132,639	
Major Governmental	Capital Reserve	4,132,639	-	Fund pay-go capital projects
Major Governmental	General Fund	-	125,827	
Nonmajor Governmental	Tech/System Improvement Project	125,827	-	Fund pay-go technology improven
Major Governmental	General	-	16,940,242	
Major Governmental	Capital Improvement Project Reserve	16,940,242	-	Fund debt on planned capital
Nonmajor Governmental	Capital Reserve	70,038	-	
Major Governmental	County Wide Park	-	70,038	Fund NW Park Dam Project
Nonmajor Governmental	Recreation/Payment in Lieu	-	216,850	
Nonmajor Governmental	County Wide Park	216,850	-	Fund Briar Chapel Park Project
Major Governmental	Capital Reserve	-	1,833,300	
Major Governmental	Facilities Improvements	1,833,300	-	Fund pay-go facilities projects
Major Governmental	Capital Reserve	-	8,210	
Major Governmental	Facilities Improvements	8,210	-	Fund pay-go technology improven
Major Governmental	Capital Reserve	-	849,933	
Nonmajor Governmental	Technical System Improvements	849,933	-	Fund pay-go technology improven
Major Governmental	General	17,338	-	
Nonmajor Governmental	E-911	-	17,338	Reduce revenue of E-911
Total governmental transfers		**44,469,672**	**44,469,672**	
Major Enterprise	Utility Capital Reserve	$ -	$ 1,663,739	Fund water project:
Major Enterprise	Utility Capital Projects	1,663,739	-	Western Intake Project
Total enterprise transfers		**1,663,739**	**1,663,739**	
Grand total		**$ 46,133,411**	**$ 46,133,411**	

D. Fund Balance

Chatham County has a revenue spending policy that provides a policy for programs with multiple revenue sources. The finance officers will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-county funds, 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.

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

Total fund balance - General Fund	$	84,930,909
Less:		
Nonspendable:		
Leases		97,198
Restricted:		
Stabilization by state statute		13,579,462
Committed:		
LEO Special Separation Allowance		1,191,628
Revaluation		930,566
Housing trust		1,142,397
Land preservation		1,584,188
Assigned:		
Subsequent year's expenditures		12,813,138
County fund balance policy minimum		37,577,003
Remaining fund balance	$	16,015,329

Chatham County has adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 20% of the previous annual operating budget.

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2024 are detailed as follows:

		Other Governmental Funds
Encumbrances	$	1,544,362

III. Related Organization

Chatham County Housing Authority

The County's officials appoint the board members of the Chatham County Housing Authority. The County's accountability for this organization does not extend beyond making these appointments. There were no appropriations to the Chatham County Housing Authority for the year ended June 30, 2024.

IV. Joint Ventures

a. Vaya Health Area Authority

The County, in conjunction with Alamance, Cabarrus, Caswell, Davidson, Franklin, Granville, Halifax, Orange, Person, Rowan, Stanly, Union, Vance, and Warren Counties participates in a joint venture to operate Vaya Health (formerly Cardinal Innovations Healthcare Solutions Area Authority) as a Managed Care Organization. The County appoints two members to the Regional Board. The County has an ongoing financial responsibility for the joint venture because the Authority's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Authority; therefore, no equity interest has been reflected in the financial statements at June 30, 2024. The County contributed $423,007 to the Authority to supplement its activities for the year ended June 30, 2024.

Complete financial statements for Cardinal Innovations Healthcare Solutions Area Authority may be obtained from their administrative offices at 200 Ridgefield Court, Suite 218, Asheville NC 28806.

b. Central Carolina Community College

The County, in conjunction with the state of North Carolina, Lee County, Harnett County, and Lee County Board of Education, participates in a joint venture to operate Central Carolina Community College (Community College). Each of the participants appoints members to the sixteen-member Board of Trustees of the Community College. The president of the Community College's student government serves as an ex officio non-voting 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, 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 $1,643,921 to the Community College for operating purposes during the fiscal year ended June 30, 2024. The participating governments do not have an equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2024.

Complete financial statements for Central Carolina Community College may be obtained from the Community College's administrative offices at 1105 Kelly Drive, Sanford, North Carolina 27330.

c. Chatham County Economic Development Corporation

The County, in conjunction with the Towns of Pittsboro, Siler City and Goldston, participates in a joint venture to operate the Chatham County Economic Development Corporation (Corporation). The Corporation is a joint venture established to facilitate economic expansion within the County. The County has an ongoing financial responsibility for the Corporation because the Corporation's continued existence depends on the participating governments' continued funding. The County contributed $438,406 to the Corporation during the fiscal year ended June 30, 2024. None of the participating governments has any equity interest in the Corporation, so no equity interest has been reflected in the financial statements at June 30, 2024.

Complete financial statements for the Chatham County Economic Development Corporation may be obtained from the Corporation's administrative offices at 964 East Street, Pittsboro, North Carolina 27312.

V. Jointly Governed Organization

The County, in conjunction with seven other counties and twenty-five municipalities are members of the Central Pines Regional Council (formerly Triangle J Council of Governments). The participating governments established the Council to coordinate certain funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid $151,025 to the Council during the fiscal year ended June 30, 2024.

VI. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

Special Item – Acquisition of Council on Aging

Chatham County Council on Aging, a non-profit founded on July 8, 1974, whose original mission was "to promote the independence and dignity of our older adults and to help them remain healthy, secure and involved in their own homes and community as long as possible", ceased operations as of June 30, 2023. The Chatham County Board of Commissioners voted to transition the former non-profit into a department within Chatham County government in 2022, acknowledging tremendous growth within the older adult population. On July 1, 2023 Chatham County Aging Services became an official department of the County.

Chatham County Aging Services owns and operates two Centers for Active Living in Pittsboro and Siler City, both certified by the North Carolina Division of Aging and Adult Services as "Centers of Excellence". The centers provide more than 31,000 meals and 27,000 hours of in-home aide annually. The Centers have fitness rooms and host daily exercise programs, health and disease self-management sessions, numerous interest issues groups, caregiver support programs, and a full schedule of social and recreational opportunities including a hiking club. Other services include an assistive loan equipment program, Senior

Games and SilverArts, heat-relief fan distribution, Volunteer Income Tax Assistance, incontinence supplies, minor home repairs, Seniors' Health Insurance Information Program, among others. There are currently 23 full and part-time employees and approximately 250 dedicated volunteers who donate 10,000 hours annually.

As part of the agreement, the County took on all assets and liabilities of the former non-profit. The assets acquired totaled $4,196,460, capital assets included two buildings, equipment, and vehicles with a net book value of $2,402,604. The liabilities included one lease of no material value. The transaction is reflected as a special item in Exhibit B – Statement of Activities.

VII. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisouceBergen, 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 $376,988 in fiscal year 2023 and $798,229 in fiscal year 2024 as part of this settlement. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. $163,292 of these funds have been expended as of June 30, 2024. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows a wide array of strategies to address the impact of the opioid epidemic.

VIII. Reimbursement for Pandemic-Related Expenditures

On September 20, 2021, the Board of Commissioners adopted a resolution and budget ordinance to authorize the receipt of and budgetary authority for $14,464,924 in American Rescue Plan funds. The County received the funds during fiscal years 2022 and 2023. Under the Final Rule, U.S. Treasury's regulatory document for SLFRF, Chatham County elected to use the "Standard Allowance" approach for expenditures, allowing $10,000,000 of the county's allocation for SLFRF to be used for revenue replacement in fiscal year 2023. The County is on track to encumber the remaining funds of $4,464,924 by the December 31, 2024 deadline.

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

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APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the 2013 Contract, the Second Amendment, the 2013 Indenture, the Second Supplement, the Deed of Trust, and the First Notice. This summary is not intended to be definitive and is qualified in its entirety by reference to each of the aforementioned documents for the complete terms thereof. Copies of said documents are available from the County on request.

DEFINITIONS

"*Acquisition and Construction Fund*" means the special fund created under the Indenture.

"*Additional Bonds*" means Bonds issued in accordance with the Indenture.

"*Additional Payments*" means the reasonable and customary expenses and fees of the Trustee and the Corporation, any expenses of the Corporation in defending an action or proceeding in connection with the Contract or the Indenture and any taxes or any other expenses, including, but not limited to, licenses, permits, state and local income, sales and use or ownership taxes or property taxes which the County or the Corporation is expressly required to pay as a result of the Contract (together with interest that may accrue thereon if the County fails to pay the same).

"*Beneficiary*" means the Trustee, as assignee of the Corporation, as beneficiary under the Deed of Trust.

"*Bonds*" means the 2013 Bonds, the 2021 Bonds, the 2025 Bonds, and any Additional Bonds.

"*Bond Fund*" means the special fund created under the Indenture.

"*Business Day*" means a day on which the Trustee or the County is not required or authorized by law to remain closed.

"*Cede & Co.*" means Cede & Co., the nominee of DTC or any successor nominee of DTC with respect to the Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended, including regulations promulgated thereunder.

"*Contract*" means, collectively, the 2013 Contract, the First Amendment, and the Second Amendment.

"*Corporation*" means Chatham County Public Facilities Corporation or any successor thereto.

"*Corporation Representative*" means any person or persons at the time designated to act on behalf of the Corporation for purposes of performing any act on behalf of the Corporation under the Contract and the Indenture by a written certificate furnished to the County and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President.

"*Cost of Acquisition and Construction*" includes payment of or reimbursement for the following items:

(a) the Costs of Issuance;

(b) obligations incurred or assumed for the Project in connection with the construction, renovation, equipping and financing thereof, including, without limitation, costs of obtaining title insurance and a survey of the Mortgaged Property; and

(c) all other costs which are considered to be a part of the cost of construction, renovation, equipping and financing of the Project in accordance with generally accepted accounting principles and which will not affect the exclusion from gross income for federal income tax purposes of the designated interest component of Installment Payments payable by the County, including sums required to reimburse the County for advances made by the County that are properly chargeable to the construction, renovation, equipping and financing of the Project.

"*Costs of Issuance*" means the costs incurred in connection with the initial issuance of the Bonds, including, without limitation, all printing expenses in connection with the Indenture, the Contract, and the documents and certificates contemplated by the Indenture, the Preliminary Official Statement and the Official Statement for the Bonds, and the Bonds, legal fees and expenses of counsel to the Corporation, special counsel, counsel to the County, other counsel, counsel to the purchaser or purchasers of the Bonds, rating agency fees, any accounting expenses incurred in connection with determining that the Bonds are not "*arbitrage bonds*" within the meaning of the Code, the Trustee's initial fees and expenses (including attorney's fees), and state license fees, on the submission of requisitions by the County signed by a County Representative stating the amount to be paid, to whom it is to be paid and the reason for such payment, and that the amount of such requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper expense of issuing the Bonds.

"*County*" means the County of Chatham, North Carolina or any successor to its functions.

"*County Representative*" means (1) the Finance Director or the person or persons at the time designated to act on behalf of the County for the purpose of performing any act under the Contract by a written certificate furnished to the Trustee and the Corporation containing the specimen signatures of such person or persons and signed on behalf of the County by the County Manager and the Finance Director of the County, or (2) if any or all of the County's rights and obligations are assigned thereunder, the person or persons at the time designated to act on behalf of the County and the assignee by a written certificate similarly furnished and of the same tenor.

"*Deed of Trust*" means the 2013 Deed of Trust and the First Notice.

"*Deed of Trust Trustee*" means the trustee named in the Deed of Trust and any trustee subsequently named pursuant to the terms of the Deed of Trust.

"*DTC*" means The Depository Trust Company, a limited purpose company organized under the law of the State of New York, and its successors and assigns.

"*DTC Participant*" or "*DTC Participants*" means securities brokers and dealers, banks, trust companies, clearing corporations and certain other corporations which have access to the DTC system.

"*Event of Default*" means those events of default specified in the Contract, the Indenture and the Deed of Trust, as applicable.

"*Federal Securities*" means, to the extent such investments qualify under Section 159-30 of the General Statutes of North Carolina as amended from time to time, (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America are pledged (including any securities issued or held in the name of the Trustee in book entry form on the books of the Department of the Treasury of the United States of America) which obligations are held by the Trustee and are not subject to prepayment or purchase before maturity at the option of anyone other than the holder; (b) any bonds or other obligations of any state or territory of the United States of America or of any agency, instrumentality or local governmental unit of any such state or territory which are (1) not callable before maturity or (2) as to which irrevocable instructions have been given to the trustee or escrow agent of such bonds or other obligations by the obligor to give due notice of prepayment and to call such bonds for prepayment on the date or dates specified, and which are rated by Moody's and S&P within its highest rating category and which are secured as to principal, prepayment premium, if any, and interest by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) of this definition which fund may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates pursuant to such irrevocable instructions, as appropriate; or (c) evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in clause (a) or (b) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in clause (a) or (b), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

"*First Amendment*" means the Amendment Number One to the Installment Financing Contract dated as of August 1, 2021, between the Corporation and the County and any amendments or supplements thereto, including Payment Schedule attached thereto, amending the 2013 Contract.

"*First Notice*" means the Notice of Extension of Deed of Trust to Additional Property to the 2013 Deed of Trust dated as of August 1, 2021 from the County to the Deed of Trust Trustee for the benefit of the Corporation, and as assigned by the Corporation to the Trustee under the Indenture.

"*First Supplement*" means the Supplemental Indenture, Number 1 dated as of August 1, 2021, between the Corporation and the Trustee and any amendments or supplements executed and delivered in accordance with the terms of the 2013 Indenture, supplementing and amending the 2013 Indenture.

"*Fiscal Year*" means a twelve-month period commencing on the first day of July of any year and ending on the 30th day of June of the succeeding year, or such other twelve-month period which may subsequently be adopted as the Fiscal Year of the County.

"*Indenture*" means, collectively, the 2013 Indenture, the First Supplement, and the Second Supplement, and any additional amendments and supplements thereto.

"*Installment Payments*" means those payments made by the County to the Corporation as described in the Contract and in the Payment Schedule attached thereto.

"*Interest Payment Date*" means, with respect to the 2025 Bonds, each May 1 and November 1, beginning May 1, 2026.

"*LGC*" means the Local Government Commission of North Carolina.

"*Moody's*" means Moody's Investors Service, its successors and their assigns, and, if such entity for any reason no longer performs the function of a securities rating agency, "*Moody's*" will be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

"*Mortgaged Property*" means the property subject to the lien and security interest created by the Deed of Trust, as more particularly described therein.

"*Net Proceeds*" means, when used with respect to any (1) proceeds from policies of insurance which are payable to the Corporation or the Trustee, (2) proceeds from any payment and performance bond maintained pursuant to the Installment Financing Contract, (3) proceeds of any condemnation award arising out of the condemnation of all or any portion of the Mortgaged Property or the (4) proceeds from any sale or lease of the Mortgaged Property pursuant to the Deed of Trust or otherwise subsequent to an Event of Default, the amount remaining after deducting from the gross proceeds thereof all expenses (including, without limitation, attorneys' fees and costs) incurred in the collection of such proceeds.

"*Opinion of Counsel*" means an opinion in writing of legal counsel, who may be counsel to the Trustee, the County or the Corporation.

"*Outstanding*" or "*Bonds Outstanding*" means all Bonds which have been issued, except:

(a) Bonds canceled or which have been surrendered to the Trustee for cancellation;

(b) Bonds in lieu of which other Bonds have been authenticated under the Indenture;

(c) Bonds which have been prepaid as provided in the Indenture (including Bonds prepaid on a partial prepayment); and

(d) Bonds which have been deemed paid under the Indenture.

"*Owner*" or "*Owners*" means, initially, Cede & Co., as nominee for DTC, and if the book entry system of evidence and transfer of ownership in the Bonds is discontinued, the registered owner or owners of any Bond fully registered as shown in the registration books of the Trustee.

"*Payment Schedule*" means the document attached to the Contract which sets forth the County's Installment Payments.

"*Permitted Investments*" means Federal Securities and any other investments which are qualified under Section 159-30 of the General Statutes of North Carolina, as amended from time to time.

"*Person*" or "*person*" means natural persons, firms, associations, corporations and public bodies.

"*Prepayment Fund*" means the special fund of that name created under the Indenture.

"*Project*" means the 2013 Project, the 2021 Project, and the 2025 Refunded Projects.

"*Purchase Price*" means the amount advanced by the Corporation to enable the County to finance and refinance the Project under the terms of the Contract, as such price may be adjusted in connection with the issuance of Additional Bonds under the 2013 Indenture.

"*Rebate Fund*" means the special fund of that name created under the Indenture.

"*Revenues*" means (a) all Net Proceeds not applied to the replacement of the Project; (b) all Installment Payments; and (c) all investment income on all funds and accounts created under the Indenture (other than the Rebate Fund).

"*Second Amendment*" means the Amendment Number Two to the Installment Financing Contract dated as of October 1, 2025, between the Corporation and the County and any amendments or supplements thereto, including Payment Schedule attached thereto, amending the 2013 Contract.

"*Second Supplement*" means the Supplemental Indenture, Number 2 dated as of October 1, 2025, between the Corporation and the Trustee and any amendments or supplements executed and delivered in accordance with the terms of the 2013 Indenture, supplementing and amending the 2013 Indenture.

"*S&P*" means Standard and Poor's Rating Services, a Standard & Poor's Financial Services LLC business, its successors and their assigns, and, if such entity for any reason no longer performs the function of a securities rating agency, "*S&P*" will be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

"*State*" means the State of North Carolina.

"*Tax Certificate*" means, with respect to the 2025 Bonds, the Tax Certificate dated on or about October 9, 2025, executed by and among the County, the Corporation, and the Trustee to signify the acceptance of certain covenants and obligations necessary for the exclusion of interest with respect to the 2025 Bonds from the gross income of the owners thereof under the Code.

"*Trust Estate*" means the property, pledged and assigned to the Trustee pursuant to and defined as such in the granting clauses of the Indenture.

"*Trustee*" means Regions Bank, acting in the capacity of trustee for the Owners pursuant to the Indenture, and any successor thereto appointed under the Indenture.

"*Trustee Representative*" means the person or persons at the time designated to act on behalf of the Trustee for purposes of performing any act on behalf of the Trustee under the Indenture by a written certificate furnished to the County and the Corporation containing the specimen signature of such person or persons and signed on behalf of the Trustee by any duly authorized officer of the Trustee.

"*Underwriter*" means, with respect to the 2025 Bonds, BofA Securities, Inc.

"*2006 Projects*" means (i) acquiring, constructing and equipping Virginia Cross Elementary School; (ii) acquiring, constructing and equipping a cafeteria and classroom facilities at Jordan Matthews High School; (iii) acquiring, constructing and equipping an addition to, and renovating, an existing building for the Department of Social Services; (iv) acquiring, constructing and equipping water, sewer and roadway improvements at the Central Carolina Business Campus; (v) acquiring, constructing and equipping a new high school in the northeastern part of the County; and (vi) acquiring and installing softball field lighting and/or tennis field lighting at Northwood High School, Chatham Central High School and Jordan Matthews High School, which were refinanced with a portion of the proceeds of the 2014 Contract and the 2015 Contract.

"*2009 Project*" constructing and equipping Margaret B. Pollard Middle School in the County, which was refinanced with a portion of the proceeds of 2014 Contract.

"*2013 Bonds*" means the Limited Obligation Bonds (County of Chatham, North Carolina), Series 2013 evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract.

"*2013 Contract*" means the Installment Financing Contract dated as of January 1, 2013 between the Corporation and the County and any amendments or supplements thereto, including the Exhibits attached thereto.

"*2013 Deed of Trust*" means the Deed of Trust, Security Agreement and Fixture Filing dated as of January 1, 2013 from the County to the deed of trust trustee named therein for the benefit of the Corporation or its assignees, all of the terms, definitions, conditions and covenants of which are incorporated herein by reference and are made a part of the Contract as if fully set forth therein.

"*2013 Indenture*" means the Indenture of Trust dated as of January 1, 2013 between the Corporation and the Trustee, as amended or supplemented from time to time, pursuant to which the Bonds are issued.

"*2013 Project*" means the construction and equipping of a 60,000 square foot 133-bed jail facility to replace the County's existing jail facility, including the extension of water and sewer service to the site.

"*2014 Bonds*" means the Limited Obligation Bonds, Series 2014, evidencing proportionate undivided interests in rights to receive Revenues pursuant to the 2014 Contract, executed and delivered under the 2014 Indenture.

"*2014 Contract*" means an Installment Financing Contract, dated as of October 15, 2014, between the County and the Corporation.

"*2014 Indenture*" means the Indenture of Trust dated as of October 15, 2014, between the Corporation and U.S. Bank National Association, as trustee.

"*2014 Projects*" means constructing and equipping an agricultural center and a service facility for County-owned vehicles and vehicles owned by the County School Board, which were financed with a portion of the proceeds of 2014 Contract.

"*2015 Bonds*" means the Refunding Limited Obligation Bonds, Series 2015, evidencing proportionate undivided interests in rights to receive Revenues pursuant to the 2015 Contract, executed and delivered under the 2015 Indenture.

"*2015 Contract*" means an Installment Financing Contract, dated as of July 1, 2015, between the County and the Corporation.

"*2015 Indenture*" means the Indenture of Trust dated as of July 1, 2015, between the Corporation and U.S. Bank National Association, as trustee.

"*2021 Bonds*" means the 2021A Bonds and the 2021B Bonds.

"*2021 Project*" means, collectively, constructing, equipping and furnishing a County Emergency Operations Center and improvements to certain public school facilities.

"*2021A Bonds*" means the Limited Obligation Bonds (County of Chatham, North Carolina), Series 2021A, evidencing proportionate undivided interests in rights to receive Revenues pursuant to the Contract, to be executed and delivered under the First Supplement and the 2013 Indenture.

"*2021B Bonds*" means the Taxable Limited Obligation Refunding Bonds (County of Chatham, North Carolina), Series 2021B, evidencing proportionate undivided interests in rights to receive Revenues pursuant to the Contract, to be executed and delivered under the First Supplement and the 2013 Indenture.

"*2025 Bonds*" means the Limited Obligation Refunding Bonds (County of Chatham, North Carolina), Series 2025, evidencing proportionate undivided interests in rights to receive Revenues pursuant to the Contract, to be executed and delivered under the Second Supplement and the 2013 Indenture.

"*2025 Refunded Projects*" means the 2006 Projects, the 2009 Project, and the 2014 Projects.

THE CONTRACT

Advancement. In the Contract, the Corporation agrees to make an advance to the County of the Purchase Price, and the County accepts from the Corporation the Purchase Price to be applied in accordance with the terms and conditions of the Contract. The County has used or will use the proceeds of the Purchase Price to finance and refinance the Project.

Title; Release of Security Interest. Title to the Mortgaged Property and any and all additions, repairs, replacements or modifications thereto will be in the County from and after the date of execution and delivery of the Contract. The Mortgaged Property is subject only to the security interest created under the Contract. The County will own the Mortgaged Property free and clear of any lien or security interest created by the Contract and the Deed of Trust, as applicable, on the repayment in full of the Purchase Price and the payment of all other amounts due under the Contract. The County will deliver to the Trustee the Deed of Trust simultaneously with the execution and delivery of the Contract and will cause the Deed of Trust to be recorded in the Chatham County Registry. On payment in full of all of the County's obligations under the Contract, including the Purchase Price and all other payments due thereunder, the Corporation or its assignee, at the County's expense and request, will discharge the Indenture and release the lien on the Mortgaged Property, at which time the Contract will terminate.

Installment Payments; Additional Payments. As consideration for the Corporation's advance of the Purchase Price to the County, the County will repay to the Trustee, as assignee of the Corporation, the Purchase Price in installments with interest as provided in the Contract and the Payment Schedule attached to the Contract (each an "*Installment Payment*"). Each installment will be deemed to be an Installment Payment and will be paid in the amounts and at the times set forth on the Payment Schedule except as provided in the Contract. There will be credited against the amount of Installment Payments otherwise payable under the Contract amounts equal to (1) earnings derived from the investment of the Bond Fund and the Prepayment Fund and (2) any other money not constituting Installment Payments required to be deposited in the Bond Fund. Installment Payments must be sufficient in the aggregate to repay the Purchase Price together with interest thereon. As further consideration for the Corporation's advance of the Purchase Price to the County, the County will also pay the Additional Payments, as required in the Contract, on a timely basis directly to the person or entity to which such Additional Payments are owed.

Limited Obligation of the County. NOTWITHSTANDING ANY PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST WHICH MAY BE TO THE CONTRARY, NO PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST WILL BE CONSTRUED OR INTERPRETED AS

CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. NO PROVISION OF THE CONTRACT, THE DEED OF TRUST OR THE INDENTURE WILL BE CONSTRUED OR INTERPRETED AS CREATING A DELEGATION OF GOVERNMENTAL POWERS NOR AS A DONATION BY OR A LENDING OF THE CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. THE CONTRACT, THE DEED OF TRUST OR THE INDENTURE WILL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE COUNTY FOR ANY FISCAL YEAR IN WHICH THE CONTRACT IS IN EFFECT; PROVIDED, HOWEVER, ANY FAILURE OR REFUSAL BY THE COUNTY TO APPROPRIATE FUNDS WHICH RESULTS IN THE FAILURE BY THE COUNTY TO MAKE ANY PAYMENT COMING DUE UNDER THE CONTRACT WILL IN NO WAY OBVIATE THE OCCURRENCE OF THE EVENT OF DEFAULT RESULTING FROM SUCH NONPAYMENT. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR BREACH OF A CONTRACTUAL OBLIGATION UNDER THE CONTRACT, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEY DUE UNDER THE CONTRACT. NO PROVISION OF THE CONTRACT, THE DEED OF TRUST OR THE INDENTURE WILL BE CONSTRUED TO PLEDGE OR TO CREATE A LIEN ON ANY CLASS OR SOURCE OF THE COUNTY'S MONEY, NOR WILL ANY PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST RESTRICT THE FUTURE ISSUANCE OF ANY OF THE COUNTY'S BONDS OR OBLIGATIONS PAYABLE FROM ANY CLASS OR SOURCE OF THE COUNTY'S MONEY. THIS PROVISION WILL TAKE PRIORITY OVER ANY PROVISION OF THE CONTRACT, THE DEED OF TRUST OR THE INDENTURE THAT CONFLICTS WITH ITS TERMS.

Prepayment of Purchase Price.

(a) If the County has performed all of its obligations under the Contract, then it shall have the option to prepay the Purchase Price applicable to the 2013 Bonds on or after June 1, 2023 or provide for prepayment of the Purchase Price on any date, in full or in part in the amount of $5,000 or any integral multiple thereof on 45 days' notice to the Trustee, at a prepayment price equal to the then applicable prepayment price of the 2013 Bonds, including any required prepayment premium under the Indenture, plus accrued interest to the prepayment date.

(b) If the County has performed all of its obligations under the Contract, then it shall have the option to prepay the Purchase Price applicable to the 2021 Bonds maturing on or after November 1, 2031 or provide for prepayment of the Purchase Price on any date, in full or in part in the amount of $5,000 or any integral multiple thereof on 45 days' notice to the Trustee, at a prepayment price equal to the then applicable prepayment price of the 2021 Bonds, including any required prepayment premium under the Indenture, plus accrued interest to the prepayment date.

(c) The 2021B Bonds maturing on or before November 1, 2031 are subject to redemption at the option of the County at any time, in whole or in part (in increments of $5,000), at the Make-Whole Redemption Price (as next defined). The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the 2021B Bonds to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2021B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date fixed for the redemption of the 2021B Bonds (the "*Scheduled Redemption Date*"), discounted to the Scheduled Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 15 basis points, plus, in either case, the unpaid interest accrued on the 2021B Bonds to be redeemed to the Scheduled Redemption Date.

For the purpose of determining the Make-Whole Redemption Price, the following definitions apply:

"*Treasury Rate*" means, with respect to any Scheduled Redemption Date for any particular 2021B Bond, the greater of:

(i) the yield to maturity as of the Scheduled Redemption Date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the Scheduled Redemption Date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the Scheduled Redemption Date to maturity; provided, however, that if the period from the Scheduled Redemption Date to maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used; all as will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the County at the County's expense, which determination shall be conclusive and binding on the owners of the 2021B Bonds, or

(ii) the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (defined below), assuming that the Comparable Treasury Issue is purchased on the Scheduled Redemption Date for a price equal to the Comparable Treasury Price (as defined below), as calculated by the Designated Investment Banker (as defined below).

"*Comparable Treasury Issue*" means, with respect to any Scheduled Redemption Date for a particular 2021B Bond, the United States Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of the 2021B Bond to be redeemed.

"*Comparable Treasury Price*" means, with respect to any Scheduled Redemption Date for a particular Bond, (i) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations (as defined below), the average of such quotations for such Scheduled Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

"*Designated Investment Banker*" means one of the Reference Treasury Dealers appointed by the County.

"*Reference Treasury Dealer*" means each of the four firms, specified by the County from time to time, that are primary United States government securities dealers in the City of New York, New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the County will substitute another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any Scheduled Redemption Date for a particular Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference

Treasury Dealer at 3:30 P.M., New York City time, on the third business day preceding such Scheduled Redemption Date.

Any Make-Whole Redemption Price of 2021B Bonds to be redeemed pursuant to the provisions described under the Contract will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the County to calculate such redemption price. The County may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

If the Purchase Price is partially prepaid, then the Trustee shall recalculate the Payment Schedule as necessary in the manner required by the Indenture.

(d) The County shall not have the option to prepay the Purchase Price applicable to the 2025 Bonds prior to their stated maturities.

Damage, Destruction or Condemnation; Use of Net Proceeds. If, during the term of the Contract, (1) any portion of the Mortgaged Property is destroyed or damaged by fire or other casualty; (2) title to or the temporary or permanent use of any portion of the Mortgaged Property or the estate of the County or the Corporation or its assignee in any portion of the Mortgaged Property is taken under the power of eminent domain by any governmental authority; (3) a material defect in construction of any portion of the Mortgaged Property becomes apparent; or (4) title to or the use of any portion of the Mortgaged Property is lost by reason of a defect in title thereto, then the County continues to be obligated, subject to the provisions set forth below, to pay the amounts specified in the Contract at the respective times required.

Subject to the provisions set forth below, the Trustee will cause the Net Proceeds of any insurance policies, performance or payment bonds, if any, condemnation awards or Net Proceeds made available by reason of any occurrence described above, to be deposited in a separate fund held by the Trustee. Except as set forth in below, all Net Proceeds so deposited will be applied to the prompt repair, restoration, modification, improvement or replacement of the Mortgaged Property on receipt of requisitions acceptable to the Trustee approved by a County Representative stating with respect to each payment to be made: (a) the requisition number; (b) the name and address of the person, firm or corporation to whom payment is due; (c) the amount to be paid; and (d) that each obligation mentioned therein has been properly incurred, is a proper charge against such separate fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee will cooperate with the County in the administration of such separate fund and will not unreasonably withhold its approval of requisitions under these provisions. If the Net Proceeds (plus any amount withheld therefrom by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Mortgaged Property, the County may complete the work and pay any cost in excess of the amount of the Net Proceeds, and the County agrees that, if by reason of any such insufficiency of the Net Proceeds, the County will make any payments pursuant to the provisions of the Contract, the County is not entitled to any reimbursement therefor from the Corporation, the Trustee or the Owners nor is the County entitled to any diminution of the amounts payable under the Contract. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds will be the property of the County, subject to the Deed of Trust to the extent it relates to the Mortgaged Property, and will be included as part of the Mortgaged Property as set forth in the Contract.

On the occurrence of an event described above with respect to the Mortgaged Property, the County may elect not to repair, restore, improve or replace the affected portion of the Mortgaged Property

if (1) the Net Proceeds are less than $500,000 and (2) a County Representative certifies to the Corporation that such Net Proceeds are not necessary to restore the affected portion of the Mortgaged Property to its intended use. In such event, the County will direct the Trustee to deposit such Net Proceeds in the Bond Fund to be applied toward the next payment of principal and interest with respect to the Bonds.

Within 90 days of the occurrence of an event specified above, the County will commence the repair, restoration, modification, improvement or replacement of the Mortgaged Property, or will elect, by written notice to the Trustee, to proceed under the provisions of the immediately preceding paragraph. For purposes of these provisions, "*commence*" will include the retention of an architect or engineer in anticipation of repair, restoration, modification, improvement or replacement of the Mortgaged Property.

Care and Use. Subject to the provisions of applicable law and the terms of the Contract, the County will use the Mortgaged Property in a careful and proper manner, in compliance with all applicable laws and regulations, and, at its sole cost and expense, will service, repair and maintain the Mortgaged Property so as to keep the Mortgaged Property in good condition, repair, appearance and working order for the purposes intended, ordinary wear and tear excepted. The County will replace any part of the Mortgaged Property as may from time to time become worn out, unfit for use, lost, stolen, destroyed or damaged. Any and all additions to or replacements of the Mortgaged Property and all parts thereof will constitute accessions to the Mortgaged Property and will be subject to all the terms and conditions of the Contract and included in the term "*Mortgaged Property*" and as used in the Contract.

General Tax Covenant. In the Contract, the County covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest portion of the Installment Payments created by the Contract under Section 103 of the Code. The County will not directly or indirectly use or permit the use of any proceeds of any fund created under the Indenture, or take or omit to take any action that would cause the obligations created by the Contract to be an "*arbitrage bond*" within the meaning of Section 148(a) of the Code. To that end, the County and the Corporation have executed the Tax Certificate and will comply with all requirements of Section 148 of the Code to the extent applicable. The County further represents and covenants that the Installment Payments created by the Contract are not and will not constitute a "*private activity bond*" as defined in Section 141 of the Code.

Property Insurance. The County will continually maintain or cause to be maintained insurance to the full insurable value of the Mortgaged Property against loss by fire, wind damage, hazards customarily included in the term "*extended coverage*" with responsible and reputable insurance companies and will promptly pay all premiums therefor when due. All insurance policies and renewals thereof will name the Corporation and the Trustee as parties insured thereunder, as the respective interests of each of such parties may appear, and have attached thereto a mortgagee long form loss payable clause in favor of the Trustee, and provide that no such policy can lapse or be canceled, substantially modified or terminated without at least 60 days prior notice to the Trustee and that any loss payable thereunder will be made payable and will be applied as provided in the Contract. In the event of loss, the County will give immediate notice by mail to the Trustee, who may, but will not be obligated to, make proof of loss. In the event of a foreclosure of the Deed of Trust or other transfer of title to the Mortgaged Property, all right, title and interest of the County in any insurance policies then in force will pass to the Trustee. Additionally, during the term of the Contract, the County will continually maintain standard liability insurance as is customarily maintained by like entities with respect to facilities similar to the Mortgaged Property.

The County may provide for and maintain the insurance required under the Contract partially or wholly by means of an adequate risk retention fund. Reserves for a risk retention fund will be determined by using actuarial principles. Any risk retention fund will be reviewed annually by the County's risk

manager or an independent insurance consultant or actuarial consultant. The Trustee may rely on a letter of the County's risk manager or an independent insurance consultant or actuarial consultant as to the adequacy of any risk retention fund.

Assignment. The County may not sell, assign, lease, sublease, pledge or otherwise encumber or suffer a lien or encumbrance on or against any interest in the Contract or the Mortgaged Property (except for Permitted Encumbrances) without the Trustee's prior written consent. Notwithstanding the foregoing, the County may lease all or a portion of the Mortgaged Property subject to the following conditions:

(a) the obligation of the County to make Installment Payments and Additional Payments under the Contract will remain obligations of the County;

(b) the County will furnish or cause to be furnished to the Trustee a true and complete copy of such lease at least 30 days before the execution and delivery of any such lease;

(c) no lease will cause the interest component of Installment Payments relating to any Bonds intended to be excludable from gross income of the recipient thereof for federal income tax purposes to become includable in gross income for federal income tax purposes; and

(d) the Trustee will have received an opinion of Counsel to the County to the effect that such lease is subordinate in all respects to the lien of the Deed of Trust and that such lease is subject to immediate termination at the direction of the Trustee following an Event of Default by the County under the Contract.

Amendments and Modifications.

--*Without Consent of the Owners.* The Indenture provides that the Corporation and the Trustee may, with the written consent of the County, but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Contract or the Deed of Trust that does not materially adversely affect the interests of the existing Owners as may be required (a) by the provisions of the Contract, the Deed of Trust or the Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission in the Contract or the Deed of Trust; (c) to more precisely identify the Mortgaged Property or to add or substitute improvements acquired in accordance with the Contract, the Deed of Trust and the Indenture; (d) to issue Additional Bonds as provided in the Indenture; (e) to amend the County's continuing disclosure obligation as provided in the Contract; or (f) in connection with any other change therein which, in the judgment of the Trustee, does not materially adversely affect the interests of the existing Owners.

--*With Consent of the Owners.* The Indenture provides that, except for the amendments, changes or modifications permitted by the above provision, neither the Corporation nor the Trustee will consent to any other amendment, change or modification of the Contract or the Deed of Trust without the giving of notice thereof to the LGC and to the Owners and receipt of consent by the LGC and by the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in the Indenture. If the County and the Corporation requests the consent of the Trustee to any such proposed amendment, change or modification of the Contract or the Deed of Trust, the Trustee will, on being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in the Indenture. Such notice will briefly set forth the nature of such proposed amendment, change or modification and will state that copies of the instrument embodying the same are on file at the designated corporate trust office of the Trustee for inspection by all Owners.

The written consent by the purchaser of a series of Additional Bonds constitutes the consent of the Owners of that series of Additional Bonds.

Events of Default. The occurrence of the following are considered Events of Default under the Contract:

(a) The County fails to make any Installment Payment on the date such Installment Payment is due under the Contract;

(b) The County fails to budget and appropriate money sufficient to pay all Installment Payments and the reasonably estimated Additional Payments coming due in any Fiscal Year;

(c) The County fails to perform or observe any term, condition or covenant of the Contract on its part to be observed or performed, other than as referred to in (a) or (b) above, or of the Deed of Trust on its part to be observed or performed, or breaches any warranty by the County therein contained, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Trustee unless the Trustee agrees in writing to an extension of such time prior to its expiration; provided, however, that if the failure cannot be corrected within the stated period, Trustee will not unreasonably withhold consent for an extension not longer than 180 days;

(d) Any bankruptcy, insolvency or reorganization proceedings or similar litigation, is instituted by the County, or a receiver, custodian or similar officer is appointed for the County or any of its property, and such proceedings or appointments are not vacated or fully stayed within 90 days after the institution or occurrence thereof; or

(e) Any representation or statement made by the County in the Contract, in the Deed of Trust or in any other document executed or delivered in connection therewith is found to be incorrect or misleading in any material respect on the date made.

Remedies on Default. On the occurrence of any Event of Default, the Trustee may, and if required by a majority in aggregate principal amount of the Owners of the Bonds, the Trustee will, to the extent permitted by applicable law and the terms of the Contract, exercise any one or more of the following remedies as the Trustee elects or as will be directed by a majority in aggregate principal amount of the Owners of the Bonds:

(a) Declare the unpaid portion of the principal and interest components of Installment Payments immediately due and payable without notice or demand to the County;

(b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Contract or to recover for the breach thereof; or

(c) Exercise or direct the Deed of Trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the Contract and the Deed of Trust including, without limitation, to the extent permitted by law, re-enter and take possession of the Mortgaged Property without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs

and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the Contract and, thereafter, will pay any remaining proceeds to the County.

NOTWITHSTANDING ANY OTHER PROVISIONS IN THE CONTRACT TO THE CONTRARY, IT IS THE INTENT OF THE PARTIES TO THE CONTRACT TO COMPLY WITH GENERAL STATUTES OF NORTH CAROLINA SECTION 160A-20. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN VIOLATION OF SECTION 160A-20 INCLUDING, WITHOUT LIMITATION, ANY DEFICIENCY JUDGMENT FOR AMOUNTS THAT MAY BE OWED UNDER THE CONTRACT WHEN THE SALE OF ALL OR ANY PORTION OF THE MORTGAGED PROPERTY IS INSUFFICIENT TO PRODUCE ENOUGH MONEY TO PAY IN FULL ALL REMAINING OBLIGATIONS UNDER THE CONTRACT.

THE INDENTURE

Funds and Accounts. The Indenture creates (1) the Bond Fund; (2) the Prepayment Fund; (3) the Rebate Fund; and (4) the Acquisition and Construction Fund, to be held in trust by the Trustee.

--*The Bond Fund.* There has been created and established with the Trustee a special fund to be designated "*County of Chatham, North Carolina 2013 Installment Financing Contract Bond Fund*" (the "*Bond Fund*"), the money in which is to be used to pay the principal, premium, if any, and interest with respect to the Bonds. A "*2025 Interest Account*" has been created within the Interest Account of the Bond Fund. A "*2025 Principal Account*" has been created within the Principal Account of the Bond Fund.

--*The Interest Account*. There is to be deposited into the Interest Account of the Bond Fund (1) that portion of each payment of Installment Payments which is designated and paid as interest under the Contract; (2) investment earnings on the Bond Fund and the Prepayment Fund, as provided in the Indenture; (3) Net Proceeds from any lease of the Mortgaged Property, including after an Event of Default to the extent required to pay the next installment of interest or any previous installment of interest not paid; (4) all money required to be deposited therein in accordance with the Indenture; and (5) all other money received by the Trustee under the Indenture accompanied by directions from the County that such money is to be deposited into the Interest Account of the Bond Fund. The Trustee will credit all amounts deposited into the Interest Account of the Bond Fund, including the amounts set forth in the Contract, toward the interest component of the Installment Payment then due and payable under the Contract. The Trustee will notify the County of all amounts credited toward such Installment Payments within 30 days of such credit.

--*The Principal Account*. There is to be deposited into the Principal Account of the Bond Fund (1) that portion of each payment of Installment Payments which is designated and paid as principal with respect to the Bonds under the Contract; (2) Net Proceeds from any lease of the Mortgaged Property, including after an Event of Default after the deposit described under the first paragraph of the caption "--*The Interest Account*" above; (3) all money required to be deposited therein in accordance with the Indenture; and (4) all other money received by the Trustee under the Indenture accompanied by directions from the County that such money is to be deposited into the Principal Account of the Bond Fund.

--*Use of Money in Bond Fund.* Money in the Interest Account of the Bond Fund will be used for the payment of the interest with respect to the Bonds as the same becomes due and payable. Money in the Principal Account of the Bond Fund will be used for the payment of the principal with respect to the Bonds. Investment earnings on money on deposit in the Bond Fund will be applied to the next payment of Installment Payments with respect to the Bonds. If the Bonds are to be prepaid in whole pursuant to

the Indenture, any money remaining in the Interest Account and the Principal Account of the Bond Fund will be applied to such prepayment along with other money held by the Trustee for such purpose.

--*The Prepayment Fund.* There has been created and established with the Trustee a special fund to be designated the "*County of Chatham, North Carolina 2013 Installment Financing Contract Prepayment Fund*" (the "*Prepayment Fund*"). The Trustee will deposit into the Prepayment Fund money provided by the County as a prepayment of principal components of Installment Payments. Money on deposit in each account of the Prepayment Fund will be disbursed for prepayment of the Bonds as provided in the Indenture. Any income from investment of money in the Prepayment Fund will be deposited into the Interest Account of the Bond Fund and applied to the interest component of the next payment of the Installment Payments. Whenever any money on deposit in the Prepayment Fund is disbursed for prepayment of less than all of the Outstanding Bonds, the Installment Payments set forth in the Contract will be recalculated by the Trustee to reflect the reduction in the outstanding principal amount of the Bonds after such prepayment.

--*The Rebate Fund.* If the County informs the Trustee that funds are to be set aside in a separate account of the Trustee to be held for the payment of rebate payments to the Federal Government pursuant to the terms of the Tax Certificate, the Trustee will create and establish the "*County of Chatham, North Carolina 2013 Installment Financing Contract Rebate Fund*" (the "*Rebate Fund*") and a "*2025 Account*" within the Rebate Fund. The Trustee will deposit in the Rebate Fund the amounts as directed by the County. The County will make or cause to be made the calculations required by the Tax Certificate and will direct the Trustee to make deposits and disbursements from the Rebate Fund in accordance therewith. The Trustee will invest the Rebate Fund as directed by the County.

--*The Acquisition and Construction Fund*. There has been created and established with the Trustee a special fund to be designated "*County of Chatham, North Carolina 2013 Installment Financing Contract Acquisition and Construction Fund*" (the "*Acquisition and Construction Fund*") and within the Acquisition and Construction Fund, the separate account designated the "*2025 Bonds Account*." The Trustee will deposit in the 2025 Bonds Account the amount set forth in the Indenture. In addition, the Trustee will deposit into the Acquisition and Construction Fund such amounts as the County may designate in a certificate signed by a County Representative in connection with the execution and delivery of Additional Bonds under the Indenture. Any money held in the Acquisition and Construction Fund or any account thereof will be invested and reinvested by the Trustee in accordance with the Indenture, and the income therefrom will be retained in the Acquisition and Construction Fund or any account thereof and used (together with all other money held in the Acquisition and Construction Fund) to pay the Cost of Acquisition and Construction attributable to the Project, as directed by the County in accordance with the Contract. The Trustee will create additional accounts within the Acquisition and Construction Fund on the County's written direction.

Investment of Money. All money held as part of the Bond Fund, the Prepayment Fund, the Acquisition and Construction Fund or any other fund or account created under the Indenture or the Contract except the Rebate Fund will be deposited or invested and reinvested from time to time by the Trustee, at the written direction of the County as agent of the Corporation, in deposits or investments, which are Permitted Investments subject to the following restrictions:

(a) Money in the Acquisition and Construction Fund will be invested only in obligations which will by their terms mature not later than the date the County estimates, in a writing provided to the Trustee, the money represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund;

(b) Money in the Bond Fund will be invested only in obligations which will by their terms mature on such dates as to ensure that on the date of each interest and principal payment, there will be in the Bond Fund from matured obligations and other money already in the Bond Fund, cash to pay the interest and principal payable on such payment date; and

(c) Money in the Prepayment Fund will be invested in obligations which will by their terms mature, or will be subject to prepayment at the option of the owner thereof, on or before the date funds are expected to be required for expenditure or withdrawal.

The Rebate Fund will be invested and reinvested by the Trustee, at the written direction of the County, in accordance with the Tax Certificate.

Any and all such deposits or investments will be held by or under the control of the Trustee. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any bank or trust Corporation under common control with the Trustee. The Trustee is specifically authorized to enter into agreements with itself or any other person, which agreements guarantee the repurchase of specific Permitted Investments at specific prices. Except as expressly provided in the Indenture, deposits or investments, will at all times be a part of the fund or account from which the money used to acquire such deposits or investments will have come, and all income and profits on such deposits or investments will be credited to, and losses thereon will be charged against, such fund or account. In computing the amount in any fund or account held under the provisions of the Indenture, obligations purchased as a deposit or investment of money therein will be valued at the market price thereof, exclusive of accrued interest. The Trustee will sell and reduce to cash a sufficient amount of such deposits or investments whenever the cash balance in any fund or account created under the Indenture is insufficient to satisfy the purposes of such fund or account.

Additional Bonds. So long as the Contract remains in effect and no Event of Default has occurred and is continuing, Additional Bonds may be issued on the terms and conditions provided in the Indenture.

Additional Bonds may be delivered by the Trustee at the direction of the Corporation to provide funds to pay: (1) the cost of expanding the Project, acquiring, constructing, renovating and equipping other facilities or acquiring Mortgaged Property and other capital assets for utilization by the County for public purposes; (2) the cost of refunding of all or any portion of the Bonds then Outstanding or any other installment financing obligations of the County; or (3) the Costs of Issuance relating to the issuance and sale of the Additional Bonds.

Additional Bonds may be issued only on there being filed with the Trustee:

(a) Originally executed counterparts of a supplemental indenture and an amendment to the Contract adopted in accordance with the requirements of the Indenture and approved by the Local Government Commission of the State, if so required by law, including requirements regarding approval of the Owners, if applicable, expressly providing that the Additional Bonds being issued as well as any Bonds and Additional Bonds theretofore issued will be secured on a parity as provided in the Indenture, except that the date or dates of the Additional Bonds, the rate or rates of interest with respect to the Additional Bonds, the time or times of payment of the principal and interest with respect thereto, and provisions for the prepayment thereof, if any, all will be as provided in the supplemental indenture and amendment to the Contract, and further providing for an increase in the Purchase Price and the Installment Payments required or authorized to be paid to the Trustee under the Contract in such amount as will be necessary to pay

(assuming that no Event of Default will occur), the principal, premium, if any, and interest with respect to the Additional Bonds.

(b) A written opinion or opinions of nationally recognized bond counsel and mutually acceptable to the County, the Corporation and the Trustee, to the effect that the amendment to the Contract and the authentication of the Additional Bonds have been duly authorized, that the amendment to the Contract is valid and enforceable against the County and that the exclusion from gross income for federal income tax purposes of the interest component of the Installment Payments will not be adversely affected by the issuance of the Additional Bonds, and that the issuance and sale of the Additional Bonds will not constitute a default under the Contract or the Indenture or cause any violation of the covenants, agreements or representations under the Contract or the Indenture.

(c) A written order to the Trustee to deliver the Additional Bonds to the purchaser or purchasers therein identified on payment to the Trustee of a specified sum plus accrued interest, if any.

Each of the Additional Bonds issued pursuant to the Indenture will evidence a proportionate undivided interest in rights to receive certain Revenues under the Contract, as amended, proportionately and ratably secured with the Bonds originally issued and all other issues of Additional Bonds, if any, issued pursuant to the Indenture, without preference, priority or distinction of any Bond or Additional Bond over any other.

Supplemental Indentures.

--*Consent of Owners Not Required.* The Trustee and the Corporation may, with the written consent of the County, but without the consent of, or notice to, the Owners, enter into such indentures supplemental thereto for any one or more or all of the following purposes, as long as such supplemental indenture does not adversely affect the interests of the Owners:

(a) To add to the covenants and agreements of the Corporation contained in the Indenture other covenants and agreements to be thereafter observed by the Corporation;

(b) To cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in the Indenture, or to make any provisions with respect to matters arising under the Indenture or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the Owners; or

(c) To issue Additional Bonds.

--*Consent of Owners Required.* Exclusive of supplemental indentures covered under the caption "--*Consent of Owners Not Required*" above, the written consent of the County, the LGC and the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding is required for the execution by the Corporation and the Trustee of any indenture or indentures supplemental thereto; provided, however, that without the consent of the LGC and the Owners of all the Bonds at the time Outstanding affected thereby nothing contained in the Indenture will permit, or be construed as permitting:

(a) A change in the terms of prepayment or maturity of the principal or the interest with respect to any Outstanding Bond, or a reduction in the principal or premium payable with respect to any prepayment of any Outstanding Bond or the rate of interest with respect thereto;

(b) The deprivation of the Owner of any Bond then Outstanding of the lien created by the Indenture (other than as originally permitted thereby);

(c) A privilege or priority of any Bond or Bonds over any other Bond or Bonds; or

(d) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture.

If at any time the County or the Corporation requests the Trustee to enter into such supplemental indenture for any of the purposes described above, the Trustee will, on being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by first class mail to the Owners of the Bonds then Outstanding at the address shown on the registration books maintained by the Trustee. Such notice will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as is prescribed by the County following the giving of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner will have any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof.

The written consent by the purchaser of a series of Additional Bonds constitutes the consent of the Owners of that series of Additional Bonds.

Any consent or request by the Owners of any Bond is conclusive and binding on such Owner and on all future Owners of the Bonds and of any Bonds executed and delivered on the transfer of any Bond, whether or not notation of such consent or request is made on the Bond.

--*Consent of Initial Purchaser, Underwriter or Remarketing Agent.* Notwithstanding anything in the Indenture to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental indenture as required by the Indenture, including any amendment or supplemental indenture that adversely affects the interests of other Owners and (2) any such holder providing its consent under this paragraph will not be entitled to receive, nor will the County be required to provide, any prior notice or other documentation regarding such amendment or supplemental indenture.

Exclusion of Bonds Held By or For the County and the Corporation. In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds owned by the County and the Corporation will be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee is protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee actually knows to be so owned will be disregarded.

Events of Default. Any of the following events are defined as and will be deemed an "*Event of Default*" under the Indenture:

(a) Default in the payment of the principal or premium, if any, with respect to any Bond when the same becomes due and payable, whether at the stated maturity thereof or on proceedings for prepayment.

(b) Default in the payment of any installment of interest with respect to any Bond when the same becomes due and payable.

(c) The occurrence of an "*Event of Default*" under the Contract.

Remedies on Default.

(a) On the occurrence and continuance of an Event of Default, the Trustee will, if required by a majority in aggregate principal amount of the Owners of the Bonds, by written notice to the County, declare the obligations of the County as to the principal and interest components of Installment Payments and the aggregate principal amount with respect to the Bonds and the accrued interest with respect thereto to be immediately due and payable, whereupon they will, without further action, become due and payable.

(b) The provisions of the preceding paragraph are subject, to the condition that if, after the principal with respect to any of the Installment Payments and the Bonds has been so declared to be due and payable, and before the earlier of (1) the exercise of rights granted under the Deed of Trust or (2) to the extent permitted by the Indenture and applicable law, any judgment or decree for the payment of the money due has been obtained or entered, the defaulting party (the "*Defaulting Party*") will cause to be deposited with the Trustee a sum sufficient to pay all matured installments of the principal and interest with respect to all Bonds which have become due otherwise than by reason of such declaration (with interest on such overdue installments of principal and interest, to the extent permitted by law, at the rate or rates per annum borne by the Bonds) and such amount as is sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Indenture other than nonpayment of the principal or interest with respect to the Bonds which have become due by said declaration have been remedied, then, in every such case, such Event of Default will be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission or annulment to the Defaulting Party and will give notice thereof by first class mail to all Owners; but no such waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

The provisions of paragraph (a) are further subject to the condition that any waiver of any event of default under the Contract and a rescission and annulment of its consequences will constitute a waiver of the corresponding Event of Default under the Indenture and a rescission and annulment of the consequences thereof. If notice of such event of default under the Contract has been given as provided in the Indenture, the Trustee will promptly give written notice of such waiver, rescission or annulment to the Defaulting Party and will give notice thereof by first class mail to all Owners; but no such waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) On the occurrence and continuance of any Event of Default and on the written direction of Owners of not less than a majority in principal amount of the Bonds Outstanding and

receipt of indemnity to the Trustee's satisfaction, the Trustee shall, to the extent permitted by the Indenture and applicable law, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the Defaulting Party to carry out any agreements with or for the benefit of the Owners and to perform its or their duties under the Contract and the Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Contract or the Indenture, as the case may be;

(2) take whatever action at law or in equity is permissible and may appear necessary or desirable to enforce its rights against the Defaulting Party or the Mortgaged Property held as security therefor.

No right or remedy is intended to be exclusive of any other rights or remedies, but each and every such right or remedy will be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute. If any Event of Default has occurred and if requested by the Owners of a majority in aggregate principal amount of Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee is obligated to exercise, to the extent permitted by the Indenture and applicable law, such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, will deem most expedient in the interests of the Owners.

Application of Money. All money received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture after an Event of Default will, after payment of the costs and expenses of the proceedings resulting in the collection of such money and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and applied as follows:

(a) Unless the principal with respect to all of the Bonds have become or have been declared due and payable, all such money will be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due with respect to the Bonds, in the order of the maturity of the installments of such interest beginning with the earliest such maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal and premium, if any, with respect to any of the Bonds which have become due (other than Bonds matured or called for prepayment for the payment of which money is held pursuant to the provisions of the Indenture), in the order of their due dates and beginning with the earliest due date and, if the amount available is not sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD - To the payment to the persons entitled thereto of interest on overdue installments of principal, premium, if any, and interest, to the extent permitted by law, and if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such particular installment, to the persons entitled thereto, without any discrimination or privilege; and

FOURTH - To be held for the payment to the persons entitled thereto, as the same become due, of the principal, premium, if any, and interest with respect to the Bonds which may thereafter become due in accordance with the terms of the Indenture.

(b) If the principal with respect to all of the Bonds have become due or have been declared due and payable, all such money will be applied to the payment of the principal and interest then due and unpaid with respect to the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or privilege, with interest on overdue installments of interest or principal, to the extent permitted by law.

Whenever money is to be applied pursuant to the provisions described above, such money will be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee applies such funds, it will fix the date (which will be an Interest Payment Date unless it deems another date more suitable) on which such application is to be made and on such date interest on the amounts of principal to be paid on such dates will cease to accrue. The Trustee will give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such date, and will not be required to make payment to the Owner of any Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever the principal, premium, if any, and interest with respect to all of the Bonds have been paid and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund will be paid to the County.

Defeasance. If, when the Bonds secured by the Indenture become due and payable in accordance with their terms or otherwise as provided in the Indenture, the whole amount of the principal, premium, if any, and interest due and payable with respect to all of the Bonds will be paid or provision has been made for the payment of the same, together with all other sums payable under the Indenture, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Corporation to the Trustee and the Owners will then cease, terminate and become void and be discharged and satisfied. In such event, on the request of the County, the Trustee will transfer and convey to the County all property assigned or pledged to the Trustee by the Corporation then held by the Trustee pursuant to the Indenture, and the Trustee will execute such documents as may be reasonably required by the County and will turn over to the County any surplus in any fund created under the Indenture other than the Rebate Fund.

Outstanding Bonds will, before the maturity or prepayment date thereof, be deemed to have been paid within the meaning and with the effect expressed in the above paragraph if (a) in case said Bonds are to be prepaid on any date before their maturity, the County has given to the Trustee in form satisfactory to the Trustee irrevocable instructions to give on a date, in accordance with the provisions of the Indenture, notice of prepayment of such Bonds on said prepayment date, (b) there has been deposited with the Trustee either money in an amount which will be sufficient, or Federal Securities which do not contain provisions permitting the prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, and without any reinvestment thereof, will provide money which, together with the money, if any, deposited with or held by the Trustee at the same time, sufficient to pay when due the principal, premium, if any, and interest due and to become due with respect to said Bonds on and before the prepayment date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to prepayment within the next 60 days, the County has given the Trustee in

form satisfactory to it (1) irrevocable instructions to give, as soon as practicable in the same manner as the notice of prepayment is given, a notice to the Owners of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or prepayment date on which money is to be available for the payment of the principal, premium, if any, and interest with respect to said Bonds, (2) verification from an independent accountant or other nationally recognized expert not unacceptable to the Trustee that the money or Federal Securities deposited with the Trustee will be sufficient to pay when due the principal, premium, if any, and interest due and to become due with respect to the Bonds on and before the prepayment date or maturity date thereof, and (3) an opinion of nationally recognized bond counsel that such deposit of money or Federal Securities will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds. Neither the Federal Securities nor money deposited with the Trustee or principal or interest payments on any such Federal Securities will be withdrawn or used for any purpose other than, and such Federal Securities or money will be held in trust for, the payment of the principal, premium, if any, and interest with respect to said Bonds; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, will, to the extent practicable, be reinvested in Federal Securities of the type described in clause (b) of this paragraph maturing at the times and in amounts sufficient (together with any other money or Federal Securities then held by the Trustee as described above) to pay when due the principal, premium, if any, and interest to become due with respect to said Bonds on or before such prepayment date or maturity date thereof, as the case may be. At such time as any Bonds will be deemed paid as aforesaid, such Bonds will no longer be secured by or entitled to the benefits of the Indenture and the Contract, except for the purpose of exchange and transfer and any payment from such money or Federal Securities deposited with the Trustee.

The release of the obligations of the Corporation described in the preceding paragraph is without prejudice to the rights of the Trustee to be paid reasonable compensation for all services rendered by it under the Indenture and all its reasonable expenses, charges and other disbursements incurred with respect to the administration of the trust created by the Indenture and the performance of its powers and duties under the Indenture.

THE DEED OF TRUST

Deed of Trust and Security Interest. To secure (1) the obligations of the County to make the Installment Payments and (2) the payment and performance of all the other liabilities and obligations, whether now existing or hereafter arising, of the County to the Corporation under the Contract and the Deed of Trust, the County has granted and conveyed to the Deed of Trust Trustee for the benefit of the Beneficiary, its successors and assigns all right, title and interest that the County now has or may hereafter acquire in the Premises as more fully described in the Deed of Trust.

County's Continuing Obligation. The County will remain liable for full payment and performance, as the case may be, of all obligations secured by the Deed of Trust, notwithstanding the occurrence of any event or circumstance whatsoever. However, no deficiency judgment may be rendered against the County in favor of the Beneficiary in violation of 160A-20 of the North Carolina General Statutes, including, without limitation, any deficiency judgment for amounts that may be owed under the Contract or the Deed of Trust when the sale of all or any portion of the Mortgaged Property is insufficient to produce enough money to pay in full all remaining obligations under the Contract or the Deed of Trust.

Release of Mortgaged Property. Notwithstanding any other provisions of the Deed of Trust to the contrary, at any time so long as there is no Event of Default, with the consent of the Beneficiary, the Deed of Trust Trustee must release the Mortgaged Property or any part thereof from the lien and security interest of the Deed of Trust when and if the following requirements have been fulfilled:

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

(b) In connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, either (1) the tax, insured or appraised value of the Mortgaged Property remaining after the proposed release is not less than 50% of the aggregate principal components of the Installment Payments then Outstanding under the Indenture or (2) the County (i) provides for the substitution of other real property therefor and the tax, insured or appraised value of the Mortgaged Property remaining after the proposed substitution is not less than the replacement value of the Mortgaged Property (as determined above) immediately before the proposed substitution, (ii) delivers to the Deed of Trust Trustee and the Corporation an opinion of Bond Counsel to the effect that the substitution (A) is permitted by law and under the Deed of Trust and (B) will not adversely affect the tax treatment of the Bonds, and (iii) records a modification to the Deed of Trust reflecting such substitution of the Mortgaged Property.

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

(d) In connection with the release of all property constituting the entire Mortgaged Property, there is paid to the Beneficiary an amount sufficient to provide for the payment in full of all Outstanding Bonds in accordance with the Indenture.

Grant and Release of Easements. Notwithstanding any other provisions of the Deed of Trust, at any time so long as there is no Event of Default, with the consent of the Deed of Trust Trustee, the County may at any time or times grant easements, licenses, rights of way and other rights and privileges in the nature of easements with respect to any part of the Mortgaged Property and the County may release existing interests, easements, licenses, rights of way and other rights or privileges with or without consideration. The Beneficiary agrees that it shall execute and deliver and will cause, request or direct the Deed of Trust Trustee to execute and deliver any instrument reasonably necessary or appropriate to grant or release any such interest, easement, license, right of way or other right or privilege but only upon receipt of (a) a copy of the instrument of grant or release, (b) a written request of the County requesting such instrument and (c) a certificate executed by the County that the grant or release is not detrimental to the proper conduct of the operations of the County at the Mortgaged Property and will not impair the effective use, nor decrease the value, of the Mortgaged Property.

Release of Fixtures. Notwithstanding any other provisions of the Deed of Trust, at any time so long as there is no Event of Default, with the consent of the Deed of Trust Trustee, the County may at any time or times release Fixtures to be added to the Mortgaged Property from the security interest created by the Deed of Trust with or without consideration. The Beneficiary agrees that it shall execute and deliver and will cause, request or direct the Deed of Trust Trustee to execute and deliver any instrument reasonably necessary or appropriate to release any such Fixture but only upon receipt of (a) a copy of the instrument of release, (b) a written request of the County requesting such instrument and (c) a certificate executed by the County that the release is not detrimental to the proper conduct of the operations of the County at the Mortgaged Property and will not impair the effective use, nor decrease the value, of the Mortgaged Property.

Amendments. See "THE CONTRACT--*Amendments*" above.

Events of Default. The term "*Event of Default*" as used in the Deed of Trust, will mean any one or more of the following events:

(a) The occurrence of any "*Event of Default*" under the Contract; or

(b) Failure by the County to perform or observe any term, condition or covenant of the Deed of Trust on its part to be observed or performed, other than as referred to in (a) above, or breach of any warranty by the County therein contained, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Deed of Trust Trustee or the Beneficiary unless the Deed of Trust Trustee or the Beneficiary agrees in writing to an extension of such time before its expiration; provided, however, that if the failure cannot be corrected within the stated period, the Deed of Trust Trustee or the Beneficiary will not unreasonably withhold consent for an extension not longer than 180 days.

Acceleration on Default; Additional Remedies. If an Event of Default has occurred and is continuing, the Beneficiary will, at the direction of a majority in aggregate principal amount of the Owners of the Outstanding Bonds, declare all Indebtedness to be due and payable and the same will thereupon become due and payable in accordance with the Contract and the Deed of Trust without any presentment, demand, protest or notice of any kind. Thereafter, the Beneficiary may, to the extent permitted by applicable law and subject to the Contract:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Property, or any part thereof, in its own name or in the name of Deed of Trust Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Mortgaged Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof, and, with or without taking possession of the Mortgaged Property, sue for or otherwise collect the rents and issues thereof, including those rents and issues past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorney's fees, upon any Indebtedness, all in such order as the Beneficiary may determine. The entering upon and taking possession of the Mortgaged Property, the collection of such rents and issues and the application thereof as aforesaid, will not cure or waive any Event of Default or notice of Event of Default under the Deed of Trust or invalidate any act done in response to such Default or pursuant to such notice of Default and notwithstanding the continuance in possession of the Mortgaged Property or the collection, receipt and application of rents and issues, the Deed of Trust Trustee or the Beneficiary, to the extent permitted by applicable law and subject to the Contract, will be entitled to exercise every right provided for in any instrument securing or relating to the Indebtedness or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose the Deed of Trust as a mortgage, specially enforce any of the covenants of the Deed of Trust, or cause the Deed of Trust Trustee to foreclose the Deed of Trust by power of sale; and

(c) To the extent permitted by applicable law and the terms of the Contract, exercise any or all of the remedies available to a secured party under the Uniform Commercial Code of North Carolina or under any other applicable laws.

NOTWITHSTANDING ANY PROVISIONS CONTAINED IN THE DEED OF TRUST, IT IS THE INTENT OF THE PARTIES TO COMPLY WITH THE PROVISIONS OF NORTH CAROLINA GENERAL STATUTES SECTION 160A-20. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN FAVOR OF THE BENEFICIARY IN VIOLATION OF SECTION 160A-20, INCLUDING, WITHOUT LIMITATION, ANY DEFICIENCY JUDGMENT FOR AMOUNTS THAT MAY BE OWED UNDER THE CONTRACT OR THE DEED OF TRUST WHEN THE SALE OF ALL OR ANY PORTION OF THE MORTGAGED PROPERTY IS INSUFFICIENT TO PRODUCE ENOUGH MONEY TO PAY IN FULL ALL REMAINING OBLIGATIONS UNDER THE CONTRACT OR THE DEED OF TRUST. NOTWITHSTANDING ANY PROVISION TO THE CONTRARY IN THE DEED OF TRUST, NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION TO COLLECT ANY OF THE INDEBTEDNESS SECURED BY THE DEED OF TRUST AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONIES DUE OR SECURED UNDER THE DEED OF TRUST.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Letterhead of Parker Poe Adams & Bernstein LLP]

October ___, 2025

County of Chatham, North Carolina
Pittsboro, North Carolina

Chatham County Public Facilities Corporation
Pittsboro, North Carolina

Regions Bank
Atlanta, Georgia

$25,335,000
Limited Obligation Refunding Bonds
(County of Chatham, North Carolina), Series 2025
Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues Pursuant to an Installment Financing Contract between the Chatham County Public Facilities Corporation and the County of Chatham, North Carolina

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the execution and delivery of the $25,335,000 Limited Obligation Refunding Bonds (County of Chatham, North Carolina), Series 2025 (the "*2025 Bonds*") evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to an Installment Financing Contract dated as of January 1, 2013 (the "*2013 Contract*"), as previously amended by Amendment Number One to the Installment Financing Contract dated as of August 1, 2021 (the "*First Amendment*"), and as further amended by Amendment Number Two to the Installment Financing Contract dated as of October 1, 2025 (the "*Second Amendment*" and together with the 2013 Contract and the First Amendment, the "*Contract*"), each between Chatham County Public Facilities Corporation, a nonprofit corporation organized and existing under the Constitution and laws of the State of North Carolina (the "*Corporation*"), and the County of Chatham, North Carolina (the "*County*").

The 2025 Bonds are being executed and delivered pursuant to an Indenture of Trust dated as of January 1, 2013 (the "*2013 Indenture*"), as previously supplemented by Supplemental Indenture, Number 1 dated as of August 1, 2021 (the "*First Supplement*"), and as further supplemented by Supplemental Indenture, Number 2 dated as of October 1, 2025 (the "*Second Supplement*" and together with the 2013 Indenture and the First Supplement, the "*Indenture*"), each between the Corporation and Regions Bank, as trustee (the "*Trustee*"). To secure its obligations under the Contract, the County has executed and delivered a Deed of Trust, Security Agreement and Fixture Filing dated as of January 1, 2013 (the "*2013 Deed of Trust*"), as extended by a Notice of Extension of Deed of Trust to Additional Property dated as of August 1, 2021 (the "*First Extension*" and together with the 2013 Deed of Trust, the "*Deed of Trust*"), each from the County to the deed of trust trustee named therein. The Corporation has assigned to the Trustee pursuant to the Indenture all of its rights, title and interest in and to the Contract, including the right to receive

Installment Payments, but excluding certain reserved rights described in the Indenture, and the Deed of Trust. Each capitalized term used but not defined herein has the meaning given to such term in the Contract and the Indenture, as applicable.

The proceeds of the 2025 Bonds will be disbursed by the Trustee to (1) refinance the County's installment payment obligations related to the Corporation's Limited Obligation Bonds, Series 2014, maturing on and after November 1, 2026, (2) refinance the County's installment payment obligations related to the Corporation's Refunding Limited Obligation Bonds, Series 2015, maturing on and after November 1, 2030, and (3) pay financing costs related to the 2025 Bonds. The County has agreed under the Contract to pay its Installment Payments required thereunder directly to the Trustee.

In our capacity as Bond Counsel, we have examined executed copies of the Indenture, the Deed of Trust, the Contract, a specimen of the 2025 Bonds and such law and certified proceedings, instruments, opinions and other documents as we have deemed necessary to render the opinions hereinafter expressed. As to questions of fact material to the opinions hereinafter expressed, we have relied on representations of the Corporation and the County contained in the Contract and the related documents thereto, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Corporation and the County, without undertaking to verify the same by independent investigation. We have also relied on the opinion of Poyner & Spruill LLP as County Attorney, dated the date hereof, with respect to the County's due authorization, execution and delivery of the Contract and other matters set forth therein. We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings that we have examined that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents, opinions and proceedings.

On the basis of the foregoing, we are of the opinion, under existing law, that:

1. The Indenture has been duly authorized, executed and delivered by the Corporation and is a valid, binding and enforceable obligation of the Corporation and, assuming the due authorization, execution and delivery by the Trustee, creates a valid lien on the Revenues in favor of the Trustee for the benefit of the Owners of the 2025 Bonds.

2. The Contract has been duly authorized, executed and delivered by the County and the Corporation and is a valid, binding and enforceable obligation of the County and the Corporation.

3. The 2025 Bonds have been duly authorized, executed and delivered for the purposes described above. The 2025 Bonds evidence valid and legally binding proportionate undivided interests in the Revenues pursuant to the Contract, enforceable in accordance with their terms. The 2025 Bonds are entitled to the benefits and security of the Indenture for the payment thereof from certain amounts to be paid under the Contract in accordance with the terms of the Indenture and the Contract.

4. The portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as

defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "*Code*")) for the purpose of computing the alternative minimum tax imposed on 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 Code that must be satisfied subsequent to the execution and delivery of the 2025 Bonds in order that the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The County and the Corporation have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the portion of the Installment Payments designated and paid as interest with respect to the 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the 2025 Bonds. We express no opinion regarding other federal tax consequences related to the ownership of, or the receipt, accrual or amount of interest with respect to the 2025 Bonds.

5. The portion of the Installment Payments designated and paid as interest under the Contract with respect to the 2025 Bonds is exempt from State of North Carolina income taxation.

The rights of the Owners of the 2025 Bonds and the enforceability of the Indenture, the Contract and the 2025 Bonds may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, liquidation, readjustment of debt and other similar laws affecting creditors' rights and remedies generally, and by general principles of equity, whether such principles are considered in a proceeding at law or in equity.

Our services as Bond Counsel in connection with the execution and delivery of the 2025 Bonds have been limited to rendering the opinions expressed above based on our review of such proceedings and documents as we deem necessary to approve the validity of the 2025 Bonds and the tax status of interest with respect thereto. We express no opinion relating to the accuracy, completeness or sufficiency of the Preliminary Official Statement or the Official Statement (collectively, the "*Official Statement*"), or any other offering material relating to the 2025 Bonds (excepting only the matters set forth as our opinion in the Official Statement and the section entitled **"TAX TREATMENT"**) or as to the financial resources of the County or the ability of the County to make the payments required under the Contract, that may have been relied on by anyone in making the decision to purchase the 2025 Bonds.

This opinion is delivered to you and for your benefit in connection with the above transaction; it may not be relied on by you for any other purposes and may not be relied on by, nor may copies be provided to, any other person, firm, corporation or other entity without our prior written consent.

Respectfully submitted,

PARKER POE ADAMS & BERNSTEIN LLP

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

THE FOLLOWING DESCRIPTION OF DTC, OF PROCEDURES AND RECORD KEEPING ON BENEFICIAL OWNERSHIP INTERESTS IN THE 2025 BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS ON THE 2025 BONDS TO DTC PARTICIPANTS OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2025 BONDS, AND OR OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC Participants AND BENEFICIAL OWNERS IS BASED ON INFORMATION FURNISHED BY DTC.

1. The Depository Trust Company ("*DTC*") will act as securities depository for the 2025 Bonds. The 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of each series of the 2025 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2025 BONDS, AS DTC'S PARTNERSHIP NOMINEE, REFERENCE HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE 2025 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE 2025 BONDS.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of the 2025 Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2025 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 with respect to the 2025 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 2025 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

4. To facilitate subsequent transfers, all 2025 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 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 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.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2025 Bonds may wish to ascertain that the nominee holding the 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

BECAUSE DTC IS TREATED AS THE OWNER OF THE 2025 BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE INDENTURE, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE COUNTY, TO DTC OR TO THE TRUSTEE, IT MAY BE DIFFICULT TO

TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE 2025 BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

8. Redemption proceeds, distributions, and dividend payments on the 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the 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 Participant and not of DTC, the Trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. THE COUNTY AND THE TRUSTEE CANNOT AND DO NOT GIVE ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

9. DTC may discontinue providing its services as depository with respect to the 2025 Bonds at any time by giving reasonable notice to the County and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2025 Bond certificates are required to be printed and delivered.

10. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2025 Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

THE COUNTY AND THE TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE 2025 BONDS, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TRUST AGREEMENT TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2025 BONDS, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY.

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CHATHAM COUNTY
NORTH CAROLINA