# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Year Ended June 30, 2017**

**County of Dare, North Carolina**

(inside cover)

# County of Dare, North Carolina
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
**For the Year Ended**
**June 30, 2017**

Prepared by:

Department of Finance

This page intentionally blank.

**Dare County, North Carolina**
**Comprehensive Annual Financial Report**
For the Fiscal Year Ended June 30, 2017

**TABLE OF CONTENTS**

The **Introductory Section** includes a letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting, an organizational chart and a list of elected and appointed officials.

COUNTY OF DARE
P.O. Box 1000, Manteo, North Carolina 27954

(252) 475-5000

November 28, 2017

The Board of Commissioners
Citizens of the County of Dare, North Carolina
Dare County, North Carolina

The North Carolina State Treasurer's Office requires all general-purpose local governments to file with their office by December 1 of each year a complete set of financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2017.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed their anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Potter and Company, P.A., a firm of licensed certified public accountants, have issued an unqualified opinion on the financial statements of Dare County for the fiscal year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

**Profile of the County**

Dare County is located in northeastern North Carolina along the Atlantic seaboard. The County seat at Manteo is approximately 190 miles east of Raleigh, the State capital, and 90 miles south of the Virginia Beach-Norfolk, Virginia, metropolitan area. The County was formed in 1870 and is named in honor of Virginia Dare, the first child born of English parents in America, born on Roanoke Island in 1587. The County contains much of what is known as North Carolina's Outer Banks resort and vacation areas and contains approximately two-thirds of the North Carolina coastline. The county is host to the Cape Hatteras National Seashore, the Wright Brothers National Monument, the Fort Raleigh National Historic Site, the Alligator River National Wildlife Refuge, the Pea Island National Wildlife Refuge, the Monitor National Marine Sanctuary, Jockey's Ridge State Park, the Elizabeth II State Historic Site, Roanoke Island Festival Park, the North Carolina Aquarium, the North Carolina Maritime Museum, the Graveyard of the Atlantic Museum, Nags Head Woods Nature Preserve and Kitty Hawk Woods Reserve.

The county has a permanent population of approximately 36,000. The county's tourism industry results in a large seasonal population with an average daily population from June through early September estimated to reach 300,000. Six municipalities are located within the county: Duck, Kill Devil Hills, Kitty Hawk, Manteo, Nags Head and Southern Shores. Dare County is empowered to levy a property tax on both real and personal property located within its boundaries.

The County has operated under a commissioner/manager form of government since 1974. Policy making and legislative authority are vested in the governing Board of Commissioners consisting of seven members that serve staggered four-year terms. The governing board is responsible, among other things for passing ordinances, adopting the budget, appointing committees, and hiring the government's manager, attorney, and clerk to the board. The County's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the heads of various departments.

Dare County provides an extensive range of services, including law enforcement and detention, emergency medical services, an emergency medical services helicopter, emergency management, garbage collection, recycling, planning, recreation and water. The County is also financially accountable for a legally separate Tourism Board, ABC Board, Dare County Airport Authority, Stumpy Point Community Center District, Hatteras Village Community Center District, Rodanthe-Waves-Salvo Community Center District and Wanchese Community Center District. Additional information on all of these separate legal entities can be found in Note 1.A in the notes to the financial statements.

The annual budget serves as the foundation of Dare County's financial planning and control. All agencies and departments of Dare County are required to submit requests to the manager, as the budget officer per State law, on or before the last day of February of each year. The manager then uses these requests as the starting point for developing a proposed budget which must be submitted to the Board of Commissioners by each June 1. The Board is required to hold at least one public hearing on the proposed budget and must adopt a final budget by no later than each July 1, the day after the close of the prior fiscal year. The County uses a biennial budget process, preparing a first year budget and a planned second year budget once every two years. The appropriated budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. For Dare County, annual budgets are adopted for the General, Special Revenue and Enterprise (except the Water Capital Projects Fund) funds. Multiyear project budgets are adopted for all Capital Project funds and, if needed, for the legally budgeted Disaster Recovery Fund (consolidated into the General Fund). Appropriations in the General, Special Revenue and Enterprise (except the Water Capital Projects Fund) funds are made at the departmental level and at the project level for all Capital Project funds. For internal accounting purposes, budgetary control is generally maintained by object class (line item account). Purchase orders that would create an overencumbrance at that level generally are not written.

The County Manager may transfer any amount between line item accounts within a department, except that recurring expenditures, such as salaries, may not be increased in total within the department. The County Manager may transfer up to $10,000 between departments of the same fund but must report the amendment to the Board of Commissioners at its next regularly scheduled meeting. By means of the annual budget ordinance and a policy adopted by the Board of Commissioners on November 21, 1994, the County Manager may transfer funds from the contingency appropriation. The policy requires a report to the Board of the transfer and contains no restriction on the amount or purpose of the transfer.

**Local economy**

The county's economy is based on travel and tourism, and related supporting service industries. The county's business sector includes approximately 2,900 hotel/motel rooms, approximately 9,800 rental houses and approximately 375 food service establishments. Other economic activity is concentrated in real estate, construction, government, utilities, boat construction, and commercial fishing. The county has also experienced significant growth in the medical services sector. The County enjoys a large and wide tax base with only 44% and 54% of property taxpayers living within Dare County and North Carolina respectively. In addition, the County is not dependent upon a few large taxpayers, as the ten largest, excluding the federal and State governments, who are exempt from taxation, make up only 2.21 percent of the tax base.

The county's travel and tourism industry is directly tied to national and other regional and local economies, notably those of North Carolina, Virginia, and the mid-Atlantic region. The county's travel & tourism industry does not only encompass those revenues that have a direct relationship, such as sales and occupancy taxes, but also revenues related to property transactions and construction, such as the land transfer tax. The County fared comparatively well during the recession that began in December of 2007 and continued through fiscal year 2010, experiencing revenue decreases less than those seen in most of the State. Recovery from the recession has been slow but somewhat above that seen in other areas of the State, as illustrated by the annual percentage changes in the table below. (During fiscal year 2015 the State expanded the sales tax base effective 10/1/2014.)

| Fiscal Year | Occupancy Tax | Local Sales Tax | State-wide Sales Tax |
|---|---|---|---|
| **2008** | 5.69% | 1.65% | 0.26% |
| **2009** | (0.53)% | (5.62)% | (12.77)% |
| **2010** | (0.05)% | (2.78)% | (6.03)% |
| **2011** | 6.44% | 5.03% | 2.72% |
| **2012** | 0.59% | 4.66% | 3.85% |
| **2013** | 1.09% | 4.63% | 2.85% |
| **2014** | 5.29% | 1.70% | 5.26% |
| **2015** | 2.71% | 5.28% | 9.93% |
| **2016** | 5.01% | 6.37% | 5.87% |
| **2017** | 8.36% | 6.14% | 4.63% |

The County is one of six counties in North Carolina to have the ability to levy a one percent local land transfer tax. The tax is accounted for in the Capital Reserve Capital Projects Fund and is used to fund the County's capital improvements plan. Annual revenue changes are subject to volatility with annual increases as high as 50.4 percent and annual decreases as much as 34.3 percent. Recent annual changes have been increases of 21.2 percent in 2015, 2.76 percent in 2016, and 4.11 percent in 2017.

Due to the county's tourism based economy, monthly unemployment rates are highly variable and seasonal. The annual average for 2016 was 6.7 percent. The August 2017 monthly rate of 3.8 percent was the lowest since August of 2008.

Per capita personal income within Dare County is significantly higher than for the State as a whole, staying within a range of 115 to most recently 119 percent of that of the State and increasing from $38,386 in 2010 to $48,602 in 2016. Estimated taxable value of property within the county is $14.6 billion in 2017.

The County's general obligation debt rating from Standard & Poor's was upgraded to AA+ in May 2016. The County maintained its general obligation bond rating of AA from Fitch Ratings (affirmed in May 2016), and Aa2 from Moody's Investors Service (affirmed in May 2016). The County maintained its AA water revenue bond rating from Standard & Poor's (affirmed in October 2016). Fitch Ratings affirmed its AA- water revenue bond rating in April 2017 and changed the Rating Outlook to positive from stable.

**Long-term financial planning and major initiatives**

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund was 20.52 percent of total General Fund expenditures. Unassigned fund balance in the General Fund at year end was 19.86 percent of total General Fund expenditures, down from 19.95 percent in the prior year, and within policy guidelines adopted by the Board of Commissioners for budgetary and planning purposes (19 to 21 percent with a target of 20 percent). Excluding the effects of the legally budgeted Disaster Recovery Fund, which is consolidated into the General Fund and accounted for the revenues, expenditures and receivables from Hurricane Matthew, unassigned fund balance was 21.94 percent. Meeting the policy guidelines was the result of conservative budgeting of revenues, lower appropriated fund balance levels and an improved economy. Total fund balance increases were $1,585,223 in fiscal year 2014, $1,771,914 in fiscal year 2015, $2,167,003 in fiscal year 2016, and $2,391,169 in fiscal year 2017.

The available fund balance, comprised of unassigned of $20,044,953 plus Stabilization per State statute of $12,770,550 (a measure of fund balance not realized in cash as of the end of the fiscal year), was 32.51 percent of total General Fund expenditures.

The Board of Commissioners adopt a five year Capital Improvements Plan (CIP). The CIP is funded by the land transfer tax which is accounted for in the Capital Reserve Capital Projects Fund and addresses all major capital improvements for governmental activities. The Dare County Water Department also prepares and the governing board adopts a seven year Water CIP in conjunction with a five year rate model for operating, fund balances, and water revenue bond coverage purposes.

The towns of Kill Devil Hills, Kitty Hawk, Southern Shores, and Duck completed the planning, permitting, and construction contracting process for a beach nourishment project covering portions of each of the towns. Construction was completed on October 3, 2017. The project totals $41,821,691 with the County contributing $20,045,000 or approximately 48 percent. Construction activity is recorded in the Capital Projects Fund.

The County has completed the planning, permitting, and construction contracting process for a $24,186,825 beach nourishment project in the Buxton area. Construction began in the late spring of 2017 and is expected to be complete in February 2018. Beach nourishment funding comes from the Beach Nourishment (Special Revenue) Fund and construction activity is recorded in the Capital Projects Fund.

The County continued its focus on Education by maintaining local per pupil funding for the Dare County School System at the highest county funding in North Carolina for the fifthteenth consecutive year.

During fiscal year 2014, the County applied for a grant from the North Carolina 911 Board in the amount of $7,102,795. The grant was awarded at $7,002,795 on September 3, 2014. The grant is for the Dare-Tyrrell-Hyde Counties Regional Emergency Communications Center Project, which consolidates the E911 Centers of the three counties (Capital Project Fund). The $14.9 million project, which began operations on April 3, 2017, also includes an Emergency Operations Center for Dare County.

**Relevant Financial policies**

The Board has had a comprehensive set of financial policies in place since fiscal year 2006. The financial policies, updated in 2007, 2009, 2010, 2013 and 2014, cover the operating budget, fund balances, capital improvements and planning, debt, debt compliance, accounting, auditing and financial reporting, cash management, and investments. Particularly relevant for the current year was the fund balance policy as discussed in the prior section.

**Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dare County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the twenty-sixth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. That report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

We wish to express our appreciation to each member of the Finance Department who has assisted in the preparation of this report. We also thank the Board of Commissioners for their continued support for maintaining the highest standards of professionalism in the management of Dare County's finances.

Respectively submitted,

Robert L. Outten
County Manager

J. David Clawson
Finance Director/Assistant to the County Manager

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**County of Dare**

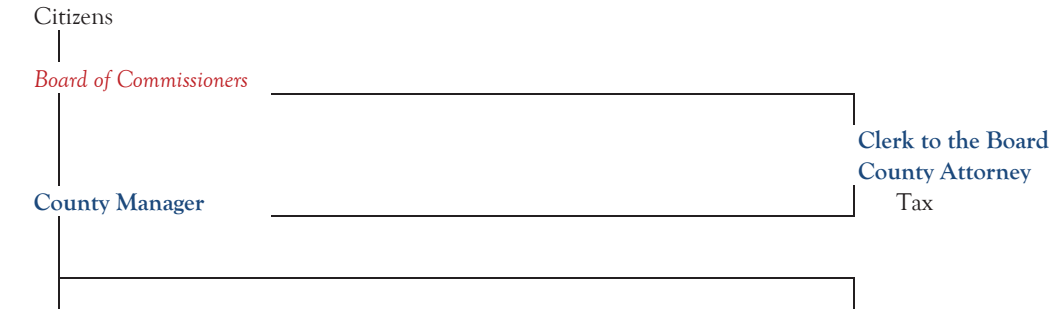
**North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# DARE COUNTY, NORTH CAROLINA
## Organizational Chart




General Government:
- Administration
- Public Relations
- *Board of Elections*
- Finance
  - Purchasing
- Human Resources
  - Insurance
  - General Services
- Information Technology
- *Register of Deeds*
- Building & Grounds
  - Turf Maintenance

Public Safety:
- *Sheriff*
  - Jail
  - Communications
- *Court Facilities*
- Emergency Medical Services
  - Emergency Medical Helicopter
- Emergency Management
  - Fire Marshal
- *Animal Shelter*

Economic and Physical Development:
- Planning
  - *Oregon Inlet & Waterways Commission*
- Cooperative Extension

*Health and Human Services:*
- Health
- Social Services
- Mental Health
- Veterans Services

Cultural and Recreational:
- Parks and Recreation
- *Library*
- Older Adult Services
- Transportation
- Youth Services

Environmental Protection:
- Administration
- Sanitation
- Sanitary Landfill
- Recycling
- C & D Landfill
- Landfill Dirt Pit
- Rubble Transfer Sites
- Wastewater Treatment Plants
- Mosquito Control
- Fleet Maintenance

Education:
- *Board of Education*
- *College of the Albemarle*

*Airport*

Water:
- Reverse Osmosis Plant
- RWS Reverse Osmosis Plant
- Skyco Plant
- Distribution

Legend:
- *Elected*
- **Appointed**
- *Additional Board*

**DARE COUNTY, NORTH CAROLINA**
**List of Elected and Appointed Officials**
June 30, 2017

Elected Officials

| | |
|---|---|
| Chairman - Board of Commissioners | Robert Woodard |
| Vice-Chairman - Board of Commissioners | Wally Overman |
| Board Member | Jack Shea |
| Board Member | Steve House |
| Board Member | Rob Ross |
| Board Member | Jim Tobin |
| Board Member | Danny Couch |
| Clerk of Courts | Dean Tolson |
| Register of Deeds | Vanzolla McMurran |
| Sheriff | J. D. Doughtie |

Appointed Officials

| | |
|---|---|
| Manager | Robert Outten |
| Airport Director | David Daniels |
| Attorney | Robert Outten |
| Board of Elections Director | Michelle Barnes |
| Clerk to the Board of Commissioners | Gary Gross |
| Director of Health and Human Services | Jay Burrus |
| Tax Collector | Rebecca Huff |

This page intentionally blank.

The **Financial Section** includes the independent auditor's report, management's discussion and analysis, the basic financial statements consisting of government-wide financial statements and fund financial statements, notes to the financial data and combining and individual fund statements and schedules.

POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Dare County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dare County, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dare County Airport, Dare County ABC, Dare County Tourism Board or the Hatteras Village Community Center, which represent 96% of the assets, 95% of the net position and 99% of the revenues of the aggregate discretely presented component Units. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dare County Airport, Dare County ABC, Dare County Tourism Board or the Hatteras Village Community Center, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards,* issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Dare County Airport, Dare County ABC, Dare County Tourism Board or the Hatteras Village Community Center were not audited in accordance with *Governmental Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Dare County, North Carolina, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Beach Nourishment Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 15 to 27, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset (liability) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, the other Postemployment Healthcare Benefit's Schedule of Changes in the Net OPEB Liability and Related Ratios and the Schedule of County Contributions:, and the Law Enforcement Officers' and Special Separation Allowance Schedule of Changes in Total Pension Liability and Schedule of Total Pension Liability as a Percentage of Covered Payroll, on pages 112 to 116, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dare County, North Carolina's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying schedule of expenditures of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above and the report of other auditors the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017 on our consideration of the Dare County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contract, and grant agreements and other matters,. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Dare County's internal control over financial reporting and compliance.

*Potter & Company, P.A.*

November 28, 2017
Mooresville, North Carolina

# Dare County, North Carolina

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Year Ended June 30, 2017**

## Management's Discussion and Analysis

As management of Dare County, we offer readers of Dare County's financial statements this narrative overview and analysis of the financial activities of Dare County for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

## Financial Highlights

- The assets and deferred outflows of Dare County exceeded its liabilities and deferred inflows at the close of the fiscal year by $13,076,068 (*net position*).
- The County's total net position increased by $24,172,359, primarily due to unexpended debt proceeds for capital projects, a decrease in the other post-employment benefits liability, a surplus in the General Fund, and favorable performance of business type activities.
- The County's beginning net position was restated and decreased by $109,346,474 due to the implementation of new accounting standards and by $707,286 from the correction of an accounting error in the prior year.
- As of the close of the current fiscal year, Dare County's governmental funds reported combined ending fund balances of $98,300,529, an increase of $14,464,166 in comparison with the prior year. The increase resulted from:
    - A General Fund increase of $2,391,169 from expenditure performance of $4,098,178 under budget (unconsolidated), revenue performance over budget of $1,025,407(unconsolidated), and reduced by appropriated fund balance;
    - A planned decrease of $7,097,870 in the Beach Nourishment Fund; and
    - An increase of $19,149,200 in the Capital Projects Fund from unexpended debt proceeds.
- After restrictions, commitments and assignments, approximately 20 percent of the total fund balances, or $20,044,953, is available for spending at the government's discretion (*unassigned fund balance*) and $24,387,333 is available for beach nourishment.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was $20,044,953 or 19.86 percent of General Fund expenditures (unconsolidated) for the current fiscal year, within the County's policy range of 19 to 21 percent and just under the policy target of 20 percent. Without the accounts receivable amount from FEMA and from the State related to Hurricane Matthew of $2,103,526, which requires an equal amount of fund balance to be shown as Restricted by State Statute, the unassigned fund balance percentage is 21.94 percent.

- Unassigned fund balance plus fund balance restricted for stabilization by State statute (available fund balance) is $32,815,503 or 32.51 percent of General Fund expenditures (unconsolidated) for the current fiscal year.

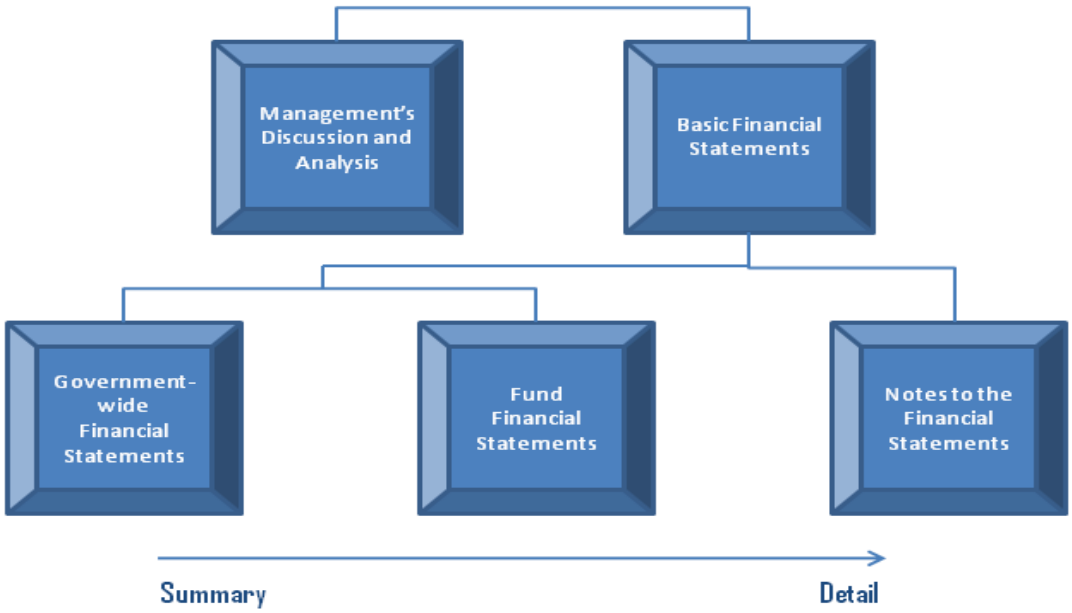
- Dare County's total debt increased by $9,113,793 (par value) (6.24 percent) during the current fiscal year. Principal payments for the fiscal year were $19,684,013. New debt issuances consisted of three capitalized leases totaling $2,627,806, a refunding revenue bond issue of $24,845,000 (with a related defeasance of $23,720,000), and a limited obligation bond issue of $25,045,000.

## Overview of the Financial Statements

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

## Required Components of Annual Financial Report

## Figure 1



## Basic Financial Statements

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

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

The next section of the basic financial statements is the *notes*. 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.

Directly following the notes is the required supplementary information. This section contains funding information about the County's pension 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 *statement of net position* presents information on all of Dare County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the County's financial condition.

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

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

The government-wide financial statements include not only Dare County itself (known as the *primary government*), but also nine legally separate entities for which the County is financially accountable. Financial information for seven of these *component units* is reported separately from the information presented for the primary government itself (the Dare County Airport Authority, the Dare County Alcoholic Beverage Control Board, the Dare County Tourism Board, the Rodanthe-Waves-Salvo Community Center District, the Wanchese Community Center District, the Stumpy Point Community Center District, and the Hatteras Village Community Center District) (pages 43-44 of the report).

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

Dare County maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Beach Nourishment Fund, and the Capital Projects Fund which are considered major funds. The legally separately budgeted Disaster Recovery Fund is consolidated into the General Fund. Data from the other eight governmental funds combine into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Dare County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. The basic governmental fund financial statements can be found on pages 32-36 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 37-40 of this report.

**Fiduciary Funds** – Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. Dare County has eleven fiduciary funds, one of which is a pension trust fund, two of which are private purpose trust funds, and seven of which are agency funds.

The basic fiduciary fund financial statements can be found on pages 41-42 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-109 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Dare County's progress in funding its obligation to provide pension and other benefits to its employees. Required supplementary information can be found on pages 112-116 of this report.

## Government-Wide Financial Analysis

Net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $13,076,068 as of June 30, 2017. The County's net position increased by $24,172,359 for the fiscal year ended June 30, 2017.

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 73 relating to pension accounting for the Law Enforcement Officers' Special Separation Allowance (LEOSSA) resulting in a restatement of beginning governmental net position, a decrease of $1,547,313.

The County implemented GASB Statement No. 75 relating to accounting for other post-employment benefits (OPEB) for retiree health benefits resulting in a restatement of beginning net position, a decrease of $107,799,161 ($98,276,171 governmental and $9,522,990 business-type).

The County corrected an accounting error from the prior fiscal year resulting in a restatement of beginning business-type activities, a decrease of $707,286 (see Note 23 on page 108).

The largest portion of net position reflects the County's net investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt still outstanding issued to acquire or construct those items. Dare County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Dare County's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The County has recorded $61,997,380 of school related debt, which decreases net position, but does not record the related asset as, although the County holds title to the school assets financed, the assets are leased to the school system until the termination of the debt upon which time title reverts to the school system.

An additional portion of Dare County's net position represents resources that are subject external restrictions on how they may be used. The unrestricted portion of ($199,365,385) is negative due to the school debt previously discussed, due to the amount restricted for stabilization by State statute of $23,218,483, due to the amount restricted by bond covenants of $15,257,272, due to the amount restricted for beach nourishment of $22,784,809, and due to liabilities now being recorded on a full accrual and actuarial basis for pensions and OPEB (GASB 73 and GASB 75).

## Dare County's Net Position

## Figure 2

| | Governmental Activities | | Business-type Activities | | Total | Total |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Current and other assets | $115,370,199 | $ 88,332,295 | $ 28,885,734 | $ 31,801,679 | $ 144,255,933 | $ 120,133,974 |
| Capital assets | 139,929,968 | 119,171,787 | 72,197,737 | 69,832,664 | 212,127,705 | 189,004,451 |
| Total assets | $255,300,167 | $ 207,504,082 | $101,083,471 | $ 101,634,343 | $ 356,383,638 | $ 309,138,425 |
| Deferred outflows of resources | $ 13,767,845 | $ 7,683,937 | $ 5,341,922 | $ 2,102,610 | $ 19,109,767 | $ 9,786,547 |
| Long-term liabilities outstanding | $259,225,319 | $ 173,748,324 | $ 42,960,246 | $ 33,134,696 | $ 302,185,565 | $ 206,883,020 |
| Other liabilities | 36,437,702 | 6,256,820 | 4,694,430 | 3,542,683 | 41,132,132 | 9,799,503 |
| Total liabilities | 295,663,021 | 180,005,144 | 47,654,676 | 36,677,379 | 343,317,697 | 216,682,523 |
| Deferred inflows of resources | $ 16,194,118 | $ 1,367,238 | $ 2,905,522 | $ 1,917,742 | $ 19,099,640 | $ 3,284,980 |
| Net position: | | | | | | |
| Net investment in capital assets | $107,555,911 | $ 89,094,833 | $ 43,127,737 | $ 41,608,439 | $ 150,683,648 | $ 130,703,272 |
| Restricted | 46,500,533 | 44,257,963 | 15,257,272 | 13,540,232 | 61,757,805 | 57,798,195 |
| Unrestricted | (196,845,571) | (99,537,159) | (2,519,814) | 9,993,161 | (199,365,385) | (89,543,998) |
| Total net position | $ (42,789,127) | $ 33,815,637 | $ 55,865,195 | $ 65,141,832 | $ 13,076,068 | $ 98,957,469 |

As previously discussed, the County implemented GASB Statements No. & 73 and 75 and corrected an accounting error which restated fiscal year 2017 beginning net position. The impacts of the restatements are not included in the fiscal year 2016 amounts shown above.

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

- Continued diligence in the collection of property taxes by maintaining a current year collection percentage of 99.22 percent, well above the statewide average for like-sized counties of 97.81 percent (2016);
- Continued low cost of debt due to maintenance and improvement of the County's debt ratings and aggressively pursuing refunding opportunities.
    - Standard & Poor's Rating Services upgraded the County's general obligation debt rating to AA+ on February 16, 2016.
- Continuing accumulation of funds for beach nourishment projects of $22,784,809; and
- Management's proactive stance on monitoring spending across departments to ensure budget compliance and promote expenditure savings from budget.

Aspects of the County's financial operations that negatively influenced the total unrestricted governmental net position were the past performance of the Insurance (Internal Service) Fund, which ended the fiscal year with a deficit of $1,921,231, an improvement of $1,492,666; significant borrowing for schools, with total outstanding school debt as of June 30, 2017 of $61,997,380; recognition of revised beginning liability amounts for the LEOSSA and for OPEB; and an increase in the County's share of the pension liability for the NC Local Government Employees Retirement System.

## Dare County Changes in Net Position

## Figure 3

| | Governmental Activities | | Business-type Activities | | Total | Total |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 12,985,375 | $ 12,703,480 | $ 13,141,786 | $ 13,389,431 | $ 26,127,161 | $ 26,092,911 |
| Operating grants and contributions | 7,931,129 | 5,963,898 | - | - | 7,931,129 | 5,963,898 |
| Capital grants and contributions | 20,119,188 | 3,462,423 | 14,945 | - | 20,134,133 | 3,462,423 |
| General revenues: | | | | | | |
| Property taxes | 60,930,602 | 59,933,626 | - | - | 60,930,602 | 59,933,626 |
| Other taxes | 38,354,549 | 35,954,513 | - | - | 38,354,549 | 35,954,513 |
| Investment earnings | 720,606 | 421,320 | 142,497 | 162,045 | 863,103 | 583,365 |
| Other | 3,891,192 | 1,981,201 | - | 6,698 | 3,891,192 | 1,987,899 |
| Total revenues | 144,932,641 | 120,420,461 | 13,299,228 | 13,558,174 | 158,231,869 | 133,978,635 |
| Expenses: | | | | | | |
| General government | 10,955,429 | 10,829,117 | - | - | 10,955,429 | 10,829,117 |
| Public safety | 34,815,732 | 30,236,350 | - | - | 34,815,732 | 30,236,350 |
| Transportation | 710,950 | 744,374 | - | - | 710,950 | 744,374 |
| Economic and physical development | 13,801,658 | 5,639,879 | - | - | 13,801,658 | 5,639,879 |
| Human services | 17,960,744 | 17,589,027 | - | - | 17,960,744 | 17,589,027 |
| Cultural and recreation | 6,018,676 | 5,937,464 | - | - | 6,018,676 | 5,937,464 |
| Education | 23,947,542 | 23,022,982 | - | - | 23,947,542 | 23,022,982 |
| Interest on long-term debt | 3,737,618 | 3,799,337 | - | - | 3,737,618 | 3,799,337 |
| Environmental protection | 9,765,572 | 8,611,570 | - | - | 9,765,572 | 8,611,570 |
| Water | - | - | 12,345,589 | 11,950,328 | 12,345,589 | 11,950,328 |
| Total expenses | 121,713,921 | 106,410,100 | 12,345,589 | 11,950,328 | 134,059,510 | 118,360,428 |
| Increase (decrease) in net position before transfers and special items | 23,218,720 | 14,010,361 | 953,639 | 1,607,846 | 24,172,359 | 15,618,207 |
| Transfers | - | (18,075) | - | 18,075 | - | - |
| Increase (decrease) in net position | 23,218,720 | 13,992,286 | 953,639 | 1,625,921 | 24,172,359 | 15,618,207 |
| Net positon, July 1 | 33,815,637 | 19,796,860 | 65,141,832 | 63,515,911 | 98,957,469 | 83,312,771 |
| Net positon, July 1 - restated | (66,007,847) | 19,823,351 | 54,911,556 | 63,515,911 | (11,096,291) | 83,339,262 |
| Net position, June 30 | $ (42,789,127) | $ 33,815,637 | $ 55,865,195 | $ 65,141,832 | $ 13,076,068 | $ 98,957,469 |

As previously discussed, the County implemented GASB Statements No. & 73 and 75 and corrected an accounting error which restated fiscal year 2017 beginning net position. The impacts of the restatements are not included in the fiscal year 2016 amounts shown above.

**Governmental activities**. Governmental activities increased the County's net position by $23,218,720. Key elements of this change were:

- Revenues:
  - Unexpended new debt proceeds in the Capital Projects Fund for a beach nourishment project of $19,149,200; and
  - An increase from the activities of the General Fund of $2,391,169 (modified accrual basis).

- Expenses:
  - The recognition of expense for OPEB per the new requirements of GASB No. 75, increasing all expense categories except education and interest on long-term debt;
  - The recognition of expense for LEOSSA per the new requirements of GASB No. 73, increasing the public safety expense category;

- Expenses for the design, permitting, bidding and contracting for two major beach nourishment projects, one covering the towns of Duck, Southern Shores, Kitty Hawk and Kill Devil Hills, and a second for the Buxton area of Hatteras Island;
- Management's proactive stance and emphasis on monitoring spending across departments to ensure budget compliance and promote savings from budget; and
- An increase in operating funding for the Dare County Board of Education (education), as the County continued to rank first in the State in local operating funding per pupil.

**Business-type activities**: Business-type activities increased Dare County's net position by $953,639. Key elements of this increase were:

- Continued growth in the existing customer base of 0.72 percent, now totaling over 20,000;
- Continued reductions in per account and per capita water consumption;
- A 3.00% water rate increase effective July 1, 2016;
- Increased sales from a system expansion to unincorporated Roanoke Island;
- Limited increases in budgeted operating costs and efficiency gains with the start of operations of a nanofiltration treatment process; and
- Prudent management of expenses.

## Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Dare County. At the end of the current fiscal year, fund balance unassigned in the General Fund was $20,044,953 (an increase of $537,638), while total fund balance increased by $2,391,169 to $34,179,498. If fund balance required to be shown as restricted by State statute for stabilization is included with unassigned fund balance (available fund balance), the amount is $32,815,503 or 32.51 percent of current year expenditures (unconsolidated), an increase of $3,702,460. The County's actions to increase the percentage of unassigned fund balance has succeeded, with that measure at 19.86 percent at fiscal year-end, within the County's policy range of 19 to 21 percent, and close to the target percentage of 20 percent of General Fund expenditures. Without the accounts receivable amount from FEMA and from the State related to Hurricane Matthew of $2,103,526, which requires an equal amount of fund balance to be shown as Restricted by State Statute, the unassigned fund balance percentage is 21.94 percent.

At June 30, 2017, the governmental funds of Dare County reported a combined fund balance of $98,300,529, a $14,464,166 or 17.25 percent increase from last year. The primary reasons are:

- An increase in the General Fund of $2,391,169 from favorable revenue performance and expenditure controls;
- A planned decrease of $7,097,870 in the Beach Nourishment Fund;
- An increase of $19,149,200 in the Capital Projects Fund from new unexpended debt proceeds for the Buxton beach nourishment project;
- An increase of $234,956 in the Construction and Demolition Landfill Fund from increased tipping fee revenue;
- A decrease of $73,526 in the Emergency Telephone System Fund due to use of fund balance for the regional emergency communications center project;
- A decrease of $189,351 in the Inlet Maintenance Fund from expenditures for Hatteras Inlet;
- A planned decrease of $216,275 in the Sanitation Fund from decreased contract revenue due to the loss of a municipal collection contract; and
- An increase of $331,677 in the School Capital Projects Fund from unexpended capital improvement plan funds.

After restrictions, commitments and assignments, approximately 20 percent of the total fund balances, or $20,044,953, is available for spending at the government's discretion (*unassigned fund balance*). $24,387,333 is available for beach nourishment.

**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 by $13,755.

Ad valorem taxes were $57,906 over budget due to better than anticipated collections of current year's taxes at $273,828 over budget. Current year collections were over budget as a result of: an increase in the tax base of 1.25 percent with a budgeted increase of 0.60 percent; a $33.5 million or 8.4 percent increase in the taxable value of motor vehicles; and despite a decrease in the current year collection percentage from 99.47 to 99.22. Prior year collections were $234,226 under budget due to improved collections in the prior year after the current year budget amounts were determined.

Other taxes were $792,718 over budget due to sales taxes being over budget by $544,576. The County's share of county-wide point of distribution sales tax (a measure of local activity) increased 5.64 percent which was budgeted at 3.12 percent. The County's share of population distribution sales tax (a measure of state-wide activity) increased 2.17 percent which was budgeted at a 0.54 percent decrease. Occupancy tax collections were $225,928 over budget after an increase of 8.36 percent which was budgeted at 3.00 percent.

Unrestricted intergovernmental revenues were $241,501 over budget due to federal payments in lieu of taxes being $95,696 over budget from a conservative budget amount due to uncertainty with the federal budget, ABC profits being over budget by $31,002 after a strong first quarter performance, and from an unbudgeted Medicaid hold harmless payment from the State of $112,019.

Restricted intergovernmental revenues were $200,270 under budget. The amount changes to $122,430 over budget when a budgeted but not received Governor's Highway Safety Program grant is removed. Social Services revenue was over budget by $130,959 due to increased administrative reimbursements from increased eligible administrative costs.

Permits and fees were $69,795 over budget with building permit fees $18,560 over budget from a 4.2 percent increase with no budgeted increase. Register of Deeds fees were $71,888 over budget from a 3.95 percent increase in revenue stamps with no budgeted increase.

Sales and services revenues were $21,926 over budget. Without $1,083,975 of budgetary offsets used to show the cost of school nurses and school resources officers in the budget (with no actual revenue), sales and services were $1,105,901 over budget due to the following:

- Health Department revenues $367,187 over budget from:
  - Medicaid cost settlement $160,473 over budget due to a conservative budget that does not include prior years' holdback amounts subject to final audit which were audited and released (previously recorded as unearned revenue);
  - Home Health revenue $74,478 over budget due to increased caseload;
  - Hospice revenue $223,419 over budget due a large increase in caseload; and
  - Dental program revenue $69,585 under budget due to a position vacancy which is offset by lower related expenditures;
- Detention Center revenues $278,428 over budget from a $286,314 increase from the prior year due to boarding detainees from three other counties within the region that have space or construction issues; and
- Emergency Medical Services revenue $313,706 over budget from:
  - Ground transport revenue $266,355 over budget due to a conservative budget amount which anticipated a greater decrease than the actual decrease of $102,355; and
  - Air transports $188,870 over budget due to a conservative budget and due to an actual increase of $52,446.

Interest earnings were $55,085 under budget from Federal Reserve rate increases occurring at slower pace than the budget anticipated and from a $55,129 unrealized loss from the decrease in market value of investments resulting from those rate increases.

Other revenue was $96,916 over budget due to an unanticipated $135,777 payment from the State Department of Transportation representing a refund of construction costs from a 2007 project to replace culverts on non-system roads within the County.

Expenditures were $4,098,178 under budget (3.90 percent). Without the budgetary offsets mentioned above under Sales and Services of $1,083,975; without other budgetary offsets of $76,710; without outstanding purchase orders at year-end of $337,727; without unused Contingency appropriation of $98,912; and without a budgetary carryover into fiscal year 2018 for unspent deferred maintenance funds for the Board of Education of $534,568, expenditures were $1,966,286 under budget (1.87 percent) due to the following:

- Non-departmental Department expenditures under budget by $149,489 from a decrease in expenditures for legal services for lobbyists and property tax appeals, from a decrease in credit card acceptance fees after implementation of pass-through of the processing fee to customers, and from a decrease in expenditures in the miscellaneous line item;
- Sheriff Department expenditures were $298,730 under budget from a budgeted but not received Governor's Highway Safety Program grant and from the fuel budget anticipating price increases which did not occur;
- Emergency Medical Services expenditures were $112,886 under budget but only $12,342 under budget when $100,544 of outstanding purchase orders are removed;
- Health Department expenditures were $241,873 under budget with amounts spread over salaries and fringes, contracted services, supplies, operating expenses and travel. These amounts were driven by budget levels which were set by anticipated program activity and represent 2.16 percent of the budget;
- Social Services expenditures were $477,048 under budget from lower expenditures for Medicaid transportation due to activity levels, for Foster Care due to a decrease in the number of children in care, for legal services due to the same decrease in children in Foster Care, and for In-home Services contracted services due to a decrease in caseload; and
- Board of Education expenditures show as $1,618,687 under budget but is equal to budget after removing the $1,083,975 budgetary offset and the $534,568 of deferred maintenance discussed above.

**Internal Service Funds.** The County's Insurance Fund, an Internal Service Fund, which affects the net position of governmental activities, and which is primarily supported by the General Fund and the Water Fund (proprietary), ended the fiscal year with a net position deficit of $1,921,231, an improvement of $1,492,666 from the prior year.

The fund deficit is the result of cumulative operating losses in prior fiscal years, most significantly an operating loss of $2,122,716 in fiscal year 2013. The fiscal year 2013 loss resulted from an increase in the number of retirees under the age of sixty-five on the Health Plan, growing from 78 for 2011 to 133 for 2013.

The fiscal year 2014 budget was adopted with a 7.5% estimated rate increase for the Health Plan along with additional wellness program initiatives. Fiscal year 2015 saw Health Plan changes, including offering a health savings account option, in order to arrive at no projected cost increase. Fiscal year 2016 provided an additional $1,748,600 of funding into the Insurance Fund for the costs of retirees under the age of 65 and to reduce the fund deficit. Fiscal year 2017 added an employee health clinic and $243,496 of funding over the fiscal year 2016 amount for deficit reduction.

**Proprietary Funds**. Dare County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The previously discussed restatements of beginning net position reduced beginning unrestricted and total net position equally. Unrestricted net position of the proprietary funds at the end of the fiscal year was a deficit of $2,125,149 which is negative directly due to the implementation of GASB Statement No. 75. Total net position was $56,259,860 and net position increased by $785,195. Revenue bond debt service coverage was stable at 3.86 times. The revenue bond rating from Standard and Poor's was maintained at AA after being affirmed in October 2016. Fitch Ratings affirmed its AA- revenue bond rating in April 2017 and changed the Ratings Outlook to "positive" from "stable". Other factors concerning the finances of these funds have been addressed in the discussion of Dare County's business-type activities.

**Capital Assets and Debt Administration**

**Capital assets.** Dare County's capital assets for its governmental and business – type activities as of June 30, 2017, total $212,127,705 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment and vehicles.

Major capital asset transactions during the year include:

- Purchased replacement equipment and vehicles for the public works, Sheriff and Emergency Medical Services departments;
- Completion of construction of the regional emergency communications and emergency operations center;
- The start of construction of construction and demolition landfill cell #5;
- The start of construction of a beach nourishment project covering portions of Duck, Southern Shores, Kitty Hawk, and Kill Devil Hills (with the County capitalizing its share), and a beach nourishment project for Buxton; and
- Completion of construction in progress in business-type activities from the construction of the Skyco Plant nanofiltration project.

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

## Dare County's Net Capital Assets

### Figure 4

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | $ 26,351,491 | $ 25,462,091 | $ 4,573,941 | $ 4,573,941 | $ 30,925,432 | $ 30,036,032 |
| Buildings | 62,136,098 | 63,881,182 | 31,417,748 | 32,737,699 | 93,553,846 | 96,618,881 |
| Improvements | 6,611,776 | 6,906,335 | 9,029,679 | 7,092,780 | 15,641,455 | 13,999,115 |
| Equipment | 3,637,272 | 4,691,273 | 556,058 | 591,521 | 4,193,330 | 5,282,794 |
| Machinery | 13,206,449 | 13,069,339 | 316,861 | 341,383 | 13,523,310 | 13,410,722 |
| Construction in progress | 27,986,882 | 5,161,567 | 26,303,450 | 24,495,340 | 54,290,332 | 29,656,907 |
| Total | $139,929,968 | $119,171,787 | $72,197,737 | $69,832,664 | $212,127,705 | $189,004,451 |

**Long-term Debt**. As of June 30, 2017, Dare County had no bonded debt outstanding backed by the full faith and credit of the County (general obligation).

Dare County's total debt increased by $9,113,793 (par value) (6.24 percent) during the past fiscal year, due to principal payments of $19,684,013 (par value) and new debt consisting of $2,627,806 of capitalized leases for vehicles and equipment, $24,845,000 of utilities system revenue refunding bonds (with a related defeasance of $23,720,000, an economic gain of $2,629,575, and a future debt service reduction of $3,510,169), and $25,045,000 of limited obligation bonds for beach nourishment. Total debt stood at $155,069,449 (par value) at June 30, 2017.

Dare County's general obligation bond rating was upgraded to AA+ by Standard and Poor's Global Ratings in February 2016. Dare County maintained its general obligation bond ratings of AA from Fitch Ratings (affirmed in May 2016) and Aa2 from Moody's Investors Service (affirmed in November 2017).

State law limits the amount of general obligation, installment purchase (certificates of participation and limited obligation bonds) and capitalized lease debt that a unit may have outstanding to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Dare County is $925,110,728 as of June 30, 2017. The County had $125,999,499 of outstanding debt subject to the limitation. Additional information regarding Dare County's long-term debt can be found in note 14 of the Basic Financial Statements.

## Economic Factors and Next Year's Budgets and Rates

Traditional economic factors are not necessarily applicable to Dare County due to a tourism based economy, seasonality of both activity and population that accompanies tourism, and a lack of manufacturing activities.

- The county had an annual average unemployment rate of 6.70 percent, above the State average for calendar year 2016 but down from 7.75 percent of the prior year and 8.2 percent from two years before. The County experiences significant seasonality in monthly rates with a high of 13.0 percent in January (2017) and a low of 3.8 percent in August (2017).
- The county's per capita income was $48,602 or 119 percent of that of the State for calendar year 2015.
- Taxable retail sales for fiscal year 2017 totaled $1.484 billion and total sales tax collections (State and local) were $70,661,477.
- Locally collected sales taxes increased 6.14 percent while those collected statewide increased 4.63 percent.
- The local 1 percent realty transfer tax for fiscal year 2017 increased by 4.11 percent.
- Occupancy tax collections increased by 8.36 percent even with the effects of Hurricane Matthew in October 2016.
- For calendar year 2016, the number of building permits increased 7.79 percent and the dollar value of the building permits increased 10.15 percent with the same trend continuing through calendar year 2017 to date.

## Budget Highlights for the Fiscal Year Ending June 30, 2018

**Governmental Activities:** The County maintained programs currently in place without service or program changes. The total operating budget increased 14.38 percent due to a 6.38 percent increase in the General Fund budget and an increase in the Beach Nourishment Fund budget due to new debt service. The General Fund budget increased by $6,537,761 with a property tax rate of $0.47 per $100 of valuation, an increase of $0.04 from the prior year.

Significant items included in the budget were:

- An increase of $678,653 to the Board of Education for local current expense and local capital outlay;
- An increase of $164,552 in Medicare supplemental policy cost for retirees;
- $50,000 for the Detention Center due to increased jail population, all of which is offset by additional revenue;
- A net cost of $67,520 for three income maintenance caseworkers in Social Services due to difficulties with the State's NC FAST system;
- Social Services vehicle replacements of $106,543;
- $268,463 in Parks and Recreation to correct deferred maintenance of buildings and facilities;
- Vehicle and equipment replacements in Parks and Recreation of $76,071;
- Recycling roll-off boxes and increased costs of tire and electronics recycling of $142,151;
- $49,216 for the repair of the Solid Waste Transfer Station floor;
- An increase in Fleet Maintenance allocations, from vehicle replacement and salary study costs, of $90,846;
- Increased property, liability and workers compensation insurance costs of $42,532:
- Implementation of the results of a salary study over a two year period, an increase of $1,707,515 for 2018;
- An increase of $1,599,552 for Emergency Medical Services for operating costs, increased costs of vehicle replacements, and for nine additional positions;
- Reinstatement of a merit pool as recommended by the salary study of $391,440;
- $236,082 to transfer to the Inlet Maintenance Fund for Hatteras Inlet;
- Part-time pay adjustments of $65,128;
- On-call pay adjustments of $53,675 to create a uniform policy for on-call compensation;

- $372,549 for the addition of two telecommunicator positions and for operating costs of the new Regional Emergency Communications Center and Emergency Operations Center; and
- $97,114 in Elections for additional municipal and required State elections in FY 2018;

**Business – type Activities:** Budgeted expenditures increased $594,344 (4.80 percent). Items included in the budget were: vehicle replacement for the Hatteras Reverse Osmosis ("RO") Treatment Plant; a control system upgrade at the RWS RO Treatment Plant; conversion from chlorine to hypochlorite and replacement of variable frequency drives at the North RO Treatment Plant; lower treatment chemical and higher utility (electric) costs at the Skyco Treatment Plant for the new nanofiltration treatment system; and an automated meter reading project feasibility study and generator replacement for water distribution. Increases were included for the salary study, merit pool, and on-call pay discussed above.

A water rate structure study with Raftelis Financial Consulting was completed, presented to the Board of Commissioners, and adopted with the FY 2015 budget. While experiencing the national trend of declining per capita water usage, the change in the rate structure enabled the system to increase the amount of fixed revenue from 10.5% to 21.5% of revenue, which is an amount sufficient to cover debt service. FY 2017 was the second year of the new rate structure and per the study, a rate increase of 2.0% is included in the 2018 budget.

**Debt Outlook**

The County adopts separate capital improvement plans (CIP) for governmental and business-type activities. The adopted governmental CIP for 2018 through 2022 incorporates future debt issuances for:

- $845,000 of debt for public safety portable radios in fiscal year 2019 with a four year term;
- $605,000 of debt for Manteo High School improvements in late fiscal year 2018 over a five year term, to be done in conjunction with County debt issuance of $9,573,000 per the Beach Nourishment Model for the 2018 Nags Head beach nourishment maintenance project; and
- $7,175,000 of debt for College of the Albemarle campus consolidation in fiscal year 2020 over a fifteen year term.

The adopted business-type (water) CIP for 2018 through 2024 does not include any debt issuances.

**Requests for Information**

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

This page intentionally blank.

The **Basic Financial Statements** include government-wide financial statements, fund financial statements and the notes to the financial statements.

**DARE COUNTY, NORTH CAROLINA**
**Statement of Net Position**
**June 30, 2017**

| | Primary Government | | | Component Units |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 56,002,402 | $ 7,014,214 | $ 63,016,616 | $ 16,884,469 |
| Receivables (net of allowance for uncollectibles) | 23,051,862 | 3,531,317 | 26,583,179 | 1,377,517 |
| Due from component unit | 519,490 | - | 519,490 | - |
| Internal balances | (429,232) | 429,232 | - | - |
| Inventories | 382,724 | 697,583 | 1,080,307 | 1,459,323 |
| Prepaids | - | - | - | 114,575 |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 17,149,259 | 17,149,259 | 5,651,405 |
| Cash with fiscal agent | 35,665,038 | 64,129 | 35,729,167 | - |
| Net pension asset | 177,915 | - | 177,915 | - |
| Capital assets: | | | | |
| Land and construction in progress | 54,338,373 | 30,877,391 | 85,215,764 | 15,817,775 |
| Other capital assets, net of depreciation | 85,591,595 | 41,320,346 | 126,911,941 | 15,022,579 |
| Total assets | 255,300,167 | 101,083,471 | 356,383,638 | 56,327,643 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 13,767,845 | 5,341,922 | 19,109,767 | 614,444 |
| **LIABILITIES** | | | | |
| Accounts payable and current liabilities | 15,354,975 | 206,147 | 15,561,122 | 1,734,417 |
| Accrued liabilities | 1,407,060 | 121,991 | 1,529,051 | 21,371 |
| Accrued interest payable | 436,203 | 79,058 | 515,261 | - |
| Due to primary government | - | - | - | 519,490 |
| Unearned revenues | 14,832 | 711,676 | 726,508 | 1,250 |
| Customer deposits | - | 1,956,116 | 1,956,116 | 16,957 |
| Noncurrent liabilities: | | | | |
| Due within one year | 19,224,632 | 1,619,442 | 20,844,074 | 147,142 |
| Due in more than one year | 259,225,319 | 42,960,246 | 302,185,565 | 3,873,127 |
| Total liabilities | 295,663,021 | 47,654,676 | 343,317,697 | 6,313,754 |
| **DEFERRED INFLOWS OF RESOURCES** | 16,194,118 | 2,905,522 | 19,099,640 | 45,148 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 107,555,911 | 43,127,737 | 150,683,648 | 30,710,354 |
| Restricted for: | | | | |
| Stabilization by State statute | 23,218,483 | - | 23,218,483 | 7,277,019 |
| Bond covenants | - | 15,257,272 | 15,257,272 | - |
| Economic and physical development | 22,784,809 | - | 22,784,809 | - |
| Public safety | 357,990 | - | 357,990 | 802,512 |
| Human services | 131,938 | - | 131,938 | - |
| General government | 7,313 | - | 7,313 | - |
| Unrestricted | (196,845,571) | (2,519,814) | (199,365,385) | 11,793,300 |
| Total net position | $ (42,789,127) | $ 55,865,195 | $ 13,076,068 | $ 50,583,185 |

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

**DARE COUNTY, NORTH CAROLINA**
**Statement of Activities**
**For the Year Ended June 30, 2017**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Primary Government: Business-type Activities | Primary Government: Total | Total Component Units |
|---|---|---|---|---|---|---|---|---|
| **Primary government:** | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | $ 10,955,429 | $ 1,633,788 | $ 10,346 | $ - | $ (9,311,295) | $ - | $ (9,311,295) | $ - |
| Public safety | 34,815,732 | 5,466,424 | 2,210,100 | 7,043,160 | (20,096,048) | - | (20,096,048) | - |
| Economic & physical development | 13,801,658 | 308,788 | 27,757 | 12,829,735 | (635,378) | - | (635,378) | - |
| Human services | 17,960,744 | 3,440,848 | 4,815,314 | - | (9,704,582) | - | (9,704,582) | - |
| Cultural and recreational | 6,018,676 | 398,800 | 442,077 | 246,293 | (4,931,506) | - | (4,931,506) | - |
| Environmental protection | 9,765,572 | 1,736,727 | 65,535 | - | (7,963,310) | - | (7,963,310) | - |
| Education | 23,947,542 | - | 360,000 | - | (23,587,542) | - | (23,587,542) | - |
| Transportation | 710,950 | - | - | - | (710,950) | - | (710,950) | - |
| Interest on long-term debt | 3,737,618 | - | - | - | (3,737,618) | - | (3,737,618) | - |
| Total governmental activities | 121,713,921 | 12,985,375 | 7,931,129 | 20,119,188 | (80,678,229) | - | (80,678,229) | - |
| Business-type Activities: | | | | | | | | |
| Water | 12,345,589 | 13,141,786 | - | 14,945 | - | 811,142 | 811,142 | - |
| Total business-type activities | 12,345,589 | 13,141,786 | - | 14,945 | - | 811,142 | 811,142 | - |
| Total primary government | $ 134,059,510 | $ 26,127,161 | $ 7,931,129 | $ 20,134,133 | (80,678,229) | 811,142 | (79,867,087) | - |
| Total component units | $ - | $ - | $ - | $ - | | | | (23,060,496) |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 60,930,602 | - | 60,930,602 | 567,901 |
| Sales taxes | | | | | 19,115,285 | - | 19,115,285 | - |
| Occupancy taxes | | | | | 13,911,420 | - | 13,911,420 | 4,700,425 |
| Alcoholic beverage taxes | | | | | 223,709 | - | 223,709 | - |
| Other taxes | | | | | 5,104,135 | - | 5,104,135 | 2,461,735 |
| Alcoholic beverage sales | | | | | 1,362,476 | - | 1,362,476 | 17,258,882 |
| Other revenues | | | | | 2,528,716 | - | 2,528,716 | 132,045 |
| Unrestricted investment earnings | | | | | 720,606 | 142,497 | 863,103 | 86,341 |
| Total general revenues | | | | | 103,896,949 | 142,497 | 104,039,446 | 25,207,329 |
| Change in net postion | | | | | 23,218,720 | 953,639 | 24,172,359 | 2,146,833 |
| Net position-beginning | | | | | 33,815,637 | 65,141,832 | 98,957,469 | 48,419,645 |
| Restatement | | | | | (99,823,484) | (10,230,276) | (110,053,760) | 16,707 |
| Net position-beginning, restated | | | | | (66,007,847) | 54,911,556 | (11,096,291) | 48,436,352 |
| Net position-ending | | | | | $ (42,789,127) | $ 55,865,195 | $ 13,076,068 | $ 50,583,185 |

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

**DARE COUNTY, NORTH CAROLINA**
**Balance Sheet**
**Governmental Funds**
**June 30, 2017**

| | General | Beach Nourishment | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 23,947,194 | $ 22,812,565 | $ 3,724,545 | $ 5,484,189 | $ 55,968,493 |
| Cash with fiscal agent - restricted | 93,765 | 172 | 35,503,393 | 67,708 | 35,665,038 |
| Receivables (net of allowance for uncollectibles) | 13,035,280 | 1,603,613 | 7,302,417 | 413,284 | 22,354,594 |
| Due from other governments | 168,230 | 200 | - | 18,362 | 186,792 |
| Due from component unit - ABC | 265,405 | - | - | 254,085 | 519,490 |
| Inventories | 13,176 | - | - | - | 13,176 |
| Total assets | $ 37,523,050 | $ 24,416,550 | $ 46,530,355 | $ 6,237,628 | $ 114,707,583 |
| **LIABILITIES** | | | | | |
| Accounts payable | $ 899,967 | $ 27,928 | $ 12,518,542 | $ 264,721 | $ 13,711,158 |
| Accrued liabilities | 1,335,928 | - | - | 38,414 | 1,374,342 |
| Unearned revenues | 14,832 | - | - | - | 14,832 |
| Total liabilities | 2,250,727 | 27,928 | 12,518,542 | 303,135 | 15,100,332 |
| **DEFERRED INFLOWS OF RESOURCES** | 1,092,825 | 1,289 | - | 212,608 | 1,306,722 |
| **FUND BALANCES** | | | | | |
| Nonspendable: | | | | | |
| Inventories | 13,176 | - | - | - | 13,176 |
| Restricted for: | | | | | |
| Stabilization by State statute | 12,770,550 | 1,602,524 | 8,317,844 | 527,565 | 23,218,483 |
| Beach nourishment | - | 22,784,809 | - | - | 22,784,809 |
| Emergency telephone system | - | - | - | 314,213 | 314,213 |
| Social services foster care | - | - | - | 15,215 | 15,215 |
| Capital or debt service | - | - | - | 648,735 | 648,735 |
| Capital | - | - | 25,693,969 | 67,708 | 25,761,677 |
| Register of deeds | 7,313 | - | - | - | 7,313 |
| Sheriff | 43,777 | - | - | - | 43,777 |
| Health department | 116,723 | - | - | - | 116,723 |
| Committed for: | | | | | |
| Disaster recovery | 612,216 | - | - | - | 612,216 |
| Hospice | 36,223 | - | - | - | 36,223 |
| C & D landfill | - | - | - | 1,583,157 | 1,583,157 |
| Sanitation | - | - | - | 2,265,409 | 2,265,409 |
| Inlet maintenance | - | - | - | 32,535 | 32,535 |
| School capital projects | - | - | | 267,348 | 267,348 |
| Assigned for: | | | | | |
| Subsequent year's exenditures | 534,567 | - | - | - | 534,567 |
| Unassigned: | 20,044,953 | - | - | - | 20,044,953 |
| Total fund balances | 34,179,498 | 24,387,333 | 34,011,813 | 5,721,885 | 98,300,529 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 37,523,050 | $ 24,416,550 | $ 46,530,355 | $ 6,237,628 | |

| | |
|---|---|
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 139,748,517 |
| Net pension asset | 177,915 |
| Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position | 2,156,653 |
| Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 97,832 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds. | 1,165,450 |
| Internal service funds are used by management to charge the costs of insurance and fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | (1,369,349) |
| Pension related deferrals - LGERS and RODSPF | 6,128,145 |
| Pension related deferrals - LEOSSA | (43,280) |
| OPEB related deferrals | (14,983,281) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (274,168,258) |
| Net position of governmental activities | $ (42,789,127) |

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

**DARE COUNTY, NORTH CAROLINA**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Governmental Funds**
**For the Year Ended June 30, 2017**

| | General | Beach Nourishment | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Ad valorem taxes | $ 56,486,678 | $ 106,449 | $ - | $ 4,110,585 | $ 60,703,712 |
| Other taxes | 23,743,007 | 9,400,814 | - | 4,584,305 | 37,728,126 |
| Unrestricted intergovernmental | 1,327,251 | - | - | - | 1,327,251 |
| Restricted intergovernmental | 7,944,375 | - | 7,077,842 | 736,474 | 15,758,691 |
| Permits and fees | 2,345,287 | - | - | 7,609 | 2,352,896 |
| Sales and services | 8,793,662 | - | - | 1,659,608 | 10,453,270 |
| Investment income | 253,805 | 179,347 | 99,201 | 40,970 | 573,323 |
| Other revenue | 849,679 | - | 12,829,735 | 15,142 | 13,694,556 |
| Total revenues | 101,743,744 | 9,686,610 | 20,006,778 | 11,154,693 | 142,591,825 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General government | 9,480,160 | - | 52,623 | 750 | 9,533,533 |
| Public safety | 27,241,402 | - | 2,395,154 | 307,440 | 29,943,996 |
| Economic and physical development | 1,157,729 | 126,768 | 11,257,252 | 1,189,393 | 13,731,142 |
| Human services | 16,593,111 | - | - | - | 16,593,111 |
| Cultural and recreational | 5,042,168 | - | - | 10,792 | 5,052,960 |
| Environmental protection | 2,381,319 | - | - | 5,130,297 | 7,511,616 |
| Education | 21,845,717 | - | - | 2,108,392 | 23,954,109 |
| Airport | 716,532 | - | - | - | 716,532 |
| Debt service: | | | | | |
| Principal | 13,027,753 | 4,910,000 | - | 646,260 | 18,584,013 |
| Interest | 4,278,692 | 300,573 | - | 11,202 | 4,590,467 |
| Capital outlay: | | | | | |
| General government | 68,216 | - | 115,497 | - | 183,713 |
| Public safety | 1,082,218 | - | 11,563,117 | - | 12,645,335 |
| Economic and physical development | 27,414 | - | 11,962,631 | - | 11,990,045 |
| Human services | 152,463 | - | 20,868 | - | 173,331 |
| Cultural and recreational | 313,800 | - | 163,270 | - | 477,070 |
| Environmental protection | 28,950 | - | 604,564 | 464,389 | 1,097,903 |
| Education | - | - | 62,616 | - | 62,616 |
| Total expenditures | 103,437,644 | 5,337,341 | 38,197,592 | 9,868,915 | 156,841,492 |
| Excess (deficiency) of revenues over (under) expenditures | (1,693,900) | 4,349,269 | (18,190,814) | 1,285,778 | (14,249,667) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers from other funds | 2,767,393 | - | 11,298,857 | 2,750,042 | 16,816,292 |
| Transfers to other funds | (200,000) | (11,447,139) | - | (5,169,153) | (16,816,292) |
| Installment financings issued | 933,792 | - | 25,584,014 | 1,155,000 | 27,672,806 |
| Insurance recoveries | 499,792 | - | - | - | 499,792 |
| Sale of surplus property | 84,092 | - | 457,143 | - | 541,235 |
| Total other financing sources and (uses) | 4,085,069 | (11,447,139) | 37,340,014 | (1,264,111) | 28,713,833 |
| Net change in fund balances | 2,391,169 | (7,097,870) | 19,149,200 | 21,667 | 14,464,166 |
| Fund balances-beginning | 31,788,329 | 31,485,203 | 14,862,613 | 5,700,218 | 83,836,363 |
| Fund balances-ending | $ 34,179,498 | $ 24,387,333 | $ 34,011,813 | $ 5,721,885 | $ 98,300,529 |

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

**DARE COUNTY, NORTH CAROLINA**
**Reconciliation of the Statement of Revenues,**
**Expenditures, and Changes in Fund Balances of Governmental Funds**
**To the Statement of Activities**
**For the Year Ended June 30, 2017**

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities are difference because: | | |
| Net change in fund balances - total governmental funds | $ | 14,464,166 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | 19,913,771 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. | | 888,615 |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | (9,070,583) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | | 2,156,653 |
| Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the of resources on the Statement of Net Position | | 97,832 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | (6,486,581) |
| Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. | | 1,254,847 |
| Change in net position of governmental activities | $ | 23,218,720 |

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

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**
**Budget and Actual**
**For the Year Ended June 30, 2017**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | (Negative) |
| **REVENUES** | | | | |
| Ad valorem taxes | $ 56,428,772 | $ 56,428,772 | $ 56,486,678 | $ 57,906 |
| Other taxes | 22,950,289 | 22,950,289 | 23,743,007 | 792,718 |
| Unrestricted intergovernmental | 1,085,750 | 1,085,750 | 1,327,251 | 241,501 |
| Restricted intergovernmental | 6,251,483 | 6,041,119 | 5,840,849 | (200,270) |
| Permits and fees | 2,275,492 | 2,275,492 | 2,345,287 | 69,795 |
| Sales and services | 8,564,887 | 8,771,736 | 8,793,662 | 21,926 |
| Investment income | 308,825 | 308,825 | 253,740 | (55,085) |
| Other revenue | 735,493 | 752,763 | 849,679 | 96,916 |
| Total revenues | 98,600,991 | 98,614,746 | 99,640,153 | 1,025,407 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 10,688,732 | 10,016,511 | 9,480,160 | 536,351 |
| Public safety | 24,674,206 | 25,205,485 | 24,747,577 | 457,908 |
| Economic and physical development | 1,148,787 | 1,227,645 | 1,157,729 | 69,916 |
| Human services | 17,220,438 | 17,319,559 | 16,593,111 | 726,448 |
| Cultural and recreational | 5,069,228 | 5,168,218 | 5,042,168 | 126,050 |
| Environmental protection | 2,547,838 | 2,602,896 | 2,381,319 | 221,577 |
| Education | 23,294,320 | 23,551,614 | 21,845,717 | 1,705,897 |
| Airport | 704,834 | 716,532 | 716,532 | - |
| Debt service: | | | | |
| Principal | 13,018,445 | 13,083,485 | 13,027,752 | 55,733 |
| Interest | 4,269,569 | 4,269,569 | 4,278,693 | (9,124) |
| Capital outlay: | | | | |
| General government | 48,800 | 67,995 | 68,216 | (221) |
| Public safety | 906,000 | 1,280,567 | 1,082,218 | 198,349 |
| Economic and physical development | 35,000 | 35,000 | 27,414 | 7,586 |
| Human services | 26,240 | 161,027 | 152,463 | 8,564 |
| Cultural and recreational | 307,852 | 313,594 | 313,800 | (206) |
| Environmental protection | - | 22,300 | 28,950 | (6,650) |
| Total expenditures | 103,960,289 | 105,041,997 | 100,943,819 | 4,098,178 |
| (Deficiency) of revenues (under) expenditures | (5,359,298) | (6,427,251) | (1,303,666) | 5,123,585 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers from other funds | 2,702,353 | 2,767,393 | 2,767,393 | - |
| Transfers to other funds | (200,000) | (200,000) | (200,000) | - |
| Installment financing issued | 933,792 | 933,792 | 933,792 | - |
| Sale of surplus property | 45,000 | 45,000 | 84,092 | 39,092 |
| Total other financing sources (uses) | 3,481,145 | 3,546,185 | 3,585,277 | 39,092 |
| Net change in fund balances* | (1,878,153) | (2,881,066) | 2,281,611 | 5,162,677 |
| Fund balance -- beginning | 29,087,255 | 29,087,255 | 31,285,671 | (2,198,416) |
| Fund balance -- ending | $ 27,209,102 | $ 26,206,189 | 33,567,282 | $ 2,964,261 |
| A legally budgeted Disaster Recovery Fund is consolidated into the General Fund for reporting purposes: | | | | |
| Restricted intergovernmental | | | 2,103,526 | |
| Investment income | | | 65 | |
| Insurance recoveries | | | 499,792 | |
| Expenditures | | | (2,493,825) | |
| Fund balance -- beginning Disaster Recovery Fund | | | 502,658 | |
| Fund balance -- ending consolidated General Fund | | | $ 34,179,498 | |

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

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

**DARE COUNTY, NORTH CAROLINA**
**Beach Nourishment Fund**
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**
**Budget and Actual**
**For the Year Ended June 30, 2017**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | (Negative) |
| **REVENUES** | | | | |
| Property taxes | $ - | $ - | $ 106,449 | $ 106,449 |
| Other taxes | 8,832,260 | 8,832,260 | 9,400,814 | 568,554 |
| Investment income | 311,154 | 311,154 | 179,347 | (131,807) |
| Total revenues | 9,143,414 | 9,143,414 | 9,686,610 | 543,196 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Economic & physical development | 932,840 | 485,743 | 126,768 | 358,975 |
| Debt service: | | | | |
| Principal | 4,910,000 | 4,910,000 | 4,910,000 | - |
| Interest | 300,574 | 300,574 | 300,573 | 1 |
| Total expenditures | 6,143,414 | 5,696,317 | 5,337,341 | 358,976 |
| Excess of revenues over expenditures | 3,000,000 | 3,447,097 | 4,349,269 | 902,172 |
| **OTHER FINANCING (USES)** | | | | |
| Transfers to other funds | (3,000,000) | (13,447,097) | (11,447,139) | 1,999,958 |
| Total other financing (uses) | (3,000,000) | (13,447,097) | (11,447,139) | 1,999,958 |
| Net change in fund balances* | - | (10,000,000) | (7,097,870) | 2,902,130 |
| Fund balance -- beginning | 31,485,203 | 31,485,203 | 31,485,203 | - |
| Fund balance -- ending | $ 31,485,203 | $ 21,485,203 | $ 24,387,333 | $ 2,902,130 |

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

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

**DARE COUNTY, NORTH CAROLINA**
**Statement of Net Position**
**Proprietary Funds**
**June 30, 2017**

| | Business-type Activities | Governmental Activities |
|---|---|---|
| | Major Enterprise Fund- Water | Internal Service Funds |
| **ASSETS** | | |
| Current assets: | | |
| Cash and equivalents | $ 7,014,214 | $ 33,909 |
| Restricted cash and cash equivalents: | | |
| Customer deposits | 1,956,116 | - |
| Revenue bond covenant accounts: | | |
| Extension & replacement | 12,336,509 | - |
| Extension & replacement NRO membrane reserve | 315,796 | - |
| Restricted surplus | 2,540,838 | - |
| Series 2011 revenue bond construction account | 63,718 | - |
| Debt service account | 411 | - |
| Total revenue bond covenant accounts | 15,257,272 | - |
| Total restricted cash and cash equivalents | 17,213,388 | - |
| Interest receivable | 16,457 | - |
| Accounts receivable (net of allowance for uncollectibles) | 3,514,860 | 253,865 |
| Due from other funds | 823,897 | - |
| Inventories | 697,583 | 369,548 |
| Total current assets | 29,280,399 | 657,322 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 4,573,941 | - |
| Buildings | 56,815,317 | 117,042 |
| Improvements other than buildings | 25,745,718 | 28,050 |
| Equipment | 4,778,674 | 383,619 |
| Machinery | 1,170,751 | 1,264,198 |
| Construction in progress | 26,303,450 | - |
| Less accumulated depreciation | (47,190,114) | (1,611,458) |
| Total capital assets (net of accumulated depreciation | 72,197,737 | 181,451 |
| Total noncurrent assets | 72,197,737 | 181,451 |
| Total assets | 101,478,136 | 838,773 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 5,341,922 | 193,300 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**Statement of Net Position**
**Proprietary Funds**
**June 30, 2017**

| | Business-type Activities | Governmental Activities |
|---|---|---|
| | Major | |
| | Enterprise Fund-Water | Internal Service Funds |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable | 206,147 | 202,449 |
| Accrued liabilities | 121,991 | 32,718 |
| Accrued claims incurred but not reported: | | |
| Health insurance | - | 1,441,367 |
| Compensated absences | 74,442 | 18,303 |
| Unearned revenues | 6,468 | - |
| Due to other funds | - | 823,897 |
| Accrued interest payable | 79,058 | - |
| Current liabilities payable from restricted assets: | | |
| Customer utility deposits | 1,956,116 | - |
| Revenue bonds payable | 1,545,000 | - |
| Total current liabilities | 3,989,222 | 2,518,734 |
| Noncurrent liabilities: | | |
| Unearned revenues | 705,208 | - |
| Compensated absences | 201,269 | 49,485 |
| Net pension liability | 901,034 | 220,178 |
| Other postemployment benefits | 12,047,289 | - |
| Revenue bonds payable (net of unamortized premium) | 29,810,654 | - |
| Total noncurrent liabilities | 43,665,454 | 269,663 |
| Total liabilities | 47,654,676 | 2,788,397 |
| **DEFERRED INFLOWS OF RESOURCES** | 2,905,522 | 7,690 |
| **NET POSITION** | | |
| Net investment in capital assets | 43,127,737 | 181,451 |
| Restricted for bond covenants | 15,257,272 | - |
| Unrestricted | (2,125,149) | (1,945,465) |
| Total net position | 56,259,860 | $ (1,764,014) |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | (394,665) | |
| Net position of business-type activities | $ 55,865,195 | |

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

**DARE COUNTY, NORTH CAROLINA**
**Statement of Revenues, Expenses, and Changes in Fund Net Position**
**Proprietary Funds**
**For the Year Ended June 30, 2017**

| | Business-type Activities | | Governmental Activities |
|---|---|---|---|
| | Major Water | Total Enterprise Funds | Internal Service Funds |
| Operating revenues: | | | |
| Charges for sales and services: | | | |
| Water sales | $ 11,519,770 | $ 11,519,770 | $ - |
| Wastewater charges | 65,548 | 65,548 | - |
| Connection fees | 81,460 | 81,460 | - |
| Initial impact fees | 387,377 | 387,377 | - |
| Water assessments | 408,605 | 408,605 | - |
| Penalties | 152,878 | 152,878 | - |
| Service revenue | - | - | 2,434,258 |
| Internal funding | - | - | 16,987,114 |
| Other revenue | 526,148 | 526,148 | 110,795 |
| Total operating revenues | 13,141,786 | 13,141,786 | 19,532,167 |
| Operating expenses: | | | |
| Hatteras water system | 1,806,386 | 1,806,386 | - |
| RWS reverse osmosis plant | 745,234 | 745,234 | - |
| North reverse osmosis plant | 1,628,244 | 1,628,244 | - |
| Skyco water plant | 1,591,967 | 1,591,967 | - |
| Water distribution system | 2,836,460 | 2,836,460 | - |
| Stumpy Point water and sewer system | 124,214 | 124,214 | - |
| Insurance | - | - | 15,633,619 |
| Fleet maintenance | - | - | 2,419,402 |
| Depreciation | 2,510,250 | 2,510,250 | 91,055 |
| Total operating expenses | 11,242,755 | 11,242,755 | 18,144,076 |
| Operating income | 1,899,031 | 1,899,031 | 1,388,091 |
| Nonoperating revenues (expenses): | | | |
| Investment income | 142,497 | 142,497 | - |
| Loss on disposal of capital assets | (103) | (103) | (1,800) |
| Interest expense | (982,166) | (982,166) | - |
| Bond issuance costs | (298,367) | (298,367) | - |
| Amortization of net original issue premium | 9,358 | 9,358 | - |
| Total nonoperating revenue (expenses) | (1,128,781) | (1,128,781) | (1,800) |
| Income before contributions | 770,250 | 770,250 | 1,386,291 |
| Capital contributions | 14,945 | 14,945 | 37,000 |
| Change in net position | 785,195 | 785,195 | 1,423,291 |
| Net position-beginning | 65,704,941 | | (3,187,305) |
| Restatement-change in accounting principle | (9,522,990) | | - |
| Restatement-correction of error | (707,286) | | |
| Net position-beginning, restated | 55,474,665 | | - |
| Net position-ending | $ 56,259,860 | | $ (1,764,014) |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | 168,444 | |
| Change in net position of business-type activities | | $ 953,639 | |

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

**DARE COUNTY, NORTH CAROLINA**
**Statement of Cash Flows**
**Proprietary Funds**
**For the Year Ended June 30, 2017**

| | Business-type Activities | Governmental Activities |
|---|---|---|
| | Major Enterprise Fund- Water | Internal Service Funds |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from customers | $ 12,473,027 | $ 2,920,018 |
| Receipts from interfund charges for insurance services | - | 15,808,541 |
| Receipts from interfund charges for fleet maintenance services | - | 1,178,573 |
| Other receipts | 523,903 | - |
| Payments to suppliers and service providers | (4,054,299) | (16,998,574) |
| Payments to employees for salaries and benefits | (4,274,469) | (1,112,495) |
| Net cash provided by operating activities | 4,668,162 | 1,796,063 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| Advances (to) from other funds | 1,775,112 | (1,775,112) |
| Net cash provided by (used for) noncapital financing activities | 1,775,112 | (1,775,112) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Proceeds from capital debt | 27,140,014 | - |
| Acquisition and construction of capital assets | (4,878,066) | (11,650) |
| Principal paid on capital debt | (27,918,994) | - |
| Interest paid on capital debt | (1,403,587) | - |
| Debt issuance costs | (298,367) | - |
| Net cash used for capital and related financing activities | (7,359,000) | (11,650) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Interest received | 138,734 | - |
| Net cash provided by investing activities | 138,734 | - |
| Net increase (decrease) in cash and cash equivalents | (776,992) | 9,301 |
| Cash and cash equivalents, July 1 | 25,004,594 | 24,608 |
| Cash and cash equivalents, June 30 | $ 24,227,602 | $ 33,909 |
| **Reconciliation of operating income to net cash provided by operating activities:** | | |
| Operating income | $ 1,899,031 | $ 1,388,091 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation expense | 2,510,250 | 91,055 |
| (Increase) decrease in accounts receivable | (167,776) | 374,965 |
| (Increase) decrease in inventories | 5,539 | (22,733) |
| (Increase) in deferred outflows of resources-pensions | (585,181) | (143,941) |
| Increase in net pension liability | 708,014 | 173,109 |
| (Decrease) in deferred inflows of resources-pensions | (67,791) | (16,157) |
| Increase in deposits payable | 27,365 | - |
| (Decrease) in accounts payable | (80,815) | (114,434) |
| Increase in accrued liabilities | 20,204 | 5,245 |
| Increase in accrued claims incurred but not reported: | | |
| Health insurance | - | 54,280 |
| Increase in compensated absences payable | 36,372 | 6,583 |
| (Decrease) in unearned revenues | (2,245) | - |
| (Decrease) in deferred revenues | (2,200) | - |
| (Increase) in deferred outflows of resources-other postemployment benefits | (39,803) | - |
| (Decrease) in net other postemployment benefits liability | (1,081,063) | - |
| Increase in deferred inflows of resources-other postemployment benefits | 1,488,261 | - |
| Total adjustments | 2,769,131 | 407,972 |
| **Net cash provided by operating activities** | $ 4,668,162 | $ 1,796,063 |
| **Schedule of non-cash capital and related financing activities:** | | |
| Contributions of capital assets | $ 14,945 | $ 37,000 |

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

**DARE COUNTY, NORTH CAROLINA**
**Statement of Fiduciary Net Position**
**Fiduciary Funds**
**June 30, 2017**

| | OPEB Trust Fund | Private Purpose Trust Funds | Agency Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ - | $ 61,652 | $ 2,371,617 |
| Cash with fiscal agent - restricted | 1,283,234 | - | - |
| Accounts receivable (net of allowance for uncollectibles) | - | 5,202 | 2,995,355 |
| Due from component unit | - | - | 116,172 |
| Total assets | 1,283,234 | 66,854 | 5,483,144 |
| **LIABILITIES AND NET POSITION** | | | |
| Liabilities: | | | |
| Accounts payable | - | - | 560,953 |
| Intergovernmental payable - Other Agencies | - | - | 3,161,050 |
| Intergovernmental payable - Dare County Board of Education | - | - | 43,347 |
| Due to component unit | - | - | 1,717,794 |
| Total liabilities | - | - | 5,483,144 |
| Net position | | | |
| Net position restricted for postemployment benefits other than pensions | 1,283,234 | - | |
| Net position held in trust | | 66,854 | |
| Total net position | $ 1,283,234 | $ 66,854 | $ - |

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

**DARE COUNTY, NORTH CAROLINA**
**Statement of Changes in Fiduciary Net Position**
**Fiduciary Funds**
**For the Year Ended June 30, 2017**

| | OPEB Trust Fund | Private Purpose Trust Funds |
|---|---|---|
| **ADDITIONS** | | |
| Contributions: | | |
| Employer | $ 4,457,542 | $ - |
| Private donations | - | 13,230 |
| Sales and services | - | 31,923 |
| Total contributions | 4,457,542 | 45,153 |
| Investment earnings: | | |
| Interest | 17,249 | 944 |
| Net increase in the fair value of investments | 106,328 | 3,596 |
| Total investment earnings | 123,577 | 4,540 |
| Investment expense | 1,508 | 492 |
| Net investment earnings | 122,069 | 4,048 |
| Total additions | 4,579,611 | 49,201 |
| **DEDUCTIONS** | | |
| Benefits | 4,401,077 | - |
| Cultural and recreational programs | - | 46,227 |
| Human service programs | - | 2,500 |
| Total deductions | 4,401,077 | 48,727 |
| Change in net position | 178,534 | 474 |
| **NET POSITION** | | |
| Beginning of year | 1,104,700 | 66,380 |
| End of year | $ 1,283,234 | $ 66,854 |

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

**DARE COUNTY, NORTH CAROLINA**
**Combining Statement of Net Position**
**All Discretely Presented Component Units**
**June 30, 2017**

| | Dare County Airport Authority | Dare County ABC Board | Dare County Tourism Board | Rodanthe, Waves, Salvo Community Center | Stumpy Point Community Center | Wanchese Community Center | Hatteras Village Community Center | Total Component Units |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| Cash and cash equivalents | $ 3,785,036 | $ 4,735,539 | $ 6,719,478 | $ 1,289,964 | $ 20,285 | $ 39,689 | $ 294,478 | $ 16,884,469 |
| Receivables (net of allowance for uncollectibles) | 54,031 | - | 1,169,183 | 8,393 | 2,465 | 4,877 | 138,568 | 1,377,517 |
| Inventories | 44,733 | 1,393,756 | 20,834 | - | - | - | - | 1,459,323 |
| Prepaids | - | 57,188 | - | 1,687 | - | - | 55,700 | 114,575 |
| Restricted assets: | | | | | | | | |
| Cash and cash equivalents | - | - | 5,651,405 | - | - | - | - | 5,651,405 |
| Capital assets: | | | | | | | | |
| Land and construction in progress | 5,465,369 | 302,012 | 9,382,584 | 610,210 | - | - | 57,600 | 15,817,775 |
| Other capital assets, net of depreciation | 4,912,048 | 3,896,585 | 4,401,819 | 314,353 | 5,079 | 119,095 | 1,373,600 | 15,022,579 |
| Total assets | 14,261,217 | 10,385,080 | 27,345,303 | 2,224,607 | 27,829 | 163,661 | 1,919,946 | 56,327,643 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 104,383 | 271,503 | 238,558 | - | - | - | - | 614,444 |
| **LIABILITIES** | | | | | | | | |
| Accounts payable and current liabilities | 39,702 | 1,627,932 | 61,570 | 405 | 285 | 476 | 4,047 | 1,734,417 |
| Accrued liabilities | 18,223 | 3,148 | - | - | - | | - | 21,371 |
| Due to primary government | - | 519,490 | - | - | - | - | - | 519,490 |
| Unearned revenue | - | - | 1,250 | - | - | - | - | 1,250 |
| Customer deposits | 11,682 | - | - | - | - | - | 5,275 | 16,957 |
| Noncurrent liabilities: | | | | | | | | |
| Due within one year | 130,000 | - | 17,142 | - | - | - | - | 147,142 |
| Due in more than one year | 1,572,312 | 1,516,807 | 784,008 | - | - | - | - | 3,873,127 |
| Total liabilities | 1,771,919 | 3,667,377 | 863,970 | 405 | 285 | 476 | 9,322 | 6,313,754 |
| **DEFERRED INFLOWS OF RESOURCES** | 4,153 | 13,969 | 27,026 | - | - | - | - | 45,148 |
| **NET POSITION** | | | | | | | | |
| Net investment in capital assets | 10,247,417 | 4,198,597 | 13,784,403 | 924,563 | 5,079 | 119,095 | 1,431,200 | 30,710,354 |
| Restricted for: | | | | | | | | |
| Stabilization by state statue | - | - | 7,081,908 | 5,473 | 2,016 | 372 | 187,250 | 7,277,019 |
| Law enforcement | - | 802,512 | - | - | - | - | - | 802,512 |
| Capital improvements | - | 522,916 | - | - | - | - | - | 522,916 |
| Working capital | - | 502,383 | - | - | - | - | - | 502,383 |
| Unrestricted | 2,342,111 | 948,829 | 5,826,554 | 1,294,166 | 20,449 | 43,718 | 292,174 | 10,768,001 |
| Total net position | $ 12,589,528 | $ 6,975,237 | $ 26,692,865 | $ 2,224,202 | $ 27,544 | $ 163,185 | $ 1,910,624 | $ 50,583,185 |

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

**DARE COUNTY, NORTH CAROLINA**
**Combining Statement of Activities**
**All Discretely Presented Component Units**
**For the Year Ended June 30, 2017**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Dare County Airport Authority | Dare County ABC Board | Dare County Tourism Board | Rodanthe, Waves, Salvo Community Center | Stumpy Point Community Center | Wanchese Community Center | Hatteras Village Community Center | Total Component Units |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Component units:** | | | | | | | | | | | | |
| Dare County Airport Authority | $ 1,746,168 | $ 822,689 | $ 716,532 | $ 18,749 | $ (188,198) | $ - | $ - | $ - | $ - | $ - | $ - | $ (188,198) |
| Dare County ABC Board | 16,899,167 | - | - | - | - | (16,899,167) | - | - | - | - | - | (16,899,167) |
| Dare County Tourism Board | 5,778,662 | 185,995 | - | - | - | - | (5,592,667) | - | - | - | - | (5,592,667) |
| Rodanthe, Waves, Salvo Community Center | 53,758 | | 1,218 | | - | - | - | (52,540) | - | - | - | (52,540) |
| Stumpy Point Community Center | 6,343 | 350 | 1,879 | - | - | - | - | - | (4,114) | - | - | (4,114) |
| Wanchese Community Center | 40,999 | - | 1,566 | - | - | - | - | - | - | (39,433) | - | (39,433) |
| Hatteras Village Community Center | 293,452 | 9,075 | - | - | - | - | - | - | - | | (284,377) | (284,377) |
| Total component units | $ 24,818,549 | $ 1,018,109 | $ 721,195 | $ 18,749 | (188,198) | (16,899,167) | (5,592,667) | (52,540) | (4,114) | (39,433) | (284,377) | (23,060,496) |
| General revenues: | | | | | | | | | | | | |
| Property taxes | | | | | - | - | - | 199,259 | 6,344 | 42,392 | 319,906 | 567,901 |
| Occupancy taxes | | | | | - | - | 4,700,425 | - | - | - | - | 4,700,425 |
| Other taxes | | | | | - | - | 2,461,735 | - | - | - | - | 2,461,735 |
| Alcoholic beverage sales | | | | | - | 17,258,882 | - | - | - | - | - | 17,258,882 |
| Other revenues | | | | | - | | - | - | - | - | 132,045 | 132,045 |
| Unrestricted investment earnings | | | | | 22,768 | - | 60,712 | 2,279 | 123 | - | 459 | 86,341 |
| Total general revenues | | | | | 22,768 | 17,258,882 | 7,222,872 | 201,538 | 6,467 | 42,392 | 452,410 | 25,207,329 |
| Change in net position | | | | | (165,430) | 359,715 | 1,630,205 | 148,998 | 2,353 | 2,959 | 168,033 | 2,146,833 |
| Net position-beginning | | | | | 12,754,958 | 6,598,815 | 25,062,660 | 2,075,204 | 25,191 | 160,226 | 1,742,591 | 48,419,645 |
| Restatement | | | | | - | 16,707 | - | - | - | - | - | 16,707 |
| Net position-beginning, restated | | | | | 12,754,958 | 6,615,522 | 25,062,660 | 2,075,204 | 25,191 | 160,226 | 1,742,591 | 48,436,352 |
| Net position-ending | | | | | $ 12,589,528 | $ 6,975,237 | $ 26,692,865 | $ 2,224,202 | $ 27,544 | $ 163,185 | $ 1,910,624 | $ 50,583,185 |

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

## Note 1. Summary of Significant Accounting Policies

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

### A. Reporting Entity

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

***Discretely Presented Component Units***

Dare County Airport Authority

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

Dare County Alcoholic Beverage Control Board

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

Dare County Tourism Board

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

Stumpy Point Community Center District

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

Hatteras Village Community Center District

The Hatteras Village Community Center District (District) is a political subdivision of the State created by the General Assembly of North Carolina, 1981 session, House Bill 511, after approval by a majority of voters within the District. The County Board of Commissioners appoints the District's governing board and may remove appointees at will. The County Board of Commissioners levies a property tax within the District at the request of the District's governing

board. The County collects the property tax and remits the proceeds to the District, which is accounted for in the Tax and ABC pass-through (Agency) Fund.

Rodanthe-Waves-Salvo Community Center District
The Rodanthe-Waves-Salvo Community Center District (District) is a political subdivision of the State created by the General Assembly of North Carolina, 1965 session, House Bill 885, after approval by a majority of voters within the District. The County Board of Commissioners appoints the District's governing board and may remove appointees at will. The County Board of Commissioners levies a property tax within the District at the request of the District's governing board. The County collects the property tax and remits the proceeds to the District, which are accounted for in the Tax and ABC pass-through (Agency) Fund.

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

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

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

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

Dare County Airport Authority
410 Airport Road
Post Office Box 1251
Manteo, NC 27954

Dare County ABC Board
2104 Croatan Highway
Post Office Box 1979
Nags Head, NC 27959

Dare County Tourism Bureau
One Visitors Center Circle
Manteo, NC 27954

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

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

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the 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 unit. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

**General Fund**. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The County maintains one other legally budgeted fund, the Disaster Recovery Fund which is consolidated into the General Fund in accordance with GASB statement No. 54.

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

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

The County reports non-major governmental funds consisting of six legally budgeted special revenue funds – the Construction & Demolition Landfill Fund, the Emergency Telephone System Fund, the Social Services Foster Care Fund, the Sanitation Fund, the Inlet Maintenance Fund and the Donations Fund, and two legally budgeted capital projects funds – the Capital Reserve Capital Projects Fund and the School Capital Projects Fund.

The County reports the following major enterprise fund:

**Water Fund.** This fund accounts for the operation of the County's four reverse osmosis treatment plants, one nanofiltration water treatment plant, and the retail water distribution system.

The County also reports the following fund types:

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

**Private Purpose Trust Funds.** These funds account for resources held in trust that, per donation or other instructions, must be used for specified purposes. There is no requirement that any portion of these resources be preserved as capital. The County has two Private Purpose Trust Funds, the General Trust Fund and the Library Trust Fund.

**Pension Trust Fund**. The County maintains one Pension Trust Fund, the Other Post-employment Benefit Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other post-employment benefit plans. The Other Post-employment Benefit Fund accounts for the County's contribution for health care coverage provided to qualified retirees (the healthcare benefits plan) and for contributions made to finance future benefits, which are held in an irrevocable trust.

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains seven Agency funds: the Tax and ABC Pass-through Fund that accounts for moneys collected and distributed for special tax districts, ABC Board designated funds, occupancy taxes, prepared foods tax, property tax collections for the towns of Manteo, Kitty Hawk, Kill Devil Hills, Southern Shores and Duck , and vehicle property taxes; the Social Services Fund that accounts for funds held and administered by the Department of Social Services as appointed trustee for certain individuals; the Grant Pass-through Fund that accounts for State grant funds passed through the County to other agencies; the Inmate Banking Fund that accounts for funds held for and used by detainees and inmates at the Dare County Detention Center; the Fines and Forfeitures Fund that accounts for moneys collected by the Clerk of Superior Court from fines and

forfeitures which are, by statute, passed-through the County and remitted to the Dare County Board of Education; the Dare Day Fund that accounts for funds held by Dare County for the Dare Day Committee (Note 18); and the Government Access Fund that accounts for funds held for the Government Access Committee (Note 18).

**C. Measurement Focus and Basis of Accounting**

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

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements*. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, 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. All taxes are reported as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

**D. Budgetary Data**

Budgets are adopted as required by State statute. An annual budget ordinance is adopted for the General, Special Revenue and Enterprise (excluding the Water Capital Projects Fund) funds. Financial plans are adopted for the Internal Service funds as allowed by G.S. 159-13.1. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for Capital Project funds, except for the Capital Reserve Capital Projects Fund. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions.

Expenditures may not legally exceed appropriations at the departmental level for the General, Special Revenue, and Enterprise funds, and at the project level for the Capital Project funds, except for the Capital Reserve Capital Projects Fund. All Social Services departments (General Fund) are treated as one department per the budget ordinance. The county manager is authorized by the budget ordinance to transfer any amount within a department and to transfer appropriations between departments within a fund up to $10,000. However, any revisions that change total departmental appropriations must be reported by the county manager to the governing board at its next regularly scheduled meeting. Any revisions that alter total revenues or expenditures of any fund must be adopted by the governing board.

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

**E. Deposits and Investments**

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

G.S. 159-30(c) authorizes the County, the Airport, the ABC Board and the Tourism Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). Per an investment policy adopted by the governing board, investments in obligations of the Bank for Cooperatives, obligations of the Federal Intermediate Credit Bank, obligations of the Federal Land Banks, obligations of the Farmers Home Administration, bonds or notes of any North Carolina local government or public authority that is rated below the AA category, repurchase agreements (except as allowed for debt proceeds), and collateralized mortgage obligations are not allowed, although legal under G.S. 159-30(c). G.S. 159-30.1 allowed the County to establish an irrevocable Other Postemployment Benefit (OPEB) Trust Fund managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with SEC and G.S. 159-30 (g) allows the County to make contributions to the Trust. The State Treasurer, in his discretion, may invest the proceeds in equities of certain publically held companies and long or short term fixed income investments as allowed by G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

The majority of the County's, the Airport's, the ABC Board's and the Tourism Board's investments are carried at fair value. Non-participating interest earnings contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered 2a-7 external investment pool is measured at amortized cost, which is the share price. The NCCMT Term Portfolio's securities are valued at fair value.

Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Per G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The BIF is valued at $1 per share. The MSCI ACWI EQ Index Non-Lendable Class B Fund is priced at market values as of June 30, 2017.

**F. Cash and Cash Equivalents**

The County pools monies from all funds, except the Library Trust (Private-Purpose Trust) Fund, the Social Services (Agency) Fund, the Inmate Banking (Agency) Fund, the Wanchese Community Center (Agency) Fund and the Post-employment Benefit (Pension Trust) Fund, to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments that are not limited as to use are essentially demand deposits and are considered cash and cash equivalents. The Airport, the ABC Board and the Tourism Board consider demand deposits and investments purchased with an original maturity of three months or less, that are not limited as to use, to be cash and cash equivalents.

**G. Restricted Assets**

Certain proceeds of the County's Series 2007 and Series 2009 Certificates of Participation (COPs), the Series 2012B, Series 2012C, Series 2012D, Series 2013, Series 2014, Series 2015, Series 2016A, Series 2016B, and Series 2016C Limited Obligation Bonds (LOBs) are classified as restricted assets as their use is limited by applicable contract provisions (Note 14).

Certain proceeds of the County's 2010 installment financing contract are classified as restricted assets as their use is limited by applicable contract provision (Note 14).

Certain assets of the Capital Reserve Capital Projects fund are classified as restricted assets as their use is restricted per G.S. 159-18 through 22.

Certain assets of the Water (Enterprise) Fund are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants of the County's Series 2009, Series 2011, and Series 2017 utilities (water) system revenue bonds (Note 14). The revenue bond extension and replacement account is used to report resources set aside for extensions, additions and capital improvements to, or the renewal and replacement of capital assets of the water system. The revenue bond surplus account is used to report resources accumulated as surplus, as defined and allowed by bond covenants. Certain assets of the Water (Enterprise) Fund are classified as restricted assets because the County and two municipal wholesale water customers, as part of capital charges required by the related contract (Note 21), have agreed to fund a reserve for membrane replacement through the wholesale water rate. The membrane replacement reserve is a portion of the revenue bond extension and replacement account. Cash held from customer security deposits is also classified as restricted assets.

Certain proceeds of the County's Series 2009, Series 2011, and Series 2017 utilities (water) system revenue bonds (Note 14), as well as certain resources set aside for their repayment, are classified as restricted assets on the Water (Enterprise) Fund balance sheet as their use is limited by applicable bond covenants. The revenue bond debt service account is used to segregate resources accumulated for debt service payments.

**H. Ad Valorem Taxes Receivable and Deferred Revenues**

In accordance with G.S. 105-347 and G.S. 159-13(a), the County levies ad valorem taxes, except for ad valorem taxes on certain vehicles (Note 1.C), on July 1, the beginning of the fiscal year, and these taxes are due on September 1; however, no interest or penalties are assessed until the following January 6. The taxes for the fiscal year ended June 30, 2017 were based on assessed values as of January 1, 2016. The taxes were collected throughout the fiscal year, from August through June.

**I. Allowances for Doubtful Accounts**

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

**J. Inventories and Prepaid Items**

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

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

**K. Capital Assets**

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

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

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

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

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

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

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

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

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

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

**L. Deferred Outflows/Inflows of Resources**

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

**M. Compensated Absences**

The overtime compensation policies of the County (except for law enforcement, detention, telecommunications and emergency medical personnel), the Airport, and the ABC Board allow for overtime compensation to be provided in the form of compensatory time off earned at time and one half (for hours worked over 40 hours per week) which can be accumulated up to a total of 240 hours. Accumulated overtime compensation in excess of 240 hours is paid (certain exceptions allow for 480 hours). For the County, overtime compensation is paid to law enforcement, detention, telecommunications and emergency medical personnel at time and one half (for hours worked over 40 hours per week).

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

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

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

The sick leave policies of the County, the Airport, the ABC Board and the Tourism Board allow employees to accumulate sick leave at the rate of one day per month and can accrue an unlimited number of days. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities has any obligation for accumulated sick leave until and unless it is actually taken, no accrual for sick leave has been made by the County or its component units.

**N. Long-Term Obligations**

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

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

**O. Net Position and Fund Balances**

**Net Position**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; 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 comprised of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The Governmental fund types classify fund balances as follows:

***Non-spendable Fund Balance*** –This classification includes amount that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

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

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

**Restricted for Stabilization by State Statute** - portion of fund balance that is restricted by G.S. 159-8(a).

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

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

**Restricted for Social Services Foster Care** - portion of fund balance that is restricted by revenue source (Session Law 1995-679.1) for County foster care expenditures.

**Restricted for Capital or Debt Service** - portion of fund balance that is restricted by revenue source (Session Laws 1985-716 and 2001-394) for capital or debt service for capital projects.

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

**Restricted for Register of Deeds** - portion of fund balance that is restricted by revenue source to pay for computer equipment and imaging technology for the Register of Deeds office.

**Restricted for Sheriff** - portion of fund balance that is restricted by revenue source for non-supplanting expenditures for the Sheriff's office.

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

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

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

**Committed for Hospice –** portion of fund balance that can only be used by the Health Department for hospice operations.

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

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

**Committed for Inlet Maintenance –** portion of fund balance remaining after restrictions in the Inlet Maintenance Fund.

**Committed for School Capital Projects –** portion of fund balance that can only be used for capital outlay and capital projects for Dare County Schools.

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

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

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

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

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

The County has a board adopted minimum fund balance policy for the General Fund. The target goal for fund balance, after restrictions, other commitments and assignments, is 19% to 21% of actual expenditures for the then completed fiscal year (Note 16). Fund balance may be purposefully drawn down below the target percentage for emergencies, nonrecurring expenditures, or major capital projects. The policy includes a budgetary procedure if the actual percentage is below the target for two consecutive fiscal years. Fund balance that exceeds the target goal range may be used for school capital (fund balance Committed for School Capital Projects), disaster recovery (fund balance Committed for Disaster Recovery), the Law Enforcement Officers' Special Separation Allowance (Note 7.C), or the Post-employment Healthcare Benefits Plan (Note 8.A).

**P. Defined Benefit Pension 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, deferred outflows of resources and deferred inflows of resources related to pensions, as well as pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

**Q. Postemployment Benefits Other Than Pensions (OPEB)**

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

## R. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of $(141,089,656) consists of several elements as follows:

| Description | | Amount |
|---|---|---|
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column) | | $ 202,018,388 |
| Less accumulated depreciation | | (62,269,871) |
| Net capital assets | | 139,748,517 |
| Net pension asset - RODSPF | | 177,915 |
| Contributions to the pension plans in the current fiscal year | | 2,156,653 |
| Benfit payments and pension administrative costs for LEOSSA | | 97,832 |
| Internal service funds are used by management to charge the cost of insurance and fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental acitivities in the statement of net position. | | (1,369,349) |
| Pension related deferrals - LGERS and RODSPF | | 6,128,145 |
| Pension related deferrals - LEOSSA | | (43,280) |
| Deferrals from OPEB | | (14,983,281) |
| Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements: | | |
| Bonds, leases, and installment financings payable | $ (125,999,449) | |
| Issuance premium (to be amortized against interest expense) | (6,587,090) | |
| Deferred charges on refunding | 4,429,931 | |
| Compensated absences | (2,666,753) | |
| Net OPEB liability | (124,620,763) | |
| Accrued landfill closure and post-closure costs | (6,207,664) | |
| Net pension liability - LGERS | (9,732,969) | |
| Total pension liability - LEOSSA | (2,347,298) | |
| Accrued interest payable | (436,203) | |
| | | (274,168,258) |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | | 1,165,450 |
| Net adjustment | | $ (141,089,656) |

**ii. 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 reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of $8,754,554 as follows:

| Description | | | Amount |
|---|---|---|---|
| Governmental funds report capital outlays as expenditures. However, in the statement of acitivites the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | | |
| Capital outlay expenditures recorded in the fund statements capitalized as assets in the statement of activities | $ 26,630,013 | | |
| 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. | (6,716,242) | | |
| | | | $ 19,913,771 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. | | | 888,615 |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | | |
| Debt issued or incurred: | | | |
| Installment financing | $ (25,045,000) | | |
| Capitalized lease financing | (2,627,806) | | |
| Deferred charges on refunding | - | | |
| Amortization of deferred charge on refunding | (969,136) | | |
| Premium on installment financing | - | | |
| Amortization of premiums and discounts | 1,842,476 | | |
| Accrued interest payable | (20,492) | | |
| Accrued landfill closure and post-closure costs | (706,616) | | |
| Compensated absences | (128,022) | | |
| | | $ (27,654,596) | |
| Principal payments | | 18,584,013 | |
| | | | (9,070,583) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | | | 2,156,653 |
| Benefit payments and administrative costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | | | 97,832 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | | |
| Unearned property taxes | | $ 226,890 | |
| County's portion of collective pension expense - LGERS and RODSPF | | (2,751,166) | |
| Pension expense - LEOSSA | | (161,861) | |
| OPEB expense | | (3,800,444) | |
| | | | (6,486,581) |
| Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. | | | 1,254,847 |
| Net adjustment | | | $ 8,754,554 |

## Note 2. Stewardship, Compliance and Accountability

### A. Deficit Net Position of Internal Service Fund

The Insurance (Internal Service) Fund had a deficit net position of $1,921,231, $1,441,367 of which is created by an accrual for the health plan claims incurred but not reported at year-end. The deficit was the result of cumulative operating losses in prior fiscal years, most significantly an operating loss of $2,122,716 in fiscal year 2013. The following fiscal years ended with operating incomes of $85,632 (2014), $682,065 (2015), $435,569 (2016), and $1,492,666 (2017). The fiscal year 2018 budget included $1,918,364 of additional funding greater than projected costs and claims for the Insurance Fund.

## Note 3. Deposits and Investments

### A. Deposits

All of the County's, the Airport's, the ABC Board's and the Tourism Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the County's, the Airport's, the ABC Board's or the Tourism Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the state treasurer's agent in the name of the state treasurer. Since the state treasurer is acting in a fiduciary capacity for the County, the Airport, the ABC Board and the Tourism Board these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the state treasurer the adequacy of their pooled collateral covering uninsured deposits. The state treasurer does not confirm this information with the County, the Airport, the ABC Board or the Tourism Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Airport, the ABC Board or the Tourism Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the state treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

At year-end the County's deposits had a carrying value of $19,804,328 and a bank balance of $22,861,705. Of the bank balance, $916,782 was covered by federal depository insurance; $62,855 in non-interest bearing deposits and $21,882,067 in interest-bearing deposits was covered by collateral held under the Pooling Method; and $2,000 was held under the County's inmate banking contract in the County's name.

At June 30, 2017 the County had $3,285 cash on hand.

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

At year-end, the ABC Board's deposits had a carrying value of $4,730,439 and a bank balance of $4,590,199. Of the bank balance, $278,495 was covered by federal depository insurance and $4,311,704 was covered by collateral held under the Pooling Method.

At June 30, 2017 the Tourism Board's deposits had a carrying value of $8,253,054 and a bank balance of $8,492,989. Of the bank balance, $1,500,000 was covered by federal depository insurance and $6,992,989 in interest bearing deposits was covered by collateral held under the Pooling Method.

At year end, the Rodanthe-Waves-Salvo Community Center District's deposits had a carrying value of $1,289,964 and a bank balance of $1,289,964. Of the bank balance, $250,000 was covered by federal depository insurance and $1,039,964 in interest bearing deposits was covered by collateral held under the Pooling Method.

**B. Restricted Cash and Cash Equivalents consisted of the following as of June 30, 2017:**

| | | |
|---|---|---|
| Governmental Activities | | |
| General Fund | Unexpended capitalized lease proceeds | $ 93,765 |
| Beach Nourishment Fund | Unexpended debt service funds | 172 |
| Capital Projects Fund | Unexpended installment financing proceeds | 35,503,393 |
| Sanitation Fund | Unexpended capitalized lease proceeds | 4,177 |
| School Capital Projects Fund | Unexpended installment financing proceeds | 63,531 |
| | Total Governmental Activities | 35,665,038 |
| Business-type Activities | | |
| | Restricted per bond covenants | 15,257,272 |
| | Customer deposits | 1,956,116 |
| | Total Business-type Activities | 17,213,388 |

**C. Investments**

The net decrease in the fair value of investments during fiscal year 2017 was $144,116. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at year end was $38,413. During fiscal year 2017, the County sold one investment at a net loss of $2,386.

During fiscal year 2017, investment income of $768,934 was realized. When combined with the $144,116 decrease in the fair value of investments, total investment income for fiscal year 2017 was $624,818.

As of June 30, 2017, the County had the following investments and maturities. This schedule assumes that callable investments remain outstanding until maturity.

| | | Investment Maturities ( in Years) | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Investment Type | Fair Value | <= 1/2 | >1/2 to 1 | >1 to 3 | >3 to 5 | >5 to 10 | >10 to 15 | >15 to 20 |
| U.S. Government Agencies | $ 14,999,555 | | $ 1,031,932 | $ 10,974,451 | $ 2,993,172 | | | |
| Commercial Paper | 24,930,543 | $ 20,962,300 | 3,968,242 | | | | | |
| Municipal Bonds | 1,055,130 | | | | 527,180 | $ 527,950 | | |
| US Treasury Note | 989,492 | | | 989,492 | | | | |
| NC Capital Management Trust Term Portfolio[1] | 20,218,386 | 20,218,386 | | | | | | |
| NC Capital Management Trust Government Portfolio[2] | 4,420,824 | 4,420,824 | | | | | | |
| Investment Totals | 66,613,930 | 45,601,511 | 5,000,174 | 11,963,943 | 3,520,352 | 527,950 | | |
| For policy compliance add items shown as deposits: | | | | | | | | |
| Certificates of Deposit | 3,315,796 | 3,315,796 | | | | | | |
| Money Market Accounts | 99,890 | 99,890 | | | | | | |
| Policy Totals | $ 70,029,616 | $ 49,017,197 | $ 5,000,174 | $ 11,963,943 | $ 3,520,352 | $ 527,950 | | |
| Actual % of portfolio | | 69.99% | 7.14% | 17.08% | 5.03% | 0.75% | 0.00% | 0.00% |
| Actual cumulative % of portfolio | | | 94.22% | | 99.25% | 100.00% | 100.00% | 100.00% |
| Minimum cumulative % per policy | | | 60.00% | | 80.00% | 92.50% | 97.50% | 100.00% |

[1] The NC Capital Management Trust Term Portfolio had a duration of 0.09 years and is therefore presented as an investment with a maturity of less than 1/2 of 1 year.

[2] Includes $3,784,685 held for the Airport and $20,285 held for Stumpy Point Community Center.

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

Investments in U.S. Treasuries, Municipal Bonds, the NC Capital Management Trust Term Portfolio use the Fair Value - Level 1 valuation measurement method. Investments in Commercial Paper and U.S. Government Agencies use the Fair Value- Level 2 valuation measurement method. Investments in the NC Capital Management Trust Government Portfolio use the Amortized Cost valuation measurement method.

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

The levels of fair value hierarchy are as follows: Level 1 is debt securities valued using directly observable quoted prices (unadjusted) in active markets for identical assets. Level 2 is debt securities valued using a matrix pricing technique which values securities based on the securities' relationship to benchmark quoted prices.

As of June 30, 2017, the County had the following investments and maturities of debt proceeds:

| | Investment Maturities ( in years) |
|---|---|
| Investment type | <=1/2 |
| North Carolina Capital Management Trust Cash Portfolio | $ 35,673,216 |

***Interest Rate Risk.*** As a means of limiting exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least 60 percent of the County's investment portfolio including certificates of deposit and money market accounts, to maturities of less than three years. Per County policy, investment maturities are required to be limited to at least 60 percent less than three years, at least 80 percent less than five years, at least 92.5 percent less than ten years, at least 97.5 percent less than fifteen years and 100 percent less than twenty years. Also, the County's policy requires maturities of securities to be laddered with staggered maturity dates, and that the County's objective is not to incur any losses through the trading of securities. During the year one security was sold prior to maturity or call at a realized loss of $2,386.

***Credit Risk.*** The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law and County policy limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations. As of June 30, 2017, the County's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US Government and agencies, and in high grade money market instruments as permitted under G.S. 159-30. The County's investments in US agencies (Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association) were rated AA+ by Standard & Poor's and Aaa 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 has $35,673,216 in the NC Capital Management Trust Cash Portfolio of invested debt proceeds that is held by the counterparty's trust department not in the County's name. The County's formal policy requires that the County to utilize a third party custodial agent for book entry transactions, all of which are to be a trust department authorized to do trust work in North Carolina and has an account with the Federal Reserve. Certified securities are to be in the custody of the Finance Director.

***Concentration of Credit Risk.*** The County's investment policy limits the amount that the County may invest in any one issuer, except for U.S. Treasury securities and the NC Capital Management Trust, to generally 35% of total investments. Investments which are restricted further are commercial paper, limited to no more than $3 million in a single issuer, and bankers acceptances, limited to no more than 5% and no more than $2 million in a single issuer. More than 5% of the County's investments, as defined by policy, are in Federal Home Loan Bank Securities (5.7%), Federal Home Loan Mortgage Corporation Securities (14.3%) and the NC Capital Management Trust (35.2%).

**Other Post-employment Benefit Fund.** At June 30, 2017 the County's Healthcare Benefits Plan, accounted for as a Pension Trust Fund, had $1,283,234 invested in the State Treasurer's Ancillary Governmental Participant Investment Program (AGPIP) pursuant to G.S. 159-30.1. The State Treasurer's AGPIP may invest in public equities and both long-

term and short-term fixed income obligations as determined by the State Treasurer pursuant to G.S. 147-69.2(1-6) and (8), and G.S. 147-69.1. At year-end, the State Treasurer's AGPIP was invested in: State Treasurer's Short Term Investment Fund (STIF) 18.97%; State Treasurer's Bond Index Fund (BIF) 25.77%; and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 55.26%. The BIF is valued at $1 per share, the MSCI ACWI EQ Index Non-Lendable Class B Fund is priced at $19.1579 per share at June 30, 2017.

Investments in the BIF are classified as level 2 of the fair value hierarchy. Ownership interest in the BIF are determined monthly at fair market value based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. At year-end, the BIF had a weighted average maturity of 7.99 years and did not have a credit rating. The BlackRock MSCI ACWI EQ Index Non-Lendable Class B Fund. Each is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

***Interest Rate Risk.*** The County does not have a formal policy to manage exposure to fair value losses arising from increases in interest rates for the Other Post-employment Benefits Fund. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.6 years at June 30, 2017. The State Treasurer's BIF is unrated and add a weighted average maturity of 7.99 years at June 30, 2017.

***Credit Risk.*** The County does not have a formal investment policy for credit risk for the Other Post-employment Benefits Fund. The State Treasurer's STIF is unrated. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The State Treasurer's BIF is unrated and invested in treasuries, agencies, and corporate bonds with longer maturities.

At June 30, 2017 the ABC Board had no investments.

At June 30, 2017 the Tourism Board's investments consisted of $2,616,990 in the NC Capital Management Trust Government Portfolio and $1,500,439 in the NC Capital Management Trust Term Portfolio.

At June 30, 2017 the Airport's investment consisted of $3,784,685 in the NC Capital Management Trust Government Portfolio and was held by the County.

## Note 4. Receivables

### A. 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.

### B. Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, forestland, working waterfronts, and certain historical structures may be taxed by the County at 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 accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that would have become due as of June 30, 2017 if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

| Fiscal Year Levied | Deferred Value | Tax | Interest | Total |
|---|---|---|---|---|
| 2014 | $ 8,771,750 | $ 33,458 | $ 9,201 | $ 42,659 |
| 2015 | $ 9,408,425 | 36,196 | 6,696 | 42,892 |
| 2016 | $ 9,809,025 | 37,918 | 3,602 | 41,520 |
| 2017 | $ 10,081,825 | 42,728 | - | 42,728 |
| | | $ 150,300 | $ 19,499 | $ 169,799 |

## C. Receivables

Receivables at the government-wide level at June 30, 2017 were as follows:

| | Accounts | Taxes and Related Accrued Interest | Due from Other Governments | Interest | Other | Total |
|---|---|---|---|---|---|---|
| Governmental Activities | $ 8,958,967 | $ 3,831,461 | $ 11,198,685 | $ 40,017 | $ 255,224 | $ 24,284,354 |
| Allowance for doubtful accounts | (922,492) | (310,000) | - | - | - | (1,232,492) |
| Total governmental activities | $ 8,036,475 | $ 3,521,461 | $ 11,198,685 | $ 40,017 | $ 255,224 | $ 23,051,862 |
| Business-type activities (Water) | $ 2,999,315 | $ - | $ 211,042 | $ 16,457 | $ 473,807 | $ 3,700,621 |
| Allowance for doubtful accounts | (169,304) | - | - | - | - | (169,304) |
| Total business-type activities (Water) | $ 2,830,011 | $ - | $ 211,042 | $ 16,457 | $ 473,807 | $ 3,531,317 |

Due from other governments above consists of grants, other taxes, tax refunds, and amounts due from wholesale water sales.

## Note 5. Capital Assets

### A. Capital asset activities

Capital asset activity for the year ended June 30, 2017 was as follows:

| Primary Government | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and easements | $ 25,462,091 | $ 889,400 | $ - | $ 26,351,491 |
| Construction in progress | 5,161,567 | 38,197,592 | (15,372,277) | 27,986,882 |
| Total capital assets, not being depreciated | 30,623,658 | 39,086,992 | (15,372,277) | 54,338,373 |
| Capital assets, being depreciated: | | | | |
| Buildings | 83,852,725 | 50,000 | (50,000) | 83,852,725 |
| Improvements other than buildings | 16,302,054 | 434,652 | - | 16,736,706 |
| Equipment | 22,489,203 | 1,247,976 | (3,655,534) | 20,081,645 |
| Machinery | 27,720,257 | 2,345,948 | (1,264,357) | 28,801,848 |
| Total capital assets, being depreciated | 150,364,239 | 4,078,576 | (4,969,891) | 149,472,924 |
| Less accumulated depreciation for: | | | | |
| Buildings | (19,971,543) | (1,745,084) | - | (21,716,627) |
| Improvements other than buildings | (9,395,719) | (729,211) | - | (10,124,930) |
| Equipment | (17,797,930) | (2,210,435) | 3,563,992 | (16,444,373) |
| Machinery | (14,650,918) | (2,121,967) | 1,177,486 | (15,595,399) |
| Total accumulated depreciation | (61,816,110) | (6,806,697) | 4,741,478 | (63,881,329) |
| Total capital assets, being depreciated, net | 88,548,129 | (2,728,121) | (228,413) | 85,591,595 |
| Governmental activities capital assets, net | $ 119,171,787 | $ 36,358,871 | $ (15,600,690) | $ 139,929,968 |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 4,573,941 | $ - | $ - | $ 4,573,941 |
| Construction in progress | 24,495,340 | 4,442,682 | (2,634,572) | 26,303,450 |
| Total capital assets, not being depreciated | 29,069,281 | 4,442,682 | (2,634,572) | 30,877,391 |
| Capital assets, being depreciated: | | | | |
| Buildings | 56,815,317 | - | - | 56,815,317 |
| Improvements other than buildings | 22,903,591 | 2,842,127 | - | 25,745,718 |
| Equipment | 4,703,210 | 152,493 | (77,029) | 4,778,674 |
| Machinery | 1,155,749 | 72,697 | (57,695) | 1,170,751 |
| Total capital assets, being depreciated | 85,577,867 | 3,067,317 | (134,724) | 88,510,460 |
| Less accumulated depreciation for: | | | | |
| Buildings | (24,077,618) | (1,319,951) | - | (25,397,569) |
| Improvements other than buildings | (15,810,811) | (905,228) | - | (16,716,039) |
| Equipment | (4,111,689) | (187,543) | 76,616 | (4,222,616) |
| Machinery | (814,366) | (97,219) | 57,695 | (853,890) |
| Total accumulated depreciation | (44,814,484) | (2,509,941) | 134,311 | (47,190,114) |
| Total capital assets, being depreciated, net | 40,763,383 | 557,376 | (413) | 41,320,346 |
| Business-type activities capital assets, net | $ 69,832,664 | $ 5,000,058 | $ (2,634,985) | $ 72,197,737 |

The governmental activities section of the preceding schedule includes $181,451 of net capital assets of Internal Service Funds consisting of $1,792,909 of capital assets and $1,611,458 of accumulated depreciation.

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 725,093 |
| Public safety | 3,614,820 |
| Economical and physical development | 3,046 |
| Human services | 407,361 |
| Culture and recreation | 687,416 |
| Environmental protection | 1,278,506 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 90,455 |
| Total depreciation expense - governmental activities | $ 6,806,697 |
| | |
| Business-type activities: | |
| Water | $ 2,509,941 |

**B. Construction Commitments**

The County has active construction projects as of June 30, 2017 as follows:

| Project | Spent-to-Date | Remaining Commitment |
|---|---|---|
| Roanoke Trails | $ 367,893 | $ 9,424 |
| Rodanthe Beach Access and Park | $ 808,730 | $ 75,123 |
| Construction & Demolition Landfill Cell #5 | $ 571,166 | $ 228,391 |
| EMS Helicopter | $ 9,136,554 | $ 127,246 |
| Regional Emergency Call Center and Dare County Emergency Operations Center | $ 14,149,822 | $ 823,488 |
| Outer Banks Scenic Byway- Interpretive and Wayshowing | $ 301,846 | $ 214,554 |
| Buildings & Grounds Projects | $ 312,441 | $ 54,734 |
| Detention Center HVAC Units | $ 118,785 | $ 4,215 |
| Beach Nourishment - Duck, Kitty Hawk, Kill Devil Hills | $ 21,892,165 | $ 21,499,340 |
| Beach Nourishment - Buxton | $ 3,791,854 | $ 20,394,971 |
| FEMA Hazard Mitigation Home Elevation Projects | $ 4,098,024 | $ 1,244,936 |
| Hatteras Secondary School HVAC | $ 674,129 | $ 7,871 |
| Skyco WTP Nanofiltration | $ 5,020,526 | $ 53,527 |
| COA Renovattions | $ 62,616 | $ 33,634 |

## C. Discretely Presented Component Units

### Airport

Capital asset activity for the Airport for the year ended June 30, 2017, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 5,444,538 | $ - | $ - | $ 5,444,538 |
| Construction in Progress | 50,809 | 20,831 | 50,809 | 20,831 |
| Total capital assets not being depreciated | 5,495,347 | 20,831 | 50,809 | 5,465,369 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 4,055,644 | 50,809 | - | 4,106,453 |
| Equipment | 673,707 | - | - | 673,707 |
| Runway improvements | 10,316,409 | - | - | 10,316,409 |
| Land improvements | 335,832 | - | - | 335,832 |
| Vehicles | 109,184 | - | - | 109,184 |
| Total capital assets being depreciated | 15,490,776 | 50,809 | - | 15,541,585 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 2,360,222 | 135,625 | - | 2,495,847 |
| Equipment | 470,440 | 40,656 | - | 511,096 |
| Runway improvements | 6,973,977 | 368,109 | - | 7,342,086 |
| Land improvements | 197,762 | 14,641 | - | 212,403 |
| Vehicles | 58,552 | 9,553 | - | 68,105 |
| Total accumulated depreciation | 10,060,953 | 568,584 | - | 10,629,537 |
| Total capital assets being depreciated, net | 5,429,823 | (517,775) | - | 4,912,048 |
| Capital assets, net | $ 10,925,170 | $ (496,944) | $ 50,809 | $ 10,377,417 |

**ABC Board**

Capital asset activity for the ABC Board as of June 30, 2017, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 302,012 | $ - | $ - | $ 302,012 |
| Total capital assets not being depreciated | 302,012 | - | - | 302,012 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 4,751,145 | - | - | 4,751,145 |
| Furniture/Equipment | 659,421 | 9,316 | - | 668,737 |
| Vehicles | 134,996 | - | - | 134,996 |
| Total capital assets being depreciated | 5,545,562 | 9,316 | - | 5,554,878 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 936,627 | 119,273 | - | 1,055,900 |
| Furniture/Equipment | 400,883 | 82,368 | - | 483,251 |
| Vehicles | 111,215 | 7,927 | - | 119,142 |
| Total accumulated depreciation | 1,448,725 | 209,568 | - | 1,658,293 |
| Total capital assets being depreciated, net | 4,096,837 | (200,252) | - | 3,896,585 |
| Capital assets, net | $ 4,398,849 | $ (200,252) | $ - | $ 4,198,597 |

**Tourism Board**

Capital asset activity for the Tourism Board for the year ended June 30, 2017, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 9,382,584 | $ - | $ - | $ 9,382,584 |
| Construction in Process-Event Site | 204,200 | - | 204,200 | - |
| Total capital assets not being depreciated | 9,586,784 | - | 204,200 | 9,382,584 |
| Capital assets being depreciated: | | | | |
| Buildings | 1,973,661 | - | - | 1,973,661 |
| Event Site | 2,070,188 | 1,207,825 | - | 3,278,013 |
| Intangible assets | 202,700 | - | 116,750 | 85,950 |
| Computer equipment | 153,796 | 14,492 | 2,903 | 165,385 |
| Furniture and equipment | 301,024 | 51,429 | 56,924 | 295,529 |
| Total capital assets being depreciated | 4,701,369 | 1,273,746 | 176,577 | 5,798,538 |
| Less accumulated depreciation for: | | | | |
| Buildings | 697,176 | 43,687 | - | 740,863 |
| Event Site | 111,909 | 149,212 | - | 261,121 |
| Intangible assets | 131,715 | 13,890 | 116,750 | 28,855 |
| Computer equipment | 125,107 | 12,313 | 2,903 | 134,517 |
| Furniture and equipment | 275,387 | 12,900 | 56,924 | 231,363 |
| Total accumulated depreciation | 1,341,294 | 232,002 | 176,577 | 1,396,719 |
| Total capital assets being depreciated, net | 3,360,075 | 1,041,744 | - | 4,401,819 |
| Capital assets, net | $ 12,946,859 | $ 1,041,744 | $ 204,200 | $ 13,784,403 |

The Tourism Board has active construction projects as of June 30, 2017 as follows:

| Project | Spent-to-Date | Remaining Commitment |
|---|---|---|
| Event Site Phase II | $ 1,173,163 | $ 17,500 |

## Note 6. Payables and Current Liabilities

Payables at the government-wide level at June 30, 2017, were as follows:

| | Vendors | Retainage | Claims Incurred But Not Reported | Total |
|---|---|---|---|---|
| Governmental Activities | $ 12,805,047 | $ 1,108,561 | $ 1,441,367 | $ 15,354,975 |
| Business-type activities (Water) | $ 206,147 | $ - | $ - | $ 206,147 |

**ABC Board**

Payables and current liabilities for the ABC Board at June 30, 2017, were as follows:

| | Vendors | Sales Taxes | Distributions | Total |
|---|---|---|---|---|
| ABC Board | $ 901,767 | $ 609,993 | $ 116,172 | $ 1,627,932 |

## Note 7. Pension Plan Obligations

### A. Local Governmental Employees' Retirement System

Plan Description

The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided

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

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

Contributions

Contribution provisions are established by G.S. 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2017, was 7.25% of compensation for law enforcement officers and 8.0% 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 $2,395,389 for the year ended June 30, 2017.

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, 2017, the County reported a liability of $10,854,181 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County's proportion was .51701%, which was an increase of .00068% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of $3,051,637. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 203,931 | $ 380,342 |
| Changes of assumptions | 743,414 | |
| Net difference between projected and actual earnings on pension plan investments | 6,000,994 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 217,348 | - |
| County contributions subsequent to the measurement date | 2,395,389 | - |
| Total | $ 9,561,076 | $ 380,342 |

The $2,395,389 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year to end June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30 | |
|---|---|
| 2018 | $1,074,690 |
| 2019 | $1,075,361 |
| 2020 | $2,901,735 |
| 2021 | $1,733,129 |
| 2022 | $ - |
| Thereafter | $ - |

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.0 percent |
| Salary increases | 3.50 to 7.55 percent, including inflation and productivity factor |
| Investment rate of return | 7.25 percent, net of pension plan investment expense, including |

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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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, 2016 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) and 1 percentage point higher (8.25 percent) than the current rate:

| | 1% Decrease (6.25%) | Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| County's proportionate share of the net pension liability (asset) | $ 25,762,030 | $ 10,854,181 | $ (1,597,967) |

Pension plan fiduciary net position

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

**B. Local Governmental Employees' Retirement System - Component Units**

The Airport, the ABC Board, and the Tourism Board are participating employers in the LGERS. The plan description, benefits provided, contribution requirements, refund of contributions, actuarial assumption, discount rate, and pension plan fiduciary net position are the same as those disclosed for the County (Note 7.A).

Contributions

The Airport's contractually required contribution rate for the year ended June 30, 2017 was 7.25% of compensation. Contributions to the pension plan from the Airport were $26,153.

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

At June 30, 2017, the Airport reported a total pension liability of $118,505 for its proportionate share of the net pension liability, and the Airport's proportion of the total pension liability was 0.51701%, which was a decrease of 0.00068% from the prior year.

For the year ended June 30, 2017, the Airport recognized pension expense of $33,318 and deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 2,227 | $ 4,153 |
| Changes of assumptions | 8,116 | - |
| Net difference between projected and actual earnings on pension plan investments | 65,519 | - |
| Changes in proportion and differences between Airport contributions and proportionate share of contributions | 2,368 | - |
| Airport contributions subsequent to the measurement date | 26,153 | - |
| Totals | $ 104,383 | $ 4,153 |

The $26,153 reported as deferred outflows of resources related to pensions resulting from Airport contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year to end June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30 | |
|---|---|
| 2018 | $ 11,733 |
| 2019 | $ 11,741 |
| 2020 | $ 31,681 |
| 2021 | $ 18,922 |
| 2022 | $ - |
| Thereafter | $ - |

Sensitivity of the Airport's proportionate share of the net pension asset to changes in the discount rate

The following presents the Airport's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Airport'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 (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

| | 1% Decrease (6.25%) | Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Airport's proportionate share of the net pension liability (asset) | $ 281,268 | $ 118,505 | $ (17,446) |

II. The ABC Board

Contributions

The ABC Board's contractually required contribution rates for the year ended June 30, 2017 were 8.0% of compensation for law enforcement officials and 7.41% for general employees. Contributions to the pension plan from the ABC Board were $59,113.

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

At June 30, 2017, the ABC Board reported a total pension liability of $311,984 for its proportionate share of the net pension liability, and the ABC Board's proportion of the total pension liability was 0.0147%, which was an increase of 0.00253% from the prior year.

For the year ended June 30, 2017, the ABC Board recognized pension expense of $87,474 and deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 5,862 | $ 10,932 |
| Changes of assumptions | 21,368 | - |
| Net difference between projected and actual earnings on pension plan investments | 172,488 | - |
| Changes in proportion and differences between ABC Board contributions and proportionate share of contributions | 12,672 | 2,663 |
| ABC Board contributions subsequent to the measurement date | 59,113 | - |
| Totals | $ 271,503 | $ 13,595 |

The $59,113 reported as deferred outflows of resources related to pensions resulting from ABC Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year to end June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30 | |
|---|---|
| 2018 | $ 31,264 |
| 2019 | $ 31,301 |
| 2020 | $ 85,386 |
| 2021 | $ 50,844 |
| 2022 | $ - |
| Thereafter | $ - |

Sensitivity of the ABC Board's proportionate share of the net pension asset to changes in the discount rate

The following presents the ABC Board's_proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the ABC Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

| | 1% Decrease (6.25%) | Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| ABC Board's proportionate share of the net pension liability (asset) | $ 740,482 | $ 311,983 | $ (45,931) |

III. The Tourism Board

Contributions

The Tourism Board's contractually required contribution rate for the year ended June 30, 2017 was 7.31% of compensation. Contributions to the pension plan from the Tourism Board were $56,368.

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

At June 30, 2017, the Tourism Board reported a total pension liability of $284,605 for its proportionate share of the net pension liability, and the Tourism Board's proportion of the total pension liability was 0.0134%, which was an increase of .00095% from the prior year.

For the year ended June 30, 2017, the Tourism Board recognized pension expense of $71,057 and deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 5,347 | $ 9,974 |
| Changes of assumptions | 19,492 | - |
| Net difference between projected and actual earnings on pension plan investments | 157,351 | - |
| Changes in proportion and differences between Tourism Board contributions and proportionate share of contributions | - | 17,052 |
| Tourism Board contributions subsequent to the measurement date | 56,368 | - |
| Totals | $ 238,558 | $ 27,026 |

The $56,368 reported as deferred outflows of resources related to pensions resulting from Tourism Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year to end June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---|---|
| 2018 | $ 20,687 |
| 2019 | $ 20,721 |
| 2020 | $ 70,742 |
| 2021 | $ 43,017 |
| 2022 | $ - |
| Thereafter | $ - |

Sensitivity of the Tourism Board's proportionate share of the net pension asset to changes in the discount rate

The following presents the Tourism Board's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Tourism Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

| | 1% Decrease (6.25%) | Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Tourism Board's proportionate share of the net pension liability (asset) | $ 675,501 | $ 284,605 | $ (41,900) |

## C. Law Enforcement Officers' Special Separation Allowance

Plan Description

Dare County is required by State law 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.

All full-time County law enforcement officers are covered by the Separation Allowance.

At December 31, 2016, the Separation Allowance's membership consisted of:

| | |
|---|---|
| Retirees receiving benefits | 9 |
| Active plan members | 64 |
| Total | 73 |

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 criteria which are outlined in GASB Statement 73.

*Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.0 percent |
| Salary increases | 3.50 to 7.35 percent, including inflation and productivity factor |
| Discount rate | 3.86 percent |

The discount rate is based on the yield of the Bond Buyer General Obligation 20-year Municipal Bond Index as of December 31, 2016.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

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. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid $161,616 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a total pension liability of $2,347,298. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of $161,861.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ - |
| Changes of assumptions | - | 43,280 |
| County benefit payments and plan administrative expense made subsequent to the measurement date | 97,832 | - |
| Total | $ 97,832 | $ 43,280 |

$97,832 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---|---|
| 2018 | $ (8,851) |
| 2019 | $ (8,851) |
| 2020 | $ (8,851) |
| 2021 | $ (8,851) |
| 2022 | $ (7,876) |
| Thereafter | $ - |

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 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.86 percent) or 1 percentage-point higher (4.86 percent) than the current rate:

| | 1% Decrease (2.86%) | Discount Rate (3.86%) | 1% Increase (4.86%) |
|---|---|---|---|
| Total pension liability | $ 2,533,059 | $ 2,347,298 | $ 2,177,993 |

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

| | 2017 |
|---|---|
| Beginning balance | $ 2,390,611 |
| Service Cost | 87,974 |
| Interest on the total pension liability | 82,460 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes of assumptions or other inputs | (52,131) |
| Benefit payments | (161,616) |
| Other changes | - |
| Ending balance of the total pension liability | $ 2,347,298 |

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**D. Supplemental Retirement Income Plan for Law Enforcement Officers**

Plan Description

The County and the ABC Board are required by the State to contribute to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County and the ABC Board. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

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

For the County, contributions for the year ended June 30, 2017 were $206,089 which consisted of $155,552 from the County and $50,537 from the law enforcement officers.

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

The County has a supplemental retirement plan for all county employees other than law enforcement officers. The County has no requirement or obligation under State statutes to contribute to the plan; however, the County has adopted the Supplemental Retirement Plan of North Carolina 401(k) for its non-law enforcement employees and employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 consisted $387,818 from the employees.

**F. Registers of Deeds' Supplemental Pension Fund**

Plan Description

The County contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, state-wide cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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 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 $7,777 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of $177,215 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County's proportion was .95%, which was a decrease of .04% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of $13,666. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 190 | $ 2,303 |
| Changes of assumptions | 47,400 | - |
| Net difference between projected and actual earnings on pension plan investments | 305 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 2,644 | 6,748 |
| County contributions subsequent to the measurement date | 7,777 | - |
| Totals | $ 58,316 | $ 9,051 |

The $7,777 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 ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30 | |
|---|---|
| 2018 | $ 18,466 |
| 2019 | $ 17,756 |
| 2020 | $ 7,258 |
| 2021 | $ (1,993) |
| 2022 | $ - |
| Thereafter | $ - |

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.0 percent |
| Salary increases | 3.50 to 7.75 percent, including inflation and productivity factor |
| Investment rate of return | 3.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate

The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate

The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

| | 1% Decrease (4.75%) | Discount Rate (5.75%) | 1% Increase (6.75%) |
|---|---|---|---|
| County's proportionate share of the net pension liability (asset) | $ (143,457) | $ (177,915) | $ (206,863) |

Pension plan fiduciary net position

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

**G. Deferred Compensation Plan**

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

The County and Airport have complied with changes in laws which govern the deferred compensation plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts, which had been deferred by the plan participants, were required to be reported as assets of the County or component unit. Effective for the fiscal year ended June 30, 1999 and in accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", the plan is not included as an Agency fund. The balance held in trust for County and Airport participants as of June 30, 2017 was $888,773.

## Note 8. Other Post-Employment Benefits – Health Benefits

### A. The County

General Information About the OPEB Plan

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

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

*Employees Covered by Benefit Terms.* At June 30, 2017, the HCB Plan membership consisted of the following:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 457 |
| Inactive plan members entitled to but not yet receiving benefit payments | - |
| Active employees | 517 |
| | 974 |

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

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

The County contributes based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually during the budget process, currently 0.175% of salaries subject to the LGERS. There are no contractual terms requiring a specific funding level. The County has historically funded more than the amount needed under the pay-as-you-go funding mechanism. For the current year, The County contributed $4,401,077 of pay-as-you-go funding and an additional $56,465 for a total of $4,457,922.

Net OPEB Liability

The County's annual net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OEPB liability was determined by an actuarial valuation of January 1, 2016.

*Actuarial assumptions.* The total OPEB liability in the January 1, 2016 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.50 % |
| Salary increases | 5.00 % |
| Investment rate of return | 7.00 %, net of HCB Plan investment expense |
| Healthcare cost trend rates | 7.35 % for 2017 to an ultimate rate of 4.50% for 2036 and later years |

Mortality rates were based on the Healthy RP-2014 combined Blue Collar and Disabled Mortality tables, as appropriate, and projected generationally with scale MP-2016.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

*Long-term Expected Rate of Return.* An expected real rate of return was not proved for the asset profile. The average annual rate of return for the portfolio from inception through June 30, 2017 is 9.07%. The money-weighted rate of return for the year ended June 30, 2017 was 10.83%. The actual return was adjusted to 7.0% based upon the county's expectation of a long-term rate of return using portfolio performance divided by an inflation assumption per a LGERS survey.

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.58 %. The projection of cash flows used to determine the discount rate assumed that contributions from the County will continue at the same level and therefore, the HCB plan's assets are expected to be exhausted in future years. For the period for which the assets and contributions are enough to cover the projected outflows, the cash flows were discounted at the expected rate of return of 7.0%. Once the assets are projected to be depleted, cash flows were discounted on municipal bond rates taken from the Bond Buyer 20-Bond GO index as of the measurement dates. The blended discount rates used as of June 30, 2017 and 2016 were 3.58% and 2.85%.

Changes in the Net OPEB Liability

| | Total OPEB Liability (a) | Plan Fiduciary Net Postion (b) | Net OPEB Liability (a)-(b) |
|---|---|---|---|
| Balances as of June 30, 2016 | $ 150,036,651 | $ 1,104,700 | $ 148,931,951 |
| Changes for the year: | | | |
| Service Cost | 4,491,358 | - | 4,491,358 |
| Interest | 4,213,329 | - | 4,213,329 |
| Difference between expected and actual experience | 451,536 | - | 451,536 |
| Contributions -Employere | - | 4,457,542 | (4,457,542) |
| Net Investment income | - | 122,069 | (122,069) |
| Benefit payemtns | (4,401,077) | (4,401,077) | - |
| Changes in assumptions | (16,840,511) | - | (16,840,511) |
| Balances as of June 30, 2017 | $ 137,951,286 | $ 1,283,234 | $ 136,668,052 |

*Sensitivity of the net OPEB liability to changes in the discount rate and Healthcare Trend Rates.*
The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower 2.58%) or 1 percentage-point higher (4.58%) than the current discount rate:

| | 1% Decrease (2.58%) | Discount Rate (3.58%) | 1% Increase (4.58%) |
|---|---|---|---|
| Net OPEB liability (asset) | $ 163,038,781 | $ 136,668,052 | $ 115,969,336 |

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.35% decreasing to 3.50%) or 1-percentage-point higher (8.35% decreasing to 5.50%) than the current healthcare cost trend rates:

| | 1% Decrease (6.38% decreasing to 3.50%) | Healthcare Cost Trend Rate (7.35% decreasing to 4.50%) | 1% Increase (8.35% decreasing to 5.50%) |
|---|---|---|---|
| Net OPEB liability | $ 115,015,126 | $ 136,668,052 | $ 164,338,421 |

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

For the year ended June 30, 2017 the County recognized OPEB expense of $8,625,382. At June 30, 2017 the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 451,536 | $ 42,764 |
| Changes of assumptions | - | 16,840,511 |
| | $ 451,536 | $ 16,883,275 |

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

| Year ended June 30 | |
|---|---|
| 2018 | $ (2,763,003) |
| 2019 | $ (2,763,003) |
| 2020 | $ (2,763,003) |
| 2021 | $ (2,763,003) |
| 2022 | $ (2,763,003) |
| Thereafter | $ (2,616,725) |

## B. The Airport

Plan Description

Under the terms of the County healthcare policy, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan).The plan provides Post-employment healthcare benefits to retirees of the Airport, provided they participate in the North Carolina Local Government Retirement System (System), and have at least twenty years of creditable service with the County. The County pays a portion of these costs dependent upon years of service with the County. Additionally, the County's employees can purchase coverage for their dependents at the County's group rates, A separate report was not issued for the plan.

Membership of the plan consisted of the following at June 30, 2016:

| | |
|---|---|
| Retirees receiving benefits | 1 |
| Active plan members | 9 |
| Total | 10 |

Funding Policy

By County policy depending upon date of employment, the Airport pays either the full cost or a portion of the cost of coverage for healthcare benefits paid to qualified retirees and their dependents. The Airport has chosen to fund their portion of healthcare benefits on a pay as you go basis. Post-employment expenditures are made from the operating fund, which is maintained in the accrual basis of accounting, no funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In the fiscal year ended June 30, 2016, the Airport's total contributions were $30,186. There were no member contributions.

Summary of Significant Accounting Policies

Postemployment expenditures are made from the Airport’s Operations Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administrative costs. The expenditures are paid as they become due.

Annual OPEB Cost and Net OPEB Obligation

The Airport's annual other Post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Airport's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Airport's net OPEB obligation for the Post-employment healthcare benefits:

| | |
|---|---|
| Annual required contribution | $ 114,301 |
| Interest on OPEB obligation | 52,579 |
| Adjustment to annual required contribution | (50,228) |
| Annual OPEB cost (expense) | 116,652 |
| Contributions made | (30,186) |
| Increase in net OPEB obligation | 86,466 |
| Net OPEB obligation, beginning of year | 1,314,151 |
| Net OPEB obligation, end of year | $ 1,400,617 |

The Airport's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 are:

| Fiscal Year Ended June 30 | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| 2017 | $ 116,652 | 25.9% | $ 1,400,617 |
| 2016 | $ 116,495 | 25.7% | $ 1,314,151 |
| 2015 | $ 116,306 | 8.1% | $ 1,227,600 |

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and thus, the unfunded actuarial accrued liability (UAAL) was $1,459,582. The covered payroll (annual payroll of active employees covered by the plan) was $350,003 and the ratio of the UAAL to the covered payroll was 417.0%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information fallowing the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.5% to 5.00% annually. The investment rate included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

## C. The ABC Board

Plan Description. Under the terms of a Board resolution, the Board administers a single-employer defined benefit, Healthcare Benefits Plan (the "Retiree Health Plan"). As of September 1, 2012, this plan provides postemployment healthcare benefits to retirees of the Board, provided they participate in the LGERS and have at least twenty years of creditable service with the Board. The Board pays the full cost of coverage for these benefits through private insurers.

Also, the Board's retirees can purchase coverage for their dependents at the Board's rates. The plan was terminated for all hires after September 1, 2012.

Membership of the Retiree Health Plan consisted of the following at December 31, 2014, the date of the last actuarial valuation:

| Schedule of Plan Participation | |
|---|---|
| Active Members | |
| General Employees | 16 |
| Law Enforcement | 1 |
| Retired Members | |
| Age 65 and over | - |
| Under age 65 | 5 |
| Total | 22 |

Funding Policy. The Board pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a Board resolution that can be amended by the Board. The Board has chosen to fund the healthcare benefits on a pay-as-you go basis.

The current ARC is 16.09% of annual covered payroll. For the current year, the Board contributed $22,022 or 4.00% of covered payroll. The Board obtains healthcare coverage through private insurers. The Board's required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented 100% and 0% respectively of covered payroll. There were no contributions made by employees. The Board's obligation to contribute to the HCB Plan is established and may be amended by the Board.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. The expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation*. The Board's annual OPEB cost (expense) is calculated based on the ARC. The Board has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation for the healthcare benefits:

| | 2017 |
|---|---|
| Annual required contribution | $ 102,903 |
| Interest on OPEB obligation | 39,930 |
| Adjustment to annual required contribution | (55,509) |
| Annual OPEB cost (expense) | 87,324 |
| Contributions made | (22,022) |
| Increase in net OPEB obligation | 65,302 |
| Net OPEB obligation, beginning of year | 1,125,654 |
| Net OPEB obligation, end of year | $ 1,190,956 |

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year ended June 30, 2017 was as follows:

| For Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| 2017 | $ 87,324 | 25.2% | $ 1,190,956 |
| 2016 | $ 87,324 | 19.3% | $ 1,125,654 |
| 2015 | $ 89,121 | 36% | $ 1,055,147 |

Funded Status and Funding Progress

As of December 31, 2014, the actuarial accrued liability for benefits was $1,044,707, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $550,688 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 189.7%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees*. Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

*Marital status*. Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality*. Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2003 United States Life Tables for Males and for Females was used.

*Turnover*. Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

*Healthcare cost trend rate*. The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 9.5% initially, reduced to an ultimate rate of 5 % after six years, was used.

*Health insurance premiums*. 2014 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

*Inflation rate*. The expected long-term inflation assumption of 3.0 % was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in The 2007 Annual Report of the Board of Trustees of Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

*Payroll growth rate*. The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the Board's short-term investment portfolio, a discount rate of 4% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open bases. The remaining amortization period at December 31, 2014, was thirty years.

**D. The Tourism Board**

Plan Description

According to a Tourism Board resolution, the Board provides post-retirement health care benefits to retirees of the Board who participate in the LGERS, have at least five years of creditable service with the Board and were hired prior to June 30, 2008. For all employees hired on or after June 30, 2008, the Board provides post-retirement health care benefits to employees that retire under LGERS and have 20 years of creditable service. When an eligible retiree becomes eligible for Medicare, the Board will pay up to $400 per month for the cost of supplementary health care policy. Also, retirees can purchase coverage for their dependents at the Board's group rates. The Board may amend the benefit provisions.

Membership of the plan consisted of the following at June 30, 2017:

| | |
|---|---|
| Retirees receiving benefits | 3 |
| Active plan members | 11 |
| Total | 14 |

Funding Policy

The Board pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The Board has chosen to fund the healthcare benefits on a pay-as-you go basis. The current ARC rate is 27.8% of annual covered payroll. For the fiscal year ended June 30, 2017 the Board made payments of $ 14,126 for post-retirement health premiums, or 1.9% of covered payroll. There were no contributions made by employees.

Summary of Significant Accounting Policies

Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they came due.

Annual OPEB Cost and Net OPEB Obligation

The Board's annual OPEB expense is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Board's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation for the post-employment healthcare benefits:

| | |
|---|---|
| Annual required contribution | $ 50,122 |
| Interest on OBEB obligation | 17,286 |
| Adjustment to annual required contribution | (16,513) |
| Annual OPEB cost (expense) | 50,895 |
| Contributions made | (14,126) |
| Increase in net OPEB obligation | 36,769 |
| Net OPEB obligation, beginning of year | 432,139 |
| Net OPEB obligation, end of year | $ 468,908 |

The Board's annual cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 are:

| Fiscal Year Ended June 30 | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| 2017 | $ 50,895 | 27.8% | $ 468,908 |
| 2016 | $ 49,366 | 22.2% | $ 432,139 |
| 2015 | $ 54,592 | 18.3% | $ 393,709 |

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and thus, the unfunded actuarial accrued liability (UAAL) was $478,028. The covered payroll was $ 668,230, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 71.5%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.5 to 5.0 % annually. The investment rate included a 3.0 % inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

**Note 9. Other Employment Benefits – Death Benefits**

The County, the Airport, the ABC Board and the Tourism Board have elected to provide death benefits through the Death Benefit Plan for members of the LGERS, a multiple-employer, state-administered, cost-sharing plan funded on a one year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the LGERS, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the LGERS at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months of salary in a row during the 24 months prior to his or her death, but the benefit will be a minimum of $25,000 and will not exceed $50,000. All death benefit payments are made from the Death Benefit Plan. The County, the Airport, the ABC Board and the Tourism Board have no liability beyond the payment of monthly contributions.

Contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The county considers these contributions to be immaterial.

**Note 10. Closure and Post Closure Care Costs - Landfill Facilities**

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

The County operates a construction and demolition waste landfill facility (Facility). The Facility is not subject to the EPA Rule but all construction and demolition landfill facilities in the State that were operating as 1/1/2007 were retroactively made subject to financial assurance requirements by the General Assembly (Financial Assurance Requirements for Construction and Demolition Landfill Facilities and Units – 15A NCAC 13B.0546). This rule also now requires the County to place a final cover on the Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County must recognize a portion of the closure and post-closure care costs as an expense each fiscal year based on Facility capacity used as of each fiscal year end. The $6,207,664 reported as Facility closure and post-closure care liability as of June 30, 2017 represents a cumulative amount reported to date based upon the use of 100% of the estimated capacity of cells #1 through #3 and 78% of the estimated capacity of cell #4. The County will recognize the remaining estimated cost of closure and post closure care of $331,579 as the remaining capacity is filled, estimated to occur in 2018. Amounts are based on costs in current dollars. Actual costs may be higher or lower due to inflation, changes in technology or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State law (15A NCAC 13B.0546) that determines if a unit is financially able to meet closure and post closure care requirements. Due to the retroactive application by the State of financial assurance requirements upon the Facility, the County did not establish a reserve to accumulate resources for the payment of closure and post closure care cost but is now building fund balance in the C&D Landfill (Special Revenue) Fund. The balance at June 30, 2017 was $1,685,217. The County has on deposit $95,980 in an interest bearing account, assigned to the NC State Department of Environment and Natural Resources, per that department's requirements.

## Note 11. Commitments and Contingencies

### A. Commitment

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

### B. Contingent Liabilities

At June 30, 2017, the County was a defendant to various lawsuits and claims. It is the opinion of management and the county attorney that the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

### C. Operating Leases

The County is committed under various operating leases for office space, telephone equipment, copiers, network servers and personal computers. For the year ended June 30, 2017, total lease expenditures were $181,220.

The following is a schedule of future minimum lease payments under leases:

| Year | |
|---|---|
| 2018 | $ 32,252 |
| 2019 | 33,860 |
| 2020 | 35,547 |
| 2021 | 37,320 |
| 2022 | 39,180 |
| Thereafter | 154,538 |
| Totals | $ 332,697 |

### D. Federal and State Assisted Programs

The County and the Airport have 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 of the County and of the Airport believes that any required refunds would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

### E. Outstanding Encumbrances

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbered amounts at June 30, 2017 were $337,727 in the General Fund, $1,015,427 in the Capital Projects Fund, and $166,543 in the Water Fund. Outstanding encumbrances in the General Fund are shown in the Stabilization by State Statute section of fund balance (Note 16).

## Note 12. Risk Management

The County and the Airport are exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County and the Airport participate in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County and the Airport obtain property coverage equal to replacement cost values of owned property subject to a limit of $149.2 million for any one occurrence; general, auto, professional, and employment practices liability coverage of $6 million per occurrence; auto physical damage coverage for owned autos at actual cash value;

crime coverage of $250,000 per occurrence; and workers' compensation coverage up to the statutory limits. The pools are audited annually by independent certified public accountants, and the audited financial statements are available to the County upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of $500,000 up to a $6 million limit for liability coverage and $1,750,000 of each loss in excess of a $250,000 per occurrence retention for property, and auto physical damage. For workers compensation there is a per occurrence retention of $750,000.

The County carries building and contents flood insurance for all facilities located within a Special Flood Hazard Area (SFHA) through the National Flood Insurance Program (NFIP). A SFHA is the base 100 year flood plain mapped on a Flood Insurance Rate Map (FIRM) by the Federal Emergency Management Agency (FEMA) and are shown by zones that begin with the letter "A" or "V". For facilities within a SFHA, the County carries building flood insurance for the facility's appraised value up to the NFIP coverage limit of $500,000 per structure. For facilities within a SFHA, the County carries contents flood insurance for the value of each facility's contents considered to be at risk, up to the NFIP coverage limit of $500,000 per structure. The County carries NFIP flood insurance for sixty-one buildings, five water production wells and two water pump stations at a total coverage level of $19,500,700. The County carries NFIP flood insurance for the contents of facilities at a total coverage level of $10,782,200.

The North Carolina Association of County Commissioners Property and Liability Insurance Pool (Pool) provides flood insurance in excess of NFIP coverage for buildings and contents within a SFHA in the amount of $1,000,000 annually in the aggregate with deductibles of $25,000 for each structure. The Pool also provides flood insurance for structures and contents outside of a SFHA in the amount of $5,000,000 annually in the aggregate with deductibles of $25,000 for each structure.

The County and the municipalities within participate in the Community Rating System (CRS) sponsored by FEMA. The CRS credits flood hazard mitigation activities undertaken by participating communities by offering discounts in flood insurance rate premiums. The County as well as all property owners within, currently qualifies for a 15% rate reduction from CRS activities.

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

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

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

The County provides health insurance benefits with a self-insurance plan administered by Medcost Benefit Services. Specific stop-loss insurance is maintained at $100,000 per participant per year with an unlimited lifetime maximum. The Airport and the ABC Board, for their employees, are participants in the County plan. At June 30, 2017, the County has accrued a provision and reported a liability for incurred but not reported claims of $1,441,367 for the health self-insurance plan. The amount was estimated by a benefits consulting firm using historical cost data.

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

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Estimate of unpaid claims incurred, but not reported, beginning of fiscal year | $ 1,387,087 | $ 1,331,134 | $ 1,457,991 |
| Incurred but not reported | 54,280 | 55,953 | (126,857) |
| Estimate of unpaid claims incurred, but not reported, end of fiscal year | $ 1,441,367 | $ 1,387,087 | $ 1,331,134 |

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

**Note 13. Deferred Outflows and Inflows of Resources**

On the Statement of Net Position, deferred outflows of resources at June 30, 2017 consist of:

| | Governmental Activities | Business-type Activities |
|---|---|---|
| Deferred charge on refunding of debt | $ 4,429,931 | $ 3,125,712 |
| Water assessments receivable | - | 1,385,809 |
| Pensions - difference between expected and actual experience - RODSPF | 190 | - |
| Pensions - changes of assumptions - RODSPF | 47,400 | - |
| Pensions - net difference between projected and actual earnings on investments - RODSPF | 305 | - |
| Pensions - changes in proportion and differences between County contributions and proportionate share of contributions - RODSPF | 2,644 | - |
| Pensions - County contributions subsequent to measurement date - RODSPF | 7,777 - | - |
| Pensions - difference between expected and actual experience - LGERS | 187,068 | 16,864 |
| Pensions - changes of assumptions - LGERS | 681,939 | 61,475 |
| Pensions - net difference between projected and actual earnings on investments - LGERS | 5,504,753 | 496,241 |
| Pensions - changes in proportion and differences between County contributions and proportionate share of contributions - LGERS | 198,966 | 17,936 |
| Pensions - County contributions subsequent to measurement date - LGERS | 2,197,307 | 198,082 |
| Pensions - benefit payments subsequent to measurement date - LEOSSA | 97,832 | - |
| OPEB - difference between expected and actual experience | 411,733 | 39,803 |
| | $ 13,767,845 | $ 5,341,922 |

On the Statement of Net Position, deferred inflows of resources at June 30, 2017 consist of:

| | Governmental Activities | Business-type Activities |
|---|---|---|
| Medicaid revenue subject to final audit | $ 286,708 | $ - |
| Donations received but not yet earned | 54,442 | - |
| Prepaid taxes | 56,733 | - |
| Water assessments | - | 1,385,809 |
| Pensions - difference between expected and actual experience -RODSPF | 2,303 | - |
| Pensions - changes in proportion and differences between County contributions and proportionate share of contributions - RODSPF | 6,748 | - |
| Pensions - difference between expected and actual experience - LGERS | 348,890 | 31,452 |
| Pensions - changes of assumptions - LEOSSA | 43,280 | - |
| OPEB - changes of assumptions | 15,356,020 | 1,484,491 |
| OPEB - difference between expected and actual experience | 38,994 | 3,770 |
| | $ 16,194,118 | $ 2,905,522 |

On the Governmental Funds Balance Sheet, deferred inflows of resources at June 30, 2017 consist of:

| | Unavailable Revenue | Unearned Revenue |
|---|---|---|
| Taxes receivable, net (General) | $ 749,349 | $ - |
| Prepaid taxes (General) | - | 56,768 |
| Medicaid cost settlement subject to final audit (General) | - | 286,708 |
| Taxes receivable, net (Beach Nourishment) | 1,289 | - |
| Taxes receivable, net (Special Revenue) | 158,166 | - |
| Donations not yet earned (Special Revenue) | - | 54,442 |
| | $ 908,804 | $ 397,918 |

## Note 14. Long-Term Debt

### A. Revenue Bonds

In September 2009, the County issued $13,190,000 (par value) of utilities (water) system refunding revenue bonds, Series 2009, at a net interest cost of 3.55%, with net proceeds of $13,777,360, to currently refund installments for years 2010 through 2024 for the Series 1998A utilities (water) system revenue bonds and installments for years 2010 through 2024 for the Series 1998B utilities (water) system revenue bonds. Interest on the bonds is payable semiannually on June 1 and December 1. Principal is payable annually on December 1 in the following amounts (see Series 2017 below) (along with the corresponding coupon interest rate): 2017, $635,000 (5.00%); 2018, $670,000 (5.00%); and 2019, $700,000 (5.00%).

In February 2011, the County issued $24,200,000 (par value) of utilities (water) system revenue bonds, Series 2011, at a net interest cost of 4.96%, with net proceeds of $24,487,127, for water lines, a ground storage tank, an elevated tank, and production plant improvements necessary to extend water service to all of Roanoke Island (previously only served within the Town of Manteo). Interest on the bonds is payable semiannually on August 1 and February 1. Principal is payable annually on February 1 in the following amounts (see Series 2017 below) (along with the corresponding coupon interest rate): 2018, $515,000 (5.00%); 2019, $540,000 (5.00%); 2020, $570,000 (5.00%); and 2021, $595,000 (4.25%).

In June 2017, the County issued $24,845,000 (par value) of utilities (water) system refunding revenue bonds, Series 2017, at a net interest cost of 3.02%, with net proceeds of $27,140,014, to advance refund installments for years 2020 through 2023 for the Series 2009 utilities (water) system refunding revenue bonds and installments for years 2022 through 2041 for the Series 2011 utilities (water) system revenue bonds. Interest on the bonds is payable semiannually on August 1 and February 1. Principal is payable annually on February 1. in the following amounts (along with the corresponding coupon interest rate): 2018, $395,000 (3.00%); 2019, $60,000 (2.00%); 2020, $60,000 (2.00%); 2021, $755,000 (3.00%); 2022, $1,400,000 (4.00%); 2023, $1,460,000 (5.00%); 2024, $1,525,000 (5.00%); 2025, $785,000 (5.00%); 2026, $825,000 (5.00%); 2027, $870,000 (5.00%); 2028, $910,000 (5.00%); 2029, $955,000 (5.00%); 2030, $1,005,000 (5.00%); 2031, $1,055,000 (4.00%); 2032, $1,095,000 (4.00%); 2033, $1,140,000 (4.00%); 2034, $1,180,000 (3.00%); 2035, $1,220,000 (3.00%); 2036, $1,255,000 (3.125%); 2037, $1,300,000 (3.125%); 2038, $1,335,000 (3.125%); 2039, $1,375,000 (3.125%); 2040, $1,420,000 (3.125%); and 2041, $1,465,000 (3.125%). The defeased Series 2009 bonds have a call date of December 1, 2019 and the defeased Series 2011 bonds have a call date of February 1, 2021.

Revenue bonds outstanding, net of unamortized original issue premium of $2,285,654, and unamortized deferred amount on refunding per GASB Statement No. 23 of $3,125,712, at June 30, 2017 were $28,229,942. The total par amount of revenue bonds outstanding at June 30, 2017 was $29,070,000.

The revenue bonds are reported on the Water (Enterprise) Fund financial statements because the principal and interest on the bonds are payable from the net revenues of the water system. The revenue bond orders pledge the net revenues of the system, including assessments collected, to repayment of the Series 2009, 2011 and 2017 revenue bonds. The revenue bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or upon its income, receipts, or revenues (other than those of the water system). The taxing power of the County is not pledged for the payment of principal and interest on the revenue bonds, and no owner of a bond has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property.

The Revenue Bond Order permits the issuance of one or more additional series of bonds on parity as to the pledge of net revenues with outstanding bonds to (1) provide funds for construction of additional facilities; and (2) provide funds for refunding any bonds. The issuance of an additional series of bonds is subject to the satisfaction of certain conditions provided for in the Revenue Bond Order (additional bonds test).

The Revenue Bond Order provided for the establishment of a special fund (account), designated the Revenue fund (account), into which the County is required to deposit all Water System revenues (revenues as defined by the Revenue Bond Order). Moneys on deposit in this fund are applied at such times and in accordance with priorities established by the Revenue Bond Order. Moneys in the Revenue fund are required to be transferred to the following funds, established pursuant to the Revenue Bond Order, in the following order of priority: the Operating and Maintenance fund, the Debt Service fund, the Extension and Replacement fund, the Rebate fund, and the Surplus fund.

Pursuant to the Revenue Bond Order, the County has covenanted to fix, establish or maintain or cause to be fixed, established and maintained such rates and charges for the provision of services of the Water system, and revise or cause to be revised the same, as necessary, as will produce revenues together with 20% of the balance in the Surplus Fund at the end of the preceding fiscal year at least equal in such fiscal year to the total of (1) the current expenses budgeted for such fiscal year, as may be amended from time to time, plus (ii) 120% of (1.20 times) the principal and interest requirements to become due during the fiscal year plus (iii) 100% of (1.00 times) the principal and interest due in such fiscal year on the County's general obligation indebtedness issued in connection with Water System which may be outstanding from time to time plus (iv) 100% of (1.00 times) the principal and interest due in such fiscal year on subordinate indebtedness plus (v) 100% of (1.00 times) the amount required to reimburse the provider of a qualified reserve fund substitute for any amounts owing hereunder.

The County met the above requirements for the year ended June 30, 2017 as follows:

| | | |
|---|---|---|
| Revenues as defined per Revenue Bond Order: | | |
| Operating revenues | $ 12,733,181 | |
| Collections of assessments & other income | 408,605 | |
| Interest income, excluding capital projects | 142,497 | |
| | | $ 13,284,283 |
| Current Expenses as defined per Revenue Bond Order: | | |
| Operating expenses | $ 11,242,755 | |
| Non-operating expenses | 1,265,691 | |
| Add back interest expense, amortization & OPEB | (1,385,637) | |
| Add back depreciation | (2,510,250) | |
| Add 20% of Surplus Fund | (4,981,602) | |
| Total adjustment | | 3,630,957 |
| Net Revenues, as defined per Revenue Bond Order | | $ 9,653,326 |
| Debt service on Series 2009 and Series 2011 Revenue Bonds | | $ 2,503,588 |
| Debt service coverage | | 3.86 |
| Required debt service coverage | | 1.20 |

Current expense adjustments are allowed for OPEB and GASB Statement No. 75 per the Series 2011 revenue Series Indenture. Current expense adjustments will be allowed in fiscal year 2021 for pensions and GASB Statement No. 68 per the Series 2017 revenue bond Series Indenture.

Revenue bond debt service requirements to maturity are as follows (Business-type Activities):

| Year Ending June 30 | Principal | Interest |
|---|---|---|
| 2018 | $ 1,545,000 | $ 785,120 |
| 2019 | 1,270,000 | 1,088,626 |
| 2020 | 1,330,000 | 1,026,176 |
| 2021 | 1,350,000 | 978,976 |
| 2022 | 1,400,000 | 931,038 |
| 2023-2027 | 5,465,000 | 3,734,690 |
| 2028-2032 | 5,020,000 | 2,540,990 |
| 2033-2037 | 6,095,000 | 1,460,421 |
| 2038-2041 | 5,595,000 | 443,908 |
| | $ 29,070,000 | $ 12,989,945 |

In June 2017, the County issued $24,845,000 of utilities (water) system revenue bonds and retired certain maturities of the Series 2009 and 2011 utilities (water) system revenue bonds. The advance refunding reduced debt service payments by $3,510,169 and resulted in an economic gain of $2,629,575. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred ($3,125,712) and will be amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2017 was $3,125,712.

**B. Capitalized Leases**

The County has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

In March 2014, the County entered into a lease agreement with a financial institution for $1,825,925 payable quarterly over 36 months at .09367%. This agreement financed a variety of vehicles, including vehicles for the Sheriff's Department, ambulances for Emergency Medical Services, vans for the Social Services Department (General Fund), and sanitation trucks for the Sanitation Department (Sanitation Fund). Payments were completed during the fiscal year ended June 30, 2017.

In March 2014, the County entered into a lease agreement with a financial institution for $806,156 payable quarterly over 48 months at 1.15%. This agreement financed a variety of equipment, including dump trucks and a bulldozer for the Public Works Department, a roll-off truck for the Rubble Transfer Department, and communications equipment for the Information Technology Department (General Fund).

In March 2015, the County entered into a lease agreement with a financial institution for $1,603,000 payable quarterly over 36 months at 1.099%. This agreement financed a variety of vehicles, including vehicles for the Sheriff's Department, ambulances and response vehicles for Emergency Medical Services (General Fund) and sanitation trucks for the Sanitation Department (Sanitation Fund).

In March 2016, the County entered into a lease agreement with a financial institution for $1,361,569 payable quarterly over 36 months at 1.235%. This agreement financed a variety of vehicles, including vehicles for the Sheriff's Department, ambulances for Emergency Medical Services (General Fund), and sanitation trucks for the Sanitation Department (Sanitation Fund).

In February 2017, the County entered into a lease agreement with a financial institution for $1,398,792 payable quarterly over 36 months at 1.593 %. This agreement financed a variety of vehicles, including vehicles for the Sheriff's Department, ambulances for Emergency Medical Services (General Fund), and sanitation trucks for the Sanitation Department (Sanitation Fund).

In March 2017, the County entered into a lease agreement with a financial institution for $288,400 payable quarterly over 48 months at 1.684 %. This agreement financed trucks for the Recycling and Transfer Departments (General Fund).

In March 2017, the County entered into a lease agreement with a financial institution for $940,614 payable quarterly over 59 months at 1.781 %. This agreement financed heating and air conditioning equipment for the County Courthouse (General Fund).

The assets acquired through capital leases, all for Governmental activities, are as follows:

| | 2017 | 2016 |
|---|---|---|
| Equipment | $ 2,069,239 | $ 840,225 |
| Transportation Equipment | 6,155,217 | 4,755,500 |
| | $ 8,224,456 | $ 5,595,725 |

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2017, are as follows (all Governmental Activities):

| Year Ending June 30 | | |
|---|---|---|
| 2018 | $ | 1,797,441 |
| 2019 | | 1,118,868 |
| 2020 | | 652,001 |
| 2021 | | 274,509 |
| 2022 | | 109,239 |
| Total minimum lease payments | | 3,952,058 |
| Less: amount representing interest | | (95,687) |
| Present value of minimum lease payments | $ | 3,856,371 |

**C. Installment Financing and Purchase Contracts and Limited Obligation Bonds**

In March 2007, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of certificates of participation (G.S. 160A-20) for $18,195,000 over 20 years at a true interest cost of 4.27%. This agreement, the County of Dare, NC Certificates of Participation Series 2007, provided financing for a new administration building, a new administrative office located in the village of Frisco and the purchase of land for a recreation park (Capital Projects Fund) (See Series 2015 Limited Obligation Bonds and Series 2016A Limited Obligation Bonds). Payments for the unrefunded debt were completed during the fiscal year ended June 30, 2017.

In December 2009, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of certificates of participation (G.S. 160A-20), the County of Dare, NC Certificates of Participation Series 2009, for $3,245,000 over 10 years at a true interest cost of 3.48% and retired the outstanding balance of the Series 1998B Certificates of Participation on November 10, 2009. The Series 1998B Certificates provided financing for Health and Social Services Facilities. The current refunding reduced total debt service payments by $786,049 and resulted in an economic gain of $190,708 (General Fund).

In July 2010, the County entered into a financing contract with a financial institution (G.S. 160A-20) for $7,695,055, over 10 years at an interest rate 3.94%. This agreement was issued as a taxable Recovery Zone Economic Development Bond under the American Recovery and Reinvestment Act with the County to receive rebates from the U.S. Treasury of 45% of interest payments resulting in an effective interest rate of 2.1725%. This agreement provided financing for a new Emergency Communications Radio System. In February 2015, this agreement was modified with the original financial institution. $48,085 of principal was added (costs of issuance) and the installment purchase contract was converted from a taxable Recovery Zone Economic Development Bond to a tax-exempt agreement with the interest rate reduced to 1.72% for the remaining term (General Fund).

In February 2012, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $36,495,000 over 11 years at a true interest cost of 1.79%. This agreement was issued as taxable Series 2012A Limited Obligation Bonds of $2,850,000 and tax exempt Series 2012B Limited Obligation Bonds of $33,645,000. This agreement defeased the outstanding balances of the Series 2001 and Series 2002 Certificates of Participation on February 16, 2012. The portion of the agreement related to the Series 2001 Certificates was a current refunding. The 2001 Certificates provided financing for the Dare County Justice Center, airport hangars and new construction of Hatteras Elementary School. The portion of the agreement related to the Series 2002 Certificates was an advance refunding with a call date of December 1, 2012. The 2002 Certificates provided financing for new construction of First Flight High School and Manteo Elementary School, an addition to First Flight Middle School, and construction of a solid waste transfer station. The refunding reduced total debt service by $4,270,043 and resulted in an economic gain of $4,198,454. The reduction in debt service was structured such that $3,575,000 was used on February 16, 2012 to terminate a basis swap and swaption related to the Series 2001 and 2002 Certificates (General Fund).

In October 2012, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $9,225,000 over 12 years at a true interest cost of 2.35%. This agreement, the County of Dare, NC Limited Obligation Bonds Series 2012C, provided financing for replacement of Emergency Medical Services cardiac monitoring and defibrillator units (6 year term) and for replacement of the County's Emergency Medical Services helicopter (12 year term) (General Fund).

In October 2012, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $34,465,000 over 17 years at a true interest cost of 2.74%. This agreement, the County of Dare, NC Limited Obligations Bonds Series 2012D, currently refunded the 2008 Installment Financing Contract and advanced refunded the Series 2004 Certificates of Participation with a call date of June 1, 2014. The 2008 Installment Financing Contract provided financing for a new community college building, a senior center and the purchase of land. The 2004 Certificates of Participation provided financing for new construction and renovations at Manteo High School, Hatteras Secondary School, Manteo Elementary School and Kitty Hawk Elementary School. The refunding reduced total debt service by $2,537,321 and resulted in an economic gain of $2,500,898. The reduction in debt service was structured such that $3,160,000 was used on October 2, 2012 to terminate the basis swap and swaption related to the Series 2004 certificates (General Fund).

In April 2013, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $29,285,000 over 12 years at a true interest cost of 2.32%. This agreement, the County of Dare NC Limited Obligation Bonds Series 2013, defeased the 2016 through 2025 outstanding balances of the Series 2005 Certificates of Participation, and was an advance refunding with a call date of June 1, 2015. The refunding reduced total debt service by $2,067,383 and resulted in an economic gain of $1,807,358 (General Fund). The June 1, 2013, 2014 and 2015 maturities of the 2005 Certificates were not refunded.

In July 2014, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $3,073,000 over 15 years at a true interest cost of 3.35%. This agreement, the County of Dare NC Limited Obligation Bonds Series 2014, provided financing for new construction at Manteo Elementary School (General Fund). The limited obligation bonds were privately placed with a financial institution.

In July 2015, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $3,700,000 over 12 years at a true interest cost of 2.66%. This agreement, the County of Dare, NC Limited Obligation Bonds Series 2015, advanced refunded $3,400,000 of the County's Series 2007 Certificates of Participation ($675,000 of the 2024 maturity and all of the 2025, 2026, and 2027, maturities, with a call date of June 1, 2017). The limited obligation bonds were privately placed with a financial institution. The refunding reduced total debt service by $223,002 and resulted in an economic gain of $179,023 (General Fund).

In June 2016, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $11,545,000 over 20 years at a true interest cost of 2.29%. This agreement, the County of Dare, NC Limited Obligations Bonds Series 2016A, advanced refunded $5,695,000 of the County's Series 2007 Certificates of Participation (the 2018 through the 2023 maturities and $235,000 of the 2024 maturities with a call date of June 1, 2017) and provided financing for new construction of a regional emergency communications and emergency operations center (Capital Projects Fund). The refunding reduced total debt service by $377,523 and resulted in an economic gain of $344,261 (General Fund).

In June 2016, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $10,045,000 over 7 years at a true interest cost of 1.63%. This agreement, the County of Dare, NC Limited Obligations Bonds Series 2016C, provided financing for a portion of the County's share of a beach nourishment project to be constructed in the spring through fall of 2017 in the towns of Duck, Kitty Hawk, Southern Shores, and Kill Devil Hills (Capital Projects Fund and Beach Nourishment Fund). The limited obligation bonds were privately placed with a financial institution.

In January 2017, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $25,045,000 over 7 years at a true interest cost of 1.82%. This agreement, the County of Dare, NC Limited Obligations Bonds Series 2016B, provided financing for a heating and air conditioning chiller unit at Cape Hatteras Secondary School and for a beach nourishment project to be constructed in the summer of 2017 through winter of 2018 at the village of Buxton (School Capital Projects Fund,

Capital Projects Fund, General Fund and Beach Nourishment Fund). The limited obligation bonds were privately placed with a financial institution.

Annual debt service requirements for Installment Financing and Purchase Contracts, as of June 30, 2017 are as follows (Governmental Activities):

| Year Ending June 30 | Principal | Interest |
|---|---|---|
| 2018 | $ 16,737,520 | $ 4,353,676 |
| 2019 | 16,587,520 | 3,861,666 |
| 2020 | 16,032,519 | 3,328,753 |
| 2021 | 16,002,519 | 2,828,512 |
| 2022 | 13,985,000 | 2,242,529 |
| 2023-2027 | 35,185,000 | 5,021,583 |
| 2028-2032 | 6,358,000 | 715,288 |
| 2033-2036 | 1,255,000 | 93,900 |
| | $ 122,143,078 | $ 22,445,907 |

**D. Long-Term Debt Obligation Activity**

The following is a summary of changes in the County's general long-term obligations for the year ending June 30, 2017:

| | Balance June 30, 2016 | Additions | Reductions | Balance June 30, 2017 | Current Portion of Balance |
|---|---|---|---|---|---|
| Government activities: | | | | | |
| Installment financing contracts | $ 113,900,598 | $ 25,045,000 | $ 16,802,520 | $ 122,143,078 | $ 16,737,520 |
| Deferred amounts: | | | | | |
| For issuance premiums | 8,429,566 | - | 1,842,476 | 6,587,090 | - |
| Capitalized leases | 3,010,058 | 2,627,806 | 1,781,493 | 3,856,371 | 1,748,786 |
| Compensated absences | 2,599,936 | 1,061,712 | 927,108 | 2,734,540 | 738,326 |
| Total pension liability (LEOSSA) | 2,390,611 | 118,303 | 161,616 | 2,347,298 | |
| Net pension liability (LGERS) | 2,098,285 | 7,854,862 | - | 9,953,147 | - |
| Net OPEB liability | 135,803,600 | (7,118,227) | 4,064,610 | 124,620,763 | - |
| C&D landfill closure and post-closure costs | 5,501,048 | 706,616 | - | 6,207,664 | - |
| Total governmental activities | $ 273,733,702 | $ 30,296,072 | $ 25,579,823 | $ 278,449,951 | $ 19,224,632 |
| Business-type activities: | | | | | |
| Revenue bonds | $ 29,045,000 | $ 24,845,000 | $ 24,820,000 | $ 29,070,000 | $ 1,545,000 |
| Deferred amounts: | | | | | |
| For issuance premiums | 51,976 | 2,295,014 | 61,336 | 2,285,654 | - |
| Compensated absenses | 239,339 | 106,483 | 70,111 | 275,711 | 74,442 |
| Net pension liability (LGERS) | 193,020 | 708,014 | - | 901,034 | - |
| Net OPEB liability | 13,128,351 | (688,130) | 392,932 | 12,047,289 | - |
| | $ 42,657,686 | $ 27,266,381 | $ 25,344,379 | $ 44,579,688 | $ 1,619,442 |

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as a part of the above totals for governmental activities, including, at year end, $67,787 of internal service funds

compensated absences and $219,454 of net pension liability (LGERS). Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

Beginning balances of the total pension liability for LEOSSA and of the net OPEB liability have been restated.

The General Fund has been used in prior years to liquidate the LEOSSA obligation.

The General Fund, the C&D Landfill Fund and the Sanitation Fund have been used in prior years to liquidate the OPEB liability (governmental activities). The General Fund and the C&D Landfill Fund have been used in prior years to liquidate the C&D Landfill closure and post-closure liability.

At June 30, 2017, the RODSPF had a net pension asset.

At June 30, 2017, the County had no bonds authorized but unissued and had a legal debt margin of $925,110,728.

## E. Airport Authority

The following is a summary of the changes in general long-term debt for the Airport Authority for the year ended June 30, 2017:

| | Balance June 30, 2016 | Additions | Reductions | Balance June 30, 2017 | Current Portion of Balance |
|---|---|---|---|---|---|
| Government activities: | | | | | |
| Compensated absenses | $ 50,833 | $ 2,357 | $ - | $ 53,190 | $ - |
| Other post-employment benefits | 1,314,151 | 116,652 | 30,186 | 1,400,617 | - |
| Installment financing contract | 260,000 | - | 130,000 | 130,000 | 130,000 |
| Net pension liability (LGERS) | 25,953 | 92,552 | - | 118,505 | - |
| Total long-term liabilities | $ 1,650,937 | $ 211,561 | $ 160,186 | $ 1,702,312 | $ 130,000 |

Annual debt service requirements for the Installment Financing Contract, as of June 30, 2017, are as follows:

| Year Ending June 30 | Principal | Interest |
|---|---|---|
| 2018 | $ 130,000 | $ 2,153 |
| | $ 130,000 | $ 2,153 |

## F. ABC Board

The following is a summary of the changes in general long-term debt for the ACB Board for the year ended June 30, 2017:

| | Balance June 30, 2016 | Additions | Reductions | Balance June 30, 2017 | Current Portion of Balance |
|---|---|---|---|---|---|
| Government activities: | | | | | |
| Other post-employment benefits | $ 1,154,614 | $ 36,342 | $ - | $ 1,190,956 | $ - |
| Net pension liability (LGERS) | 54,618 | 271,233 | - | 325,851 | - |
| Total long-term liabilities | $ 1,209,232 | $ 307,575 | $ - | $ 1,516,807 | $ - |

## G. Tourism Board

The following is a summary of the changes in general long-term debt for the Tourism Board for the year ended June 30, 2017:

| | Balance June 30, 2016 | Additions | Reductions | Balance June 30, 2017 | Current Portion of Balance |
|---|---|---|---|---|---|
| Government activities: | | | | | |
| Compensated absences | $ 53,037 | $ - | $ 5,400 | $ 47,637 | $ - |
| Net pension liability (LGERS) | 64,448 | 220,157 | - | 284,605 | - |
| Other post-employment benefits | 432,140 | 50,895 | 14,126 | 468,909 | 17,142 |
| Total long-term liabilities | $ 549,625 | $ 271,052 | $ 19,526 | $ 801,151 | $ 17,142 |

## H. Net Investment in Capital Assets and Debt related to Capital Activities - Governmental Activities

The following is a schedule of the calculation of Net Investment in Capital Assets for Governmental Activities as of June 30, 2017:

| | | | |
|---|---|---|---|
| Net capital assets (Note 5.A) | | | $ 139,929,968 |
| Outstanding debt (Note 14.F) | | | |
| Installment financing contracts | $ 122,143,078 | | |
| Capitalized leases | 3,856,371 | | |
| | | $ 125,999,449 | |
| Less outstanding debt issued for education to which the County does not hold title to the pledged property | | | |
| Series 2012B Limited Obligation Bonds | $ 12,317,788 | | |
| Series 2012D Limited Obligation Bonds | 19,444,016 | | |
| Series 2013 Limited Obligation Bonds | 22,820,000 | | |
| Series 2014 Limited Obligation Bonds | 2,663,000 | | |
| Series 2016B Limited Obligation Bonds | 595,000 | | |
| | | 57,839,804 | |
| Less outstanding debt issued for the Airport to which the County does not hold title | | | |
| Series 2012B Limited Obligation Bonds | | 147,508 | |
| Less unexpended debt proceeds from debt issued for County capital purposes | | 35,638,080 | |
| Total capital debt | | | 32,374,057 |
| Net investment in capital assets | | | $ 107,555,911 |

**I. Net Investment in Capital Assets and Debt related to Capital Activities - Business-Type Activities-Water Fund**

The following is a schedule of the calculation of Net Investment in Capital Assets as of June 30, 2017 for Business-type Activities:

| | | |
|---|---|---|
| Net capital assets (Note 5.A) | | $ 72,197,737 |
| Outstanding debt (Note 14.F) | | |
| Revenue bonds | $ 29,070,000 | |
| Less unexpended debt proceeds | - | |
| Total Capital Debt | | 29,070,000 |
| Net investment in capital assets | | $ 43,127,737 |

## Note 15. Interfund Transactions

### A. Interfund Receivables and Payables

The following is a schedule of interfund receivables and payables as of June 30, 2017:

| | Interfund Receivable | Interfund Payable |
|---|---|---|
| **Proprietary Fund Types** | | |
| **Major** | | |
| Water Fund from Fleet Maintenance Fund | $ 195,871 | $ - |
| Water Fund from Insurance Fund | 628,026 | - |
| **Non-major** | | |
| Fleet Maintenance Fund (Internal Service) to Water Fund | - | 195,871 |
| Insurance Fund (Internal Service) to Water Fund | - | 628,026 |
| | $ 823,897 | $ 823,897 |

The balance due to the Beach Nourishment Fund from the Capital Projects Fund was due to grants receivable and retainage payable in the Capital Projects Fund.

The balance due to the Capital Reserve Capital Projects Fund from the School Capital Projects Fund resulted from expenditures incurred but not yet reimbursed from debt proceeds at fiscal year end in the School Capital Projects Fund.

The balance due to the Water Fund from the Fleet Maintenance Fund resulted from the time lag between the dates that inter-fund goods and services were provided and reimbursement occurred. The balance due from the Insurance Fund and the Fleet Maintenance Fund to the Water Fund is a result of prior performance and the Water Fund providing temporary liquidity.

**B. Component Unit Receivables and Payables**

The following is a schedule of component unit receivables and payables as of June 30, 2017:

| | Receivable | Payable |
|---|---|---|
| Tax and ABC Pass-through Fund: | | |
| from ABC Board – discretely presented | $ 116,172 | $ - |
| Social Services Foster Home Fund: | | |
| from ABC Board – discretely presented | 254,085 | - |
| General Fund: | | |
| from ABC Board – discretely presented | 265,405 | - |
| Tax and ABC Pass-through Fund: | | |
| to Tourism Board – discretely presented | - | 1,717,794 |
| ABC Board – discretely presented: | | |
| to Tax and ABC Pass-through Fund | - | 116,172 |
| to Social Services Foster Home Fund | - | 254,085 |
| to General Fund | - | 265,405 |
| Tourism Board – discretely presented: | | |
| from Tax and ABC Pass-through Fund | 1,717,794 | - |
| | $ 2,353,456 | $ 2,353,456 |

## C. Interfund Transfers

The following is a schedule of interfund transfers for the year ended June 30, 2017:

| | Transfer | |
|---|---|---|
| | From | To |
| **Governmental Fund Types** | | |
| **Major** | | |
| General Fund | | |
| from Social Services Foster Care Fund | $ 756,733 | $ - |
| from Capital Reserve Capital Projects Fund | 2,010,660 | - |
| to School Capital Projects Fund | - | 200,000 |
| Beach Nourishment Fund | | |
| to Capital Projects Fund | - | 10,447,097 |
| to Inlet Maintenance Fund | - | 1,000,042 |
| Capital Projects Fund | | |
| from Capital Reserve Capital Projects Fund | 766,935 | - |
| from E911 Fund | 84,825 | - |
| from Beach Nourishment Fund | 10,447,097 | - |
| **Non-major** | | |
| Capital Reserve Capital Projects Fund | | |
| to General Fund | - | 2,010,660 |
| to Capital Projects Fund | - | 766,935 |
| to School Capital Projects Fund | - | 1,550,000 |
| E911 Fund to Capital Projects Fund | | 84,825 |
| Social Services Foster Care Fund | | |
| to General Fund | - | 756,733 |
| Inlet Maintenance Fund | | |
| from Beach Nourishment Fund | 1,000,042 | - |
| School Capital Projects Fund | | |
| from General Fund | 200,000 | - |
| from Capital Reserve Capital Projects Fund | 1,550,000 | - |
| Total Governmental Funds | $ 16,816,292 | $ 16,816,292 |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, to move funds per the adopted Capital Improvements Plan, and to move funds per the Beach Nourishment and Inlet Maintenance Plans.

**Note 16. Fund Balance**

The following is a schedule of the calculation of fund balance available for appropriation in the General Fund as of June 30, 2017:

| | | |
|---|---|---|
| Total fund balance | $ | 34,179,498 |
| Less: | | |
| Inventories | | 13,176 |
| Stabilization by State statute | | 12,770,550 |
| Register of Deeds | | 7,313 |
| Sheriff | | 43,777 |
| Health Department | | 116,723 |
| Hospice program | | 36,223 |
| Disaster recovery | | 612,216 |
| Appropriated fund balance in fiscal year 2018 budget | | 534,567 |
| Fund Balance policy | | 20,044,953 |
| Available for appropriation | $ | - |

The following is a schedule of the calculation of fund balance available for appropriation in the General Fund, excluding the consolidation of the legally budgeted Disaster Recovery Fund, as of June 30, 2017, which is the intent of the fund balance policy. The schedule shows the General Fund balances without the effect of expenditures, revenues and state and federal receivable from Hurricane Matthew (October 2016):

| | | |
|---|---|---|
| Total fund balance | $ | 33,567,282 |
| Less: | | |
| Inventories | | 13,176 |
| Stabilization by State statute | | 10,667,024 |
| Register of Deeds | | 7,313 |
| Sheriff | | 43,777 |
| Health Department | | 116,723 |
| Hospice program | | 36,223 |
| Appropriated fund balance in fiscal year 2018 budget | | 534,567 |
| Fund Balance policy (21% of expenditures) | | 21,198,202 |
| Available for appropriation | $ | 950,277 |

## Note 17. Joint Ventures

Trillium Health Resources

The County participates in a joint venture to operate the Trillium Health Resources (Trillium) with twenty-four other counties. Dare County appoints two board members to the seventeen Central Regional Advisory Board of Trillium. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2017. In accordance with the intergovernmental agreement between the participating governments, the County appropriated $71,040 to Trillium to supplement its activities. Complete financial statements for Trillium may be obtained from Trillium's office at 1708 E. Arlington Blvd., Greenville, NC 27858-5872.

Albemarle Regional Solid Waste Authority

The County participates in a joint venture to operate the Albemarle Regional Solid Waste Authority (Authority) with seven other counties, each of which appoints one voting and one nonvoting member of the Authority's governing board. The Authority was created to serve the solid waste disposal needs of the member counties and has subsequently contracted with a private regional landfill for waste disposal. The County has an ongoing financial responsibility for the Authority because it is legally obligated under an intergovernmental agreement for a portion of the Authority's administrative expenses, determined on an annual tonnage basis among members. The County contributed $160,913 to the Authority during the fiscal year ended June 30, 2017. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2017. Complete financial statements for the Authority may be obtained from the Authority's administrative offices at Albemarle Regional Solid Waste Authority, Post Office Box 189, Elizabeth City, NC 27907.

College of the Albemarle

The County, in conjunction with the State of North Carolina, Pasquotank County, and the Elizabeth City-Pasquotank County Board of Education, participates in a joint venture to operate the Dare County campus of the College of the Albemarle (College). The College's fourteen member Board of Trustees is appointed as follows: the Governor of North Carolina (4), the Pasquotank County Board of Commissioners (4), the Elizabeth City-Pasquotank County Board of Education (4) and the Dare County Board of Commissioners (2). The College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the College's Dare County campus and also provides some financial support for the College's operations. The County has an ongoing financial responsibility for the College because of a statutory responsibility to provide funding for the College's facilities. The County's annual appropriation is shown as a department in the General Fund, and for the year ended June 30, 2017, expenditures were $480,297. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2017. Complete financial statements for the College may be obtained from the College's administrative offices at College of the Albemarle, Post Office Box 2327, Elizabeth City, NC 27906.

East Albemarle Regional Library

The County also participates in a joint venture to operate the East Albemarle Regional Library (Library) with four other counties. The Library's nine member Board of Trustees is appointed by the area county Boards of Commissioners as follows: Dare (3), Currituck (3), and Camden and Pasquotank (3). Each county is responsible for the cost of its own facilities, the maintenance and operation of those facilities and the majority of the related personnel cost. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. The County's annual appropriation is shown as a department in the General Fund and for the year ended June 30, 2017 expenditures were $941,215. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2017. Complete financial statements for the Library may be obtained from the Library's administrative offices at East Albemarle Regional Library, 205 E. Main Street, Elizabeth City, NC 27909.

## Note 18. Jointly Governed Organization

Albemarle Commission

The County, in conjunction with nine other counties and fourteen municipalities, established the Albemarle Commission (Commission) to coordinate funding received from various federal and state agencies. Each participating county appoints

four members and each participating municipality appoints two members of the Commission's governing board. The County paid membership fees of $24,082 to the Commission during the fiscal year ended June 30, 2017.

Government Access Committee

The County, in conjunction with the Towns of Kill Devil Hills, Manteo and Nags Head, established the Government Access Committee to coordinate the use of funding for a government access channel on the local cable television system, as part of a franchise agreement reached in calendar year 2001 for cable television service with Charter Communications, which is accounted for in the Government Access (Agency) Fund. The County paid membership fees of $1,000 during the fiscal year ended June 30, 2017.

Dare Day Committee

The County, in conjunction with the Town of Manteo, established the Dare Day Committee, to coordinate the use of funding for an annual celebration of Virginia Dare's birthday. Dare County hold all funds, which are accounted for in the Dare Day (Agency) Fund. The County contributed $4,500 during the fiscal year ended June 30, 2017.

**Note 19. Other Relationship**

Dare County Board of Education

The governing body of the Dare County Board of Education (Board) is elected by the citizens of the county. It has been determined by the State that the Board is not fiscally dependent on the County and is therefore a primary unit of government. Since North Carolina school systems have no authority to issue long-term debt, capital assets of the Board are financed by general obligation bonds and installment purchase contracts issued by the County. The County also has budgetary approval over its annual allocation to the Board. However, this allocation represents approximately 38% of the Board's total general operating budget, and the Board is not accountable to the County for its fiscal matters beyond this allocation. Further, the County does not significantly influence the operations of the Board and has no authority to designate its management.

**Note 20. Benefit Payments Issued by the State**

| | CFDA | Federal | State | Total |
|---|---|---|---|---|
| Adoption Assistance | 93.659 | $ 165,380 | $ 42,073 | $ 207,453 |
| Child Welfare Services Adoption Assistance | | - | 301,249 | 301,249 |
| Temporary Assistance to Needy Families | 93.558 | 61,260 | - | 61,260 |
| Foster CareTitle IV-E | 93.658 | 20,882 | 5,550 | 26,432 |
| Chafee Foster Care Independent Program | 93.674 | 3,856 | - | 3,856 |
| Medicaid Title XIX | 93.778 | 17,134,171 | 8,745,301 | 25,879,472 |
| Health Choice | 93.767 | 894,144 | 3,075 | 897,219 |
| SAA/SAD HB1030 | | | 8,772 | 8,772 |
| SCSA Domiciliary Care | | | 212,399 | 212,399 |
| State Foster Home Maximization | | | 3,169 | 3,169 |
| State Foster Home | | | 14,609 | 14,609 |
| Special Supplemental Food Program for Women and Infant Children | 10.557 | 448,627 | - | 448,627 |
| Totals | | $ 18,728,320 | $ 9,336,197 | $ 28,064,517 |

The State, on behalf of the County, paid the above amounts directly to individual recipients from federal and State moneys. County personnel are involved with certain functions; primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts, which disclose the additional aid to county recipients, do not appear in the general-purpose financial statements because they are not revenues and expenditures of the County.

## Note 21. Municipal Water Purchase Contracts

On October 18, 1996, the County entered into a forty year water supply agreement with the towns of Kill Devil Hills and Nags Head. The agreement replaced and superseded prior contracts between the parties. Current and future allocations of production capacity remain the same as in the combination of prior contracts. The formula used to determine the wholesale water rate is based upon actual costs and actual distributed gallons from the preceding fiscal year with the new calculated rate going into effect each January 1. The rate formula includes provisions for a reverse osmosis membrane reserve and for capital recovery.

On January 1, 2012, the County entered into a fifteen year agreement with the town of Manteo. The agreement replaced and superseded a prior contract. The formula used to determine the whole sale rate is the same as is used for the contract discussed in the preceding paragraph for the towns of Kill Devil Hills and Nags Head with the new calculated rate going into effect each July 1.

## Note 22. Continuing Disclosure Obligation

The County is required, as a result of the issuance of the County of Dare, North Carolina Certificates of Participation Series 2007 and Series 2009, the County of Dare, North Carolina Limited Obligation Bonds Series 2012A, 2012B, 2012C, 2012D, 2013, 2014, 2015, 2016A, 2016C and 2016B, the County of Dare, North Carolina Utilities System Revenue Bonds Series 2009, Series 2011, and Series 2017, to annually make certain disclosures to nationally recognized municipal securities information repositories. These disclosures are accomplished through the use of the comprehensive annual financial report, specifically, the Notes to the Financial Statements, including the following paragraph, Management's Discussion and Analysis, and the Statistical Section.

### A. Operating and Capital Budget Procedures

The annual budget serves as the foundation of Dare County's financial planning and control. All agencies and departments of Dare County are required to submit requests to the manager, as the budget officer per State law, on or before the last day of February of each year. The manager then uses these requests as the starting point for developing a proposed budget which must be submitted to the Board of Commissioners by each June 1. The Board is required to hold at least one public hearing on the proposed budget and must adopt a final budget by no later than each June 30, the close of the fiscal year. The appropriated budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. For Dare County, annual budgets are adopted for the General, Special Revenue and Enterprise (except the Water Capital Projects Fund) funds. Multiyear project budgets are adopted for all Capital Project funds. Appropriations in the General Special Revenue and Enterprise (except the water Capital Projects Fund) funds are made at the departmental level and at the project level for all Capital Project funds. For internal accounting purposes, budgetary control is generally maintained by object class (line item account). Purchase orders that would create an over encumbrance at that level generally are not written.

## Note 23. Change in Accounting Principle and Restatement of Beginning Net Position

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, for the fiscal year ended June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period (Note 7.C). As a result, beginning net position for the governmental activities decreased by $1,547,313.

The County implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* for the Healthcare Benefits Plan. The implementation of this statement had no effect on net position.

The County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions,* for the fiscal year ended June 30, 2017. The Statement addresses accounting and financial reporting for OPEB (Note 8.A) by establishing standards for recognizing and measuring liabilities, deferred outflows of resources, and deferred inflows of resources and expenses. The implementation of the statement required the County to revise and record the beginning OPEB liability. As a result, beginning net position of governmental activities decreased by $98,276,171 and beginning net position of business-type activities decreased by $9,522,990.

The beginning net position of business-type activities has been restated and reduced by $707,286 to correct an accounting error in the prior fiscal year. Two water bills issued in June of 2016 were overstated as a result of incorrect meter readings. Both errors were identified and corrected in July 2016. However, the corrections were recorded by water staff in fiscal year 2017. As a result, water sales, accounts receivable and net position were overstated as of June 30, 2016.

This page intentionally blank.

The **Required Supplementary Information** contains additional information required by generally accepted accounting principles.

**DARE COUNTY, NORTH CAROLINA**
**Local Governmental Employees' Retirement System**
**Required Supplementary Information**

**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)**

| Fiscal Year | County's Proportion of the Net Pension Liability (Asset) | County's Proportionate Share of the Net Pension Liability (Asset) | County's Covered - Employee Payroll | County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered - Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 2014 | 0.52% | $6,248,711 | $30,225,088 | 20.67% | 94.35% |
| 2015 | (0.51%) | ($2,969,632) | $31,173,290 | (9.53%) | 102.64% |
| 2016 | 0.52% | $2,991,305 | $31,186,322 | 9.59% | 98.09% |
| 2017 | 0.52% | $8,561,949 | $32,168,822 | 26.62% | 91.47% |

**Schedule of County Contributions**

| Fiscal Year | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contibution Deficiency (Excess) | County's Covered - Employee Payroll | Contributions as a Percentage of Covered - Employee Payroll |
|---|---|---|---|---|---|
| 2014 | $2,219,117 | $2,219,117 | $ - | $31,173,290 | 7.12% |
| 2015 | $2,224,597 | $2,224,597 | $ - | $31,186,322 | 7.13% |
| 2016 | $2,221,472 | $2,221,472 | $ - | $32,168,822 | 6.91% |
| 2017 | $2,395,389 | $2,395,389 | $ - | $32,765,356 | 7.31% |

These schedules are presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

**DARE COUNTY, NORTH CAROLINA**
**Register of Deeds' Supplemental Pension Fund**
**Required Supplementary Information**

**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)**

| Fiscal Year | County's Proportion of the Net Pension Liability (Asset) | County's Proportionate Share of the Net Pension Liability (Asset) | County's Covered - Employee Payroll | County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered - Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 2014 | (0.96%) | ($205,097) | $64,717 | 316.91% | 190.50% |
| 2015 | (0.94%) | ($212,945) | $66,908 | 318.27% | 193.88% |
| 2016 | (0.91%) | ($211,284) | $67,916 | 311.10% | 197.29% |
| 2017 | (0.95%) | ($177,215) | $67,916 | 260.93% | 160.17% |

**Schedule of County Contributions**

| Fiscal Year | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contibution Deficiency (Excess) | County's Covered - Employee Payroll | Contributions as a Percentage of Covered - Employee Payroll |
|---|---|---|---|---|---|
| 2014 | $7,671 | $7,671 | $ - | $66,908 | 11.46% |
| 2015 | $7,197 | $7,197 | $ - | $67,916 | 10.60% |
| 2016 | $7,774 | $7,774 | $ - | $67,916 | 11.45% |
| 2017 | $7,777 | $7,777 | $ - | $69,810 | 11.14% |

These schedules are presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

**DARE COUNTY, NORTH CAROLINA**
**Post Employment Healthcare Benefit Plan**
**Required Supplementary Information**

**Schedule of Changes in the Net OPEB Liability and Related Ratios**

| | 2017 |
|---|---|
| **Total OPEB Liability** | |
| Service Cost | $ 4,491,358 |
| Interest | 4,213,329 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | 451,536 |
| Changes of assumptions | (16,840,511) |
| Benefit payments | (4,401,077) |
| **Net change in total OPEB liability** | (12,085,365) |
| **Total OPEB liability - beginning** | 150,036,651 |
| **Total OPEB liability - ending** | $ 137,951,286 |
| | |
| **Plan fiduciary net position** | |
| Contributions - employer | $ 4,457,542 |
| Net investment income | 122,069 |
| Benefit payments | (4,401,077) |
| **Net change in plan fiduciary net position** | 178,534 |
| **Plan fiduciary net position - beginning** | 1,104,700 |
| **Plan fiduciary net position - ending** | $ 1,283,234 |
| | |
| **County's net OPEB liability - ending** | $ 136,668,052 |
| | |
| **Plan fiduciary net position as a percentage of the total OPEB liability** | 0.93% |
| **Covered payroll** | $ 33,052,220 |
| **County's net OPEB liability as a percentage of covered payroll** | 413.49% |

**Notes to Schedule:**

*Changes in assumptions:* For 2016 (beginning 2017 liability), a discount rate of 2.85% was used, changed from 7.00%; the Actuarial Cost Method was changed from Projected Unit Credit to Entry Age Normal Level Percentage of Pay; the RP-2014 Mortality Tables were updated to add generational projection with Scale MP-2016; the participation rate was updated from 100% to 85% for active employees hired after June 19, 2007; disability, withdrawal and retirement rates were updated to match those of the December 31, 2015 Actuarial Valuation Report for the LGERS; and annual medical costs per capita were updated to reflect recent experience. For 2017, a discount rate of 3.58% was used, changed from 2.85%, and the estimate of the impact of the ACA excise tax was updated.

This schedule is presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

**DARE COUNTY, NORTH CAROLINA**
**Post Employment Healthcare Benefit Plan**
**Required Supplementary Information**

**Schedule of County Contributions**

| | 2017 |
|---|---|
| Actuarially determined contribution | $ - |
| Actual employer contribution | 4,457,542 |
| Contribution deficiency (excess) | $ (56,465) |
| Covered payroll | $ 33,052,220 |
| Contributions as a percentage of covered payroll | 13.49% |

**Notes to Schedule:**

| | |
|---|---|
| Valuation date: | As of January 1, eighteen months prior to the end of the year for which the eligibility is reported. |
| Methods and assumptions: | |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of pay |
| Amortization period | Years until assumed eligible retirement |
| Asset valuation method | Fair value of assets |
| Inflation | 2.50 percent |
| Healthcare cost trend rates | 7.35 percent initial, decreasing to ultimate rate of 4.50 percent (2036) |
| Salary increases | 5.00 percent |
| Investment rate of return | 7.0 percent, net of OPEB plan investment expense, including inflation |
| Changes in assumptions | For 2016 (beginning 2017 liability), a discount rate of 2.85% was used, changed from 7.00%; the Actuarial Cost Method was changed from Projected Unit Credit to Entry Age Normal Level Percentage of Pay; the RP-2014 Mortality Tables were updated to add generational projection with Scale MP-2016; the participation rate was updated from 100% to 85% for active employees hired after June 19, 2007; disability, withdrawal and retirement rates were updated to match those of the December 31, 2015 Actuarial Valuation Report for the LGERS; and annual medical costs per capita were updated to reflect recent experience. For 2017, a discount rate of 3.58% was used, changed from 2.85%, and the estimate of the impact of the ACA excise tax was updated. |

This schedule is presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

**DARE COUNTY, NORTH CAROLINA**
**Required Supplementary Information**
**Law Enforcement Officers' Special Separation Allowance**

**Schedule of Changes in Total Pension Liability**

| | 2017 |
|---|---|
| Beginning balance | $ 2,390,611 |
| Service Cost | 87,974 |
| Interest on the total pension liability | 82,460 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes of assumptions | (52,131) |
| Benefit payments | (161,616) |
| Other changes | - |
| Ending balance of the total pension liability | $ 2,347,298 |

The amounts presented for each fiscal year were determined as of the prior December 3

**Schedule of Total Pension Liability as a Percentage of Covered Payroll**

| | 2017 |
|---|---|
| Total pension liability | $ 2,347,298 |
| Covered payroll | $ 3,323,502 |
| Total pension liability as a percentage of covered payroll | 70.63% |

**Notes to Schedules:**

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

This schedule is presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

The **General Fund** is the County's primary operating fund and is used to account for all financial resources of the general government, except those required to be accounted for in another fund. The **General Fund** is a major fund.

The **Disaster Recovery Fund** accounts for revenues and disbursements for the recovery from natural disasters. The **Disaster Recovery Fund** is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated into the **General Fund**.

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **REVENUES** | | | | |
| Ad valorem taxes: | | | | |
| Current year taxes | $ 55,783,772 | $ 56,057,600 | $ 273,828 | $ 55,502,763 |
| Prior years taxes | 521,500 | 287,274 | (234,226) | 367,867 |
| Penalties, interest and advertising | 123,500 | 141,804 | 18,304 | 137,458 |
| Total | 56,428,772 | 56,486,678 | 57,906 | 56,008,088 |
| Other taxes: | | | | |
| Local option sales taxes | 18,540,614 | 19,115,289 | 574,675 | 18,069,592 |
| Occupancy tax | 4,284,675 | 4,510,603 | 225,928 | 4,162,596 |
| Video programming distribution | 125,000 | 117,115 | (7,885) | 116,919 |
| Total | 22,950,289 | 23,743,007 | 792,718 | 22,349,107 |
| Unrestricted intergovernmental: | | | | |
| State medicaid hold harmless | - | 112,019 | 112,019 | 1,702 |
| Beer and wine tax | 84,000 | 79,629 | (4,371) | 76,128 |
| Payments in lieu of taxes | 195,000 | 290,696 | 95,696 | 265,944 |
| ABC mixed beverage tax | 40,000 | 40,213 | 213 | 40,077 |
| ABC law enforcement | 12,000 | 12,000 | - | 12,000 |
| ABC rehabilitation | 90,000 | 91,867 | 1,867 | 94,139 |
| ABC profits | 595,000 | 626,002 | 31,002 | 633,354 |
| Game and wildlife fees | 12,250 | 11,960 | (290) | 11,410 |
| Scrap tire tax distribution | 44,000 | 48,201 | 4,201 | 46,968 |
| Solid waste disposal tax | 13,500 | 14,664 | 1,164 | 13,825 |
| Total | 1,085,750 | 1,327,251 | 241,501 | 1,195,547 |
| Restricted intergovernmental: | | | | |
| State and federal grants | 5,840,619 | 5,649,586 | (191,033) | 5,589,887 |
| ABC bottle tax | 44,000 | 43,907 | (93) | 42,704 |
| Controlled substance tax | 30,000 | 13,009 | (16,991) | 8,465 |
| Equitable sharing of federally forfeited property | 12,500 | 6,010 | (6,490) | 6,052 |
| Court facility fees | 111,000 | 125,666 | 14,666 | 116,629 |
| Electronics management program reimbursement | 3,000 | 2,671 | (329) | 3,410 |
| Total | 6,041,119 | 5,840,849 | (200,270) | 5,767,147 |
| Permits and fees: | | | | |
| Environmental fees | 409,500 | 418,495 | 8,995 | 433,540 |
| Tax collections fees | 552,992 | 518,229 | (34,763) | 517,440 |
| Register of deeds fees | 1,031,500 | 1,103,388 | 71,888 | 1,075,541 |
| Sheriff fees | 13,500 | 18,614 | 5,114 | 24,354 |
| Building permits | 250,000 | 260,503 | 10,503 | 318,274 |
| Planning and development fees | 18,000 | 26,058 | 8,058 | 20,670 |
| Total | 2,275,492 | 2,345,287 | 69,795 | 2,389,819 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Sales and services: | | | | |
| Social services revenues | 163,641 | 182,201 | 18,560 | 182,222 |
| Health fees | 2,997,281 | 2,840,151 | (157,130) | 2,362,893 |
| Election fees | - | - | - | 19,715 |
| Tax mapping fees | 500 | 210 | (290) | 235 |
| Sheriff fees | 675,664 | 111,852 | (563,812) | 127,094 |
| Jail fees | 194,600 | 508,307 | 313,707 | 201,958 |
| Emergency medical services fees | 4,220,550 | 4,682,632 | 462,082 | 4,837,911 |
| Recreation fees | 236,250 | 234,543 | (1,707) | 247,832 |
| Dare County Center revenues | 100,250 | 84,561 | (15,689) | 114,275 |
| Older adult services revenues | 27,500 | 14,855 | (12,645) | 19,802 |
| Transportation revenues | 65,500 | 64,841 | (659) | 59,593 |
| Recycling revenues | 90,000 | 69,509 | (20,491) | 48,091 |
| Total | 8,771,736 | 8,793,662 | 21,926 | 8,221,621 |
| Investment income: | | | | |
| Interest | - | 308,869 | - | 180,944 |
| Net increase (decrease) in the fair value of investments | - | (55,129) | - | 30,860 |
| Total investment income | 308,825 | 253,740 | (55,085) | 211,804 |
| Other revenue: | | | | |
| Grants, donations and contributions | 228,147 | 227,030 | (1,117) | 207,646 |
| Miscellaneous | 390,310 | 488,343 | 98,033 | 315,606 |
| Total | 618,457 | 715,373 | 96,916 | 523,252 |
| Total revenues | 98,480,440 | 99,505,847 | 1,025,407 | 96,666,385 |
| **EXPENDITURES** | | | | |
| General government: | | | | |
| Governing body: | | | | |
| Salaries and employee benefits | - | 182,872 | - | 179,709 |
| Operating expenditures | - | 16,686 | - | 16,144 |
| Administration | - | (46,861) | - | (46,123) |
| Total | 169,480 | 152,697 | 16,783 | 149,730 |
| County manager: | | | | |
| Salaries and employee benefits | - | 396,202 | - | 382,653 |
| Operating expenditures | - | 10,048 | - | 11,541 |
| Administration | - | (38,008) | - | (36,055) |
| Total | 375,371 | 368,242 | 7,129 | 358,139 |
| Public relations: | | | | |
| Salaries and employee benefits | - | 183,328 | - | 173,831 |
| Operating expenditures | - | 15,002 | - | 14,943 |
| Administration | - | (28,457) | - | (22,647) |
| Contract and professional services | - | 70,820 | - | 63,134 |
| Capital outlay | - | 16,721 | - | 25,082 |
| Total | 270,626 | 257,414 | 13,212 | 254,343 |
| Elections: | | | | |
| Salaries and employee benefits | - | 154,353 | - | 149,016 |
| Operating expenditures | - | 48,426 | - | 66,316 |
| Administration | - | 14,061 | - | 15,668 |
| Contract and professional services | - | 43,449 | - | 58,590 |
| Total | 262,543 | 260,289 | 2,254 | 289,590 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Finance: | | | | |
| Salaries and employee benefits | - | 802,574 | - | 774,791 |
| Operating expenditures | - | 45,008 | - | 52,842 |
| Administration | - | (125,572) | - | (126,901) |
| Contract and professional services | - | 48,755 | - | 38,288 |
| Total | 775,435 | 770,765 | 4,670 | 739,020 |
| Human resources: | | | | |
| Salaries and employee benefits | - | 329,693 | - | 295,973 |
| Operating expenditures | - | 37,729 | - | 37,764 |
| Administration | - | (39,041) | - | (29,872) |
| Contract and professional services | - | 9,135 | - | 7,027 |
| Total | 372,520 | 337,516 | 35,004 | 310,892 |
| Information technology: | | | | |
| Salaries and employee benefits | - | 606,540 | - | 552,033 |
| Operating expenditures | - | 263,080 | - | 282,826 |
| Administration | - | (43,041) | - | (43,098) |
| Contract and professional services | - | 129,992 | - | 107,561 |
| Capital outlay | - | - | - | 8,404 |
| Total | 964,152 | 956,571 | 7,581 | 907,726 |
| GIS: | | | | |
| Salaries and employee benefits | - | 215,982 | - | 196,158 |
| Operating expenditures | - | 1,820 | - | 8,094 |
| Administration | - | (69,386) | - | (66,478) |
| Contract and professional services | - | 13,983 | - | 16,362 |
| Total | 171,052 | 162,399 | 8,653 | 154,136 |
| Tax mapping: | | | | |
| Salaries and employee benefits | - | 292,846 | - | 260,389 |
| Operating expenditures | - | 5,621 | - | 6,044 |
| Administration | - | 9,297 | - | 7,293 |
| Contract and professional services | - | 8,574 | - | 6,563 |
| Total | 319,311 | 316,338 | 2,973 | 280,289 |
| Revaluation: | | | | |
| Salaries and employee benefits | - | 936,707 | - | 843,430 |
| Operating expenditures | - | 27,933 | - | 28,312 |
| Administration | - | 38,152 | - | 35,456 |
| Contract and professional services | - | 77,515 | - | 78,067 |
| Total | 1,095,889 | 1,080,307 | 15,582 | 985,265 |
| Business personal tax: | | | | |
| Salaries and employee benefits | - | 232,441 | - | 196,573 |
| Operating expenditures | - | 32,824 | - | 36,693 |
| Administration | - | 12,063 | - | 7,586 |
| Contract and professional services | - | 131 | - | 710 |
| Total | 301,323 | 277,459 | 23,864 | 241,562 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Tax collections and listings: | | | | |
| Salaries and employee benefits | - | 312,359 | - | 283,550 |
| Operating expenditures | - | 65,087 | - | 62,961 |
| Administration | - | 17,499 | - | 17,929 |
| Contract and professional services | - | 101,453 | - | 89,403 |
| Total | 530,727 | 496,398 | 34,329 | 453,843 |
| Realty transfer tax: | | | | |
| Salaries and employee benefits | - | 71,319 | - | 68,940 |
| Operating expenditures | - | 12 | - | 453 |
| Administration | - | - | - | 140 |
| Total | 71,920 | 71,331 | 589 | 69,533 |
| Occupancy tax: | | | | |
| Salaries and employee benefits | - | 30,525 | - | 51,501 |
| Operating expenditures | - | 1,996 | - | 1,273 |
| Administration | - | 1,059 | - | 2,715 |
| Total | 34,617 | 33,580 | 1,037 | 55,489 |
| Prepared foods tax: | | | | |
| Salaries and employee benefits | - | 45,067 | - | 55,547 |
| Operating expenditures | - | 1,348 | - | 1,434 |
| Administration | - | 1,414 | - | 690 |
| Total | 47,888 | 47,829 | 59 | 57,671 |
| Register of deeds: | | | | |
| Salaries and employee benefits | - | 415,988 | - | 391,792 |
| Operating expenditures | - | 30,930 | - | 33,572 |
| Administration | - | 5,754 | - | 6,508 |
| Contract and professional services | - | 36,002 | - | 34,131 |
| Total | 494,839 | 488,674 | 6,165 | 466,003 |
| Buildings and grounds: | | | | |
| Salaries and employee benefits | - | 882,107 | - | 836,969 |
| Operating expenditures | - | 349,711 | - | 311,817 |
| Administration | - | (40,270) | - | (35,559) |
| Capital outlay | - | 25,216 | - | 26,219 |
| Total | 1,275,667 | 1,216,764 | 58,903 | 1,139,446 |
| Turf maintenance: | | | | |
| Salaries and employee benefits | - | 296,631 | - | 274,680 |
| Operating expenditures | - | 42,129 | - | 46,603 |
| Administration | - | 13,136 | - | 11,797 |
| Capital outlay | - | 26,279 | - | 6,879 |
| Total | 386,372 | 378,175 | 8,197 | 339,959 |
| General services: | | | | |
| Salaries and employee benefits | - | 289,893 | - | 311,793 |
| Operating expenditures | - | 200,408 | - | 208,007 |
| Administration | - | 1,170 | - | 4,074 |
| Contract and professional services | - | 83,887 | - | 83,151 |
| Total | 616,103 | 575,358 | 40,745 | 607,025 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Non-departmental: | | | | |
| Salaries and employee benefits-longevity | - | 355,450 | - | 366,400 |
| Salaries and employee benefits-retiree health | - | 588,948 | - | 562,965 |
| Operating expenditures | - | 296,180 | - | 352,022 |
| Administration | - | (173,331) | - | (155,495) |
| Contract and professional services | - | 233,023 | - | 192,973 |
| Total | 1,548,671 | 1,300,270 | 248,401 | 1,318,865 |
| Total general government | 10,084,506 | 9,548,376 | 536,130 | 9,178,526 |
| Public safety: | | | | |
| Sheriff: | | | | |
| Salaries and employee benefits | - | 5,533,719 | - | 5,151,460 |
| Operating expenditures | - | 667,499 | - | 760,522 |
| Administration | - | 284,014 | - | 257,736 |
| Contract and professional services | - | 39,728 | - | 28,515 |
| Capital outlay | - | 364,533 | - | 308,014 |
| Total | 7,188,223 | 6,889,493 | 298,730 | 6,506,247 |
| Jail: | | | | |
| Salaries and employee benefits | - | 2,997,679 | - | 2,827,142 |
| Operating expenditures | - | 424,599 | - | 417,692 |
| Administration | - | 177,870 | - | 180,088 |
| Contract and professional services | - | 408,217 | - | 342,537 |
| Capital outlay | - | 10,984 | - | 41,628 |
| Total | 4,094,770 | 4,019,349 | 75,421 | 3,809,087 |
| Communications: | | | | |
| Salaries and employee benefits | - | 1,631,327 | - | 1,484,410 |
| Operating expenditures | - | 713,511 | - | 685,499 |
| Administration | - | 25,439 | - | 30,973 |
| Contract and professional services | - | 25,736 | - | 26,185 |
| Total | 2,413,225 | 2,396,013 | 17,212 | 2,227,067 |
| Courts: | | | | |
| Salaries and employee benefits | - | 110,283 | - | 100,927 |
| Operating expenditures | - | 242,520 | - | 372,502 |
| Administration | - | 56,610 | - | 66,409 |
| Contract and professional services | - | 115,990 | - | 103,847 |
| Total | 574,629 | 525,403 | 49,226 | 643,685 |
| Emergency medical services: | | | | |
| Salaries and employee benefits | - | 7,518,866 | - | 7,226,528 |
| Operating expenditures | - | 548,762 | - | 530,147 |
| Administration | - | 485,325 | - | 388,663 |
| Contract and professional services | - | 329,810 | - | 334,095 |
| Capital outlay | - | 706,701 | - | 361,854 |
| Total | 9,702,350 | 9,589,464 | 112,886 | 8,841,287 |
| Emergency medical helicopter: | | | | |
| Salaries and employee benefits | - | 998,306 | - | 964,930 |
| Operating expenditures | - | 335,406 | - | 289,023 |
| Administration | - | 204,981 | - | 213,297 |
| Contract and professional services | - | 4,621 | - | 6,437 |
| Total | 1,595,493 | 1,543,314 | 52,179 | 1,473,687 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Emergency management: | | | | |
| Salaries and employee benefits | - | 318,348 | - | 298,854 |
| Operating expenditures | - | 119,109 | - | 157,617 |
| Administration | - | 30,777 | - | 35,670 |
| Contract and professional services | - | 33,309 | - | 21,133 |
| Total | 548,757 | 501,543 | 47,214 | 513,274 |
| Animal shelter: | | | | |
| Operating expenditures | - | 363,045 | - | 364,720 |
| Administration | - | 2,171 | - | 1,688 |
| Total | 368,605 | 365,216 | 3,389 | 366,408 |
| Total public safety | 26,486,052 | 25,829,795 | 656,257 | 24,380,742 |
| Economic and physical development: | | | | |
| Planning: | | | | |
| Salaries and employee benefits | - | 771,298 | - | 713,891 |
| Operating expenditures | - | 31,368 | - | 39,577 |
| Administration | - | 30,638 | - | 30,224 |
| Contract and professional services | - | 26,541 | - | 4,652 |
| Capital outlay | - | 27,414 | - | - |
| Total | 908,566 | 887,259 | 21,307 | 788,344 |
| Grants and waterways: | | | | |
| Salaries and employee benefits | - | 92,238 | - | 83,989 |
| Operating expenditures | - | 2,915 | - | 3,294 |
| Administration | - | 1,818 | - | 1,992 |
| Contract and professional services | - | 992 | - | 912 |
| Total | 133,330 | 97,963 | 35,367 | 90,187 |
| Cooperative extension service: | | | | |
| Operating expenditures | - | 32,994 | - | 56,800 |
| Administration | - | 15,247 | - | 11,237 |
| Contract and professional services | - | 151,680 | - | 124,733 |
| Total | 220,749 | 199,921 | 20,828 | 192,770 |
| Total economic and physical development | 1,262,645 | 1,185,143 | 77,502 | 1,071,301 |
| Human services: | | | | |
| Health: | | | | |
| Administration: | | | | |
| Salaries and employee benefits | - | 338,715 | - | 270,897 |
| Operating expenditures | - | 98,459 | - | 119,039 |
| Administration | - | 114,205 | - | 108,489 |
| Contract and professional services | - | 75,876 | - | 74,579 |
| Capital outlay | - | 44,747 | - | - |
| Total | - | 672,002 | - | 573,004 |
| Adult health: | | | | |
| Salaries and employee benefits | - | 239,100 | - | 285,532 |
| Operating expenditures | - | 56,847 | - | 57,958 |
| Administration | - | 363 | - | 95 |
| Contract and professional services | - | 56,020 | - | 50,563 |
| Capital outlay | - | 37,116 | - | - |
| Total | - | 389,446 | - | 394,148 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Communicable disease: | | | | |
| Salaries and employee benefits | - | 296,885 | - | 282,939 |
| Operating expenditures | - | 10,161 | - | 9,849 |
| Administration | - | 2,024 | - | 545 |
| Contract and professional services | - | 2,062 | - | 814 |
| Total | - | 311,132 | - | 294,147 |
| Public health emergency preparedness: | | | | |
| Salaries and employee benefits | - | 89,788 | - | 92,958 |
| Operating expenditures | - | 8,280 | - | 26,976 |
| Administration | - | 2,059 | - | 767 |
| Total | - | 100,127 | - | 120,701 |
| CPR: | | | | |
| Salaries and employee benefits | - | 121 | - | 122 |
| Operating expenditures | - | 547 | - | 474 |
| Total | - | 668 | - | 596 |
| Environmental health: | | | | |
| Salaries and employee benefits | - | 290,155 | - | 226,045 |
| Operating expenditures | - | 28,101 | - | 28,709 |
| Administration | - | 1,064 | - | 366 |
| Capital outlay | - | 26,786 | - | - |
| Total | - | 346,106 | - | 255,120 |
| Food and lodging inspections: | | | | |
| Salaries and employee benefits | - | 316,494 | - | 323,260 |
| Operating expenditures | - | 8,974 | - | 10,921 |
| Administration | - | 810 | - | 2,405 |
| Contract and professional services | - | 9,334 | - | 9,282 |
| Total | - | 335,612 | - | 345,868 |
| Private well program: | | | | |
| Salaries and employee benefits | - | 576 | - | 868 |
| Operating expenditures | - | 118 | - | 222 |
| Total | - | 694 | - | 1,090 |
| Maternal health: | | | | |
| Salaries and employee benefits | - | 314,432 | - | 257,877 |
| Operating expenditures | - | 13,367 | - | 20,419 |
| Administration | - | 520 | - | 2,089 |
| Contract and professional services | - | 6,221 | - | 7,566 |
| Capital outlay | - | 11,113 | - | - |
| Total | - | 345,653 | - | 287,951 |
| Pregnancy care management: | | | | |
| Salaries and employee benefits | - | 64,706 | - | 61,270 |
| Operating expenditures | - | 1,304 | - | 1,792 |
| Administration | - | 314 | - | 350 |
| Total | - | 66,324 | - | 63,412 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Community Care Plan of Eastern Carolina: | | | | |
| Salaries and employee benefits | - | 86,450 | - | 65,210 |
| Operating expenditures | - | 163 | - | 193 |
| Administration | - | 1,868 | - | 1,774 |
| Total | - | 88,481 | - | 67,177 |
| Mammograms/ultrasounds: | | | | |
| Salaries and employee benefits | - | 1,521 | - | 618 |
| Contract and professional services | - | 26,265 | - | 29,000 |
| Total | - | 27,786 | - | 29,618 |
| Family planning: | | | | |
| Salaries and employee benefits | - | 395,463 | - | 357,719 |
| Operating expenditures | - | 45,177 | - | 31,358 |
| Administration | - | 631 | - | 150 |
| Contract and professional services | - | 9,963 | - | 7,974 |
| Total | - | 451,234 | - | 397,201 |
| Peer Power: | | | | |
| Salaries and employee benefits | - | 127,367 | - | 114,712 |
| Operating expenditures | - | 4,064 | - | 5,405 |
| Administration | - | 186 | - | 200 |
| Total | - | 131,617 | - | 120,317 |
| Care coordination for children: | | | | |
| Salaries and employee benefits | - | 82,502 | - | 95,908 |
| Operating expenditures | - | 2,084 | - | 2,427 |
| Administration | - | 1,091 | - | 1,588 |
| Total | - | 85,677 | - | 99,923 |
| Child service coordination: | | | | |
| Salaries and employee benefits | - | - | - | 8,322 |
| Operating expenditures | - | - | - | 34 |
| Administration | - | - | - | 21 |
| Total | - | - | - | 8,377 |
| Child health: | | | | |
| Salaries and employee benefits | - | 123,059 | - | 98,521 |
| Operating expenditures | - | 18,296 | - | 16,368 |
| Administration | - | 948 | - | 621 |
| Total | - | 142,303 | - | 115,510 |
| Health check: | | | | |
| Salaries and employee benefits | - | 44,349 | - | 44,298 |
| Operating expenditures | - | 243 | - | 503 |
| Administration | - | 1,010 | - | 1,254 |
| Total | - | 45,602 | - | 46,055 |
| School health: | | | | |
| Salaries and employee benefits | - | 672,032 | - | 632,304 |
| Operating expenditures | - | 2,618 | - | 2,971 |
| Administration | - | 1,431 | - | 2,120 |
| Total | - | 676,081 | - | 637,395 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Mobile dental unit: | | | | |
| Salaries and employee benefits | - | 232,153 | - | 213,982 |
| Operating expenditures | - | 29,900 | - | 72,034 |
| Administration | - | 149 | - | 1,500 |
| Capital outlay | - | - | - | 6,396 |
| Total | - | 262,202 | - | 293,912 |
| Women, infants, and children client services: | | | | |
| Salaries and employee benefits | - | 118,106 | - | 103,579 |
| Operating expenditures | - | 1,824 | - | 2,513 |
| Administration | - | 328 | - | 423 |
| Total | - | 120,258 | - | 106,515 |
| Women, infants, and children nutrition education: | | | | |
| Salaries and employee benefits | - | 39,080 | - | 36,168 |
| Operating expenditures | - | 394 | - | 190 |
| Administration | - | 15 | - | 939 |
| Total | - | 39,489 | - | 37,297 |
| Women, infants, and children general administration: | | | | |
| Salaries and employee benefits | - | 20,271 | - | 24,697 |
| Operating expenditures | - | 213 | - | 424 |
| Total | - | 20,484 | - | 25,121 |
| Women, infants, and children breastfeeding promotion: | | | | |
| Salaries and employee benefits | - | 21,377 | - | 20,647 |
| Operating expenditures | - | 334 | - | 791 |
| Administration | - | 788 | - | 73 |
| Total | - | 22,499 | - | 21,511 |
| Smart Start baby link: | | | | |
| Salaries and employee benefits | - | 87,280 | - | 78,817 |
| Operating expenditures | - | 3,254 | - | 3,784 |
| Administration | - | 600 | - | 400 |
| Total | - | 91,134 | - | 83,001 |
| Breast and cervical cancer program: | | | | |
| Salaries and employee benefits | - | 71,097 | - | 55,807 |
| Administration | - | 105 | - | 227 |
| Contract and professional services | - | 35,580 | - | 18,622 |
| Total | - | 106,782 | - | 74,656 |
| Healthy communities: | | | | |
| Salaries and employee benefits | - | 88,004 | - | 94,065 |
| Operating expenditures | - | 9,027 | - | 5,927 |
| Administration | - | 568 | - | 5,504 |
| Contract and professional services | - | 24,620 | - | - |
| Total | - | 122,219 | - | 105,496 |
| Healthy Carolinians: | | | | |
| Salaries and employee benefits | - | - | - | 22,998 |
| Operating expenditures | - | - | - | 2,568 |
| Total | - | - | - | 25,566 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Diabetes: | | | | |
| Salaries and employee benefits | - | 55,420 | - | 42,692 |
| Operating expenditures | - | 2,146 | - | 1,647 |
| Administration | - | 5 | - | 723 |
| Total | - | 57,571 | - | 45,062 |
| Home health: | | | | |
| Salaries and employee benefits | - | 1,025,258 | - | 1,058,941 |
| Operating expenditures | - | 125,308 | - | 121,048 |
| Administration | - | 18,483 | - | 17,954 |
| Contract and professional services | - | 52,417 | - | 83,302 |
| Total | - | 1,221,466 | - | 1,281,245 |
| Hospice: | | | | |
| Salaries and employee benefits | - | 441,010 | - | 371,569 |
| Operating expenditures | - | 188,640 | - | 126,256 |
| Administration | - | 2,931 | - | 2,368 |
| Contract and professional services | - | 35,509 | - | 22,895 |
| Total | - | 668,090 | - | 523,088 |
| Hospice donations: | | | | |
| Salaries and employee benefits | - | 56,193 | - | 52,797 |
| Operating expenditures | - | 2,805 | - | 2,136 |
| Administration | - | 10 | - | 650 |
| Total | - | 59,008 | - | 55,583 |
| Partnerships to improve community health: | | | | |
| Operating expenditures | - | - | - | 1,010 |
| Administration | - | 3,000 | - | 4,009 |
| Total | - | 3,000 | - | 5,019 |
| Substance abuse program: | | | | |
| Salaries and employee benefits | - | 112,839 | - | 119,937 |
| Operating expenditures | - | 11,676 | - | 12,250 |
| Administration | - | 6,464 | - | 1,810 |
| Contract and professional services | - | 340,000 | - | 340,000 |
| Total | - | 470,979 | - | 473,997 |
| Total health | 7,723,599 | 7,481,726 | 241,873 | 7,014,679 |
| Social services: | | | | |
| Administration: | | | | |
| Salaries and employee benefits | - | 4,704,707 | - | 4,329,371 |
| Operating expenditures | - | 355,312 | - | 298,315 |
| Administration | - | 144,604 | - | 138,754 |
| Contract and professional services | - | 117,516 | - | 17,658 |
| Capital outlay | - | 32,701 | - | 539 |
| Total | - | 5,354,840 | - | 4,784,637 |
| Family services: | | | | |
| Operating expenditures | - | 989,210 | - | 1,283,380 |
| Contract and professional services | - | 25,250 | - | 25,250 |
| Total | - | 1,014,460 | - | 1,308,630 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Economic independence: | | | | |
| Operating expenditures | - | 231,081 | - | 201,477 |
| Total | - | 231,081 | - | 201,477 |
| Child welfare: | | | | |
| Operating expenditures | - | 532,400 | - | 583,020 |
| Total | - | 532,400 | - | 583,020 |
| Aged, blind, and disabled: | | | | |
| Operating expenditures | - | 34,856 | - | 34,982 |
| Contract and professional services | - | 12,500 | - | 10,000 |
| Total | - | 47,356 | - | 44,982 |
| Employment: | | | | |
| Operating expenditures | - | 1,268 | - | 621 |
| Total | - | 1,268 | - | 621 |
| Child support services: | | | | |
| Operating expenditures | - | 16,655 | - | 21,090 |
| Contract and professional services | - | 233,341 | - | 227,939 |
| Total | - | 249,996 | - | 249,029 |
| In-home services: | | | | |
| Salaries and employee benefits | - | 965,703 | - | 833,794 |
| Operating expenditures | - | 11,948 | - | 13,359 |
| Administration | - | 26,450 | - | 22,268 |
| Contract and professional services | - | 22,450 | - | 54,552 |
| Total | - | 1,026,551 | - | 923,973 |
| Total social services | 8,935,000 | 8,457,952 | 477,048 | 8,096,369 |
| Health and human services central administration: | | | | |
| Salaries and employee benefits | - | 460,521 | - | 391,434 |
| Administration | - | 2,466 | - | 2,505 |
| Contract and professional services | - | 194,530 | - | 195,001 |
| Total central administration | 668,584 | 657,517 | 11,067 | 588,940 |
| Mental health: | | | | |
| Operating expenditures | - | 83,003 | - | 80,222 |
| Total mental health | 84,540 | 83,003 | 1,537 | 80,222 |
| Veterans service: | | | | |
| Salaries and employee benefits | - | 63,734 | - | 63,041 |
| Operating expenditures | - | 1,021 | - | 1,182 |
| Administration | - | 621 | - | 594 |
| Total veterans service | 68,863 | 65,376 | 3,487 | 64,817 |
| Total human services | 17,480,586 | 16,745,574 | 735,012 | 15,845,027 |
| Cultural and recreational: | | | | |
| Parks and recreation: | | | | |
| Salaries and employee benefits | - | 1,707,659 | - | 1,662,079 |
| Operating expenditures | - | 507,804 | - | 466,556 |
| Administration | - | 121,665 | - | 114,368 |
| Contract and professional services | - | 99,672 | - | 100,618 |
| Capital outlay | - | 72,714 | - | - |
| Total | 2,579,829 | 2,509,514 | 70,315 | 2,343,621 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Libraries: | | | | |
| Salaries and employee benefits | - | 791,683 | - | 738,785 |
| Operating expenditures | - | 100,850 | - | 97,767 |
| Administration | - | 41,910 | - | 39,976 |
| Contract and professional services | - | 6,772 | - | 8,183 |
| Total | 952,055 | 941,215 | 10,840 | 884,711 |
| Dare County Center: | | | | |
| Salaries and employee benefits | - | 313,631 | - | 289,025 |
| Operating expenditures | - | 181,235 | - | 208,208 |
| Administration | - | 15,365 | - | 11,066 |
| Contract and professional services | - | 2,850 | - | 2,884 |
| Total | 522,317 | 513,081 | 9,236 | 511,183 |
| Older adult services: | | | | |
| Salaries and employee benefits | - | 344,404 | - | 329,057 |
| Operating expenditures | - | 53,563 | - | 62,347 |
| Administration | - | 18,218 | - | 18,370 |
| Contract and professional services | - | 1,686 | - | 889 |
| Total | 449,106 | 417,871 | 31,235 | 410,663 |
| Transportation: | | | | |
| Salaries and employee benefits | - | 384,700 | - | 366,477 |
| Operating expenditures | - | 92,192 | - | 86,076 |
| Administration | - | 48,688 | - | 42,752 |
| Contract and professional services | - | - | - | 750 |
| Capital outlay | - | 241,086 | - | - |
| Total | 770,393 | 766,666 | 3,727 | 496,055 |
| Youth services: | | | | |
| Salaries and employee benefits | - | 134,939 | - | 127,937 |
| Operating expenditures | - | 3,604 | - | 3,343 |
| Administration | - | 9,321 | - | 9,447 |
| Contract and professional services | - | 59,757 | - | 61,659 |
| Total | 208,112 | 207,621 | 491 | 202,386 |
| Total cultural and recreational | 5,481,812 | 5,355,968 | 125,844 | 4,848,619 |
| Environmental protection: | | | | |
| Recycling: | | | | |
| Salaries and employee benefits | - | 521,340 | - | 404,445 |
| Operating expenditures | - | 183,550 | - | 150,043 |
| Administration | - | 58,443 | - | 49,278 |
| Contract and professional services | - | 36,315 | - | 41,609 |
| Capital outlay | - | 13,350 | - | 6,502 |
| Total | 844,472 | 812,998 | 31,474 | 651,877 |
| Solid waste management: | | | | |
| Salaries and employee benefits | - | 477,036 | - | 454,293 |
| Operating expenditures | - | 18,424 | - | 12,724 |
| Administration | - | 6,039 | - | 10,814 |
| Contract and professional services | - | 525 | - | 1,953 |
| Total | 511,566 | 502,024 | 9,542 | 479,784 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Landfill dirt pit: | | | | |
| Salaries and employee benefits | - | 23,040 | - | 47,577 |
| Operating expenditures | - | 20,729 | - | 35,349 |
| Administration | - | 5,840 | - | 5,891 |
| Total | 104,841 | 49,609 | 55,232 | 88,817 |
| Rubble transfer sites: | | | | |
| Salaries and employee benefits | - | 330,063 | - | 302,703 |
| Operating expenditures | - | 248,632 | - | 177,322 |
| Administration | - | 19,642 | - | 40,610 |
| Contract and professional services | - | 19,084 | - | 46,602 |
| Capital outlay | - | - | - | 30,252 |
| Total | 675,878 | 617,421 | 58,457 | 597,489 |
| Wastewater treatment plants: | | | | |
| Operating expenditures | - | 13,962 | - | 11,864 |
| Administration | - | 130 | - | 8,172 |
| Contract and professional services | - | 11,409 | - | 5,893 |
| Total | 49,775 | 25,501 | 24,274 | 25,929 |
| Mosquito control: | | | | |
| Salaries and employee benefits | - | 161,029 | - | 175,082 |
| Operating expenditures | - | 199,995 | - | 184,586 |
| Administration | - | 26,092 | - | 24,660 |
| Capital outlay | - | 15,600 | - | 65,682 |
| Total | 438,664 | 402,716 | 35,948 | 450,010 |
| Total environmental protection | 2,625,196 | 2,410,269 | 214,927 | 2,293,906 |
| Education: | | | | |
| Dare County Board of Education: | | | | |
| Operating expenditures | - | 1,556 | - | 1,588 |
| Local current expense | - | 21,363,864 | - | 21,096,320 |
| Total | 22,984,107 | 21,365,420 | 1,618,687 | 21,097,908 |
| College of the Albemarle: | | | | |
| Operating expenditures | - | 423,578 | - | 422,078 |
| Administration | - | 56,719 | - | 52,346 |
| Total | 567,507 | 480,297 | 87,210 | 474,424 |
| Total education | 23,551,614 | 21,845,717 | 1,705,897 | 21,572,332 |
| Airport: | | | | |
| Dare County Airport Authority: | | | | |
| Operating expenditures | - | 579,579 | - | 586,954 |
| Administration | - | 136,953 | - | 161,914 |
| Total airport | 716,532 | 716,532 | - | 748,868 |
| Debt service: | | | | |
| Principal retirement | - | 13,027,752 | - | 13,154,733 |
| Interest and other charges | - | 4,278,693 | - | 4,507,424 |
| Bond issuance costs | - | - | - | 178,281 |
| Total debt service | 17,353,054 | 17,306,445 | 46,609 | 17,840,438 |
| Total expenditures | 105,041,997 | 100,943,819 | 4,098,178 | 97,779,759 |
| Revenues under expenditures | (6,561,557) | (1,437,972) | 5,123,585 | (1,113,374) |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**General Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers from other funds: | | | | |
| Special revenue funds | 756,733 | 756,733 | - | 735,000 |
| Capital projects funds | 2,010,660 | 2,010,660 | - | 1,868,500 |
| Transfer from component unit (Airport) | 134,306 | 134,306 | - | 131,376 |
| Transfers to other funds: | | | | |
| School capital project fund | (200,000) | (200,000) | - | (200,000) |
| Special revenue funds | - | - | - | (350,000) |
| Capital projects funds | - | - | - | (105,773) |
| Installment financing proceeds | 933,792 | 933,792 | - | 9,835,569 |
| Premium on installment financing | - | - | - | 770,147 |
| Payment to refunded installment financing escrow agent | - | - | - | (9,541,866) |
| Sale of surplus property | 45,000 | 84,092 | 39,092 | 142,346 |
| Appropriated fund balance | 2,881,066 | - | (2,881,066) | - |
| Total other financing sources (uses) | 6,561,557 | 3,719,583 | (2,841,974) | 3,285,299 |
| Net change in fund balance | $ - | 2,281,611 | $ 2,281,611 | 2,171,925 |
| Fund balance-beginning | | 31,285,671 | | 29,087,255 |
| Restatement | | - | | 26,491 |
| Fund balance-ending | | $ 33,567,282 | | $ 31,285,671 |

**DARE COUNTY, NORTH CAROLINA**
**Disaster Recovery Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
From Inception and for the the Year Ended June 30, 2017

| | Budget | Actual Prior Year | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Restricted intergovernmental: | | | | | |
| State and federal aid | $ 2,103,526 | $ - | $ 2,103,526 | $ 2,103,526 | $ - |
| Investment income: | | | | | |
| Interest | - | - | 80 | - | - |
| Net decrease in the fair value of investments | - | - | (15) | - | - |
| Total investment income | 3,500 | - | 65 | 65 | (3,435) |
| Total revenues | 2,107,026 | - | 2,103,591 | 2,103,591 | (3,435) |
| **EXPENDITURES** | | | | | |
| Public safety: | | | | | |
| Hurricane Matthew | 2,465,532 | - | 2,330,309 | 2,330,309 | 135,223 |
| Hurricane Hermine | 155,123 | - | 155,207 | 155,207 | (84) |
| Emergency operations | 82,663 | - | - | - | 82,663 |
| Contract and professional services | 8,309 | - | 8,309 | 8,309 | - |
| Total public safety | 2,711,627 | - | 2,493,825 | 2,493,825 | 217,802 |
| Total expenditures | 2,711,627 | - | 2,493,825 | 2,493,825 | 217,802 |
| Revenues under expenditures | (604,601) | - | (390,234) | (390,234) | 214,367 |
| **OTHER FINANCING SOURCES** | | | | | |
| Insurance recoveries | 499,792 | - | 499,792 | 499,792 | - |
| Appropriated fund balance | 104,809 | - | - | - | (104,809) |
| Total other financing sources | 604,601 | - | 499,792 | 499,792 | (104,809) |
| Revenues and other financing sources over (under) expenditures | $ - | $ - | 109,558 | $ 109,558 | $ 109,558 |
| Fund balance-beginning | | | 502,658 | | |
| Fund balance-ending | | | $ 612,216 | | |

**Other Major Governmental Funds**

The **Beach Nourishment Fund** accounts for the revenues and expenditures for the County's beach nourishment project, including the proceeds of a 2% occupancy tax restricted to that purpose.

The **Capital Projects Fund** accounts for funds used for the acquisition, construction or improvement of various capital equipment and facilities.

**DARE COUNTY, NORTH CAROLINA**
**Beach Nourishment Special Revenue Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **REVENUES** | | | | |
| Ad valorem taxes: | | | | |
| Current year taxes | $ - | $ 106,241 | $ 106,241 | $ - |
| Penalties and interest | - | 208 | 208 | - |
| Total ad valorem taxes | - | 106,449 | 106,449 | - |
| Other taxes: | | | | |
| Sales taxes | - | (3) | (3) | 29 |
| Occupancy taxes | 8,832,260 | 9,400,817 | 568,557 | 8,671,874 |
| Total other taxes | 8,832,260 | 9,400,814 | 568,554 | 8,671,903 |
| Investment income: | | | | |
| Interest | - | 220,674 | - | 141,904 |
| Net increase (decrease) in the fair value of investments | - | (41,327) | - | 26,227 |
| Total investment income | 311,154 | 179,347 | (131,807) | 168,131 |
| Total revenues | 9,143,414 | 9,686,610 | 543,196 | 8,840,034 |
| **EXPENDITURES** | | | | |
| Economic and physical development: | | | | |
| Operating expenditures | - | 114,393 | - | 2,520,340 |
| Administration | - | 12,348 | - | 1,886 |
| Contract and professional services | - | 27 | - | - |
| Total economic and physical development | 485,743 | 126,768 | 358,975 | 2,522,226 |
| Debt service: | | | | |
| Principal retirement | - | 4,910,000 | - | - |
| Interest and other charges | - | 300,573 | - | - |
| Total debt service | 5,210,574 | 5,210,573 | 1 | - |
| Total expenditures | 5,696,317 | 5,337,341 | 358,976 | 2,522,226 |
| Revenues over expenditures | 3,447,097 | 4,349,269 | 902,172 | 6,317,808 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers from other funds: | | | | |
| Capital projects fund | - | - | - | 1,592,693 |
| Transfers to other funds: | | | | |
| Capital projects fund | (10,447,097) | (10,447,097) | - | - |
| Inlet maintenance fund | (3,000,000) | (1,000,042) | 1,999,958 | (1,850,000) |
| Appropriated fund balance | 10,000,000 | - | (10,000,000) | - |
| Total other financing sources (uses) | (3,447,097) | (11,447,139) | (8,000,042) | (257,307) |
| Revenues and other financing sources over (under) expenditures and other financing uses | $ - | (7,097,870) | $ (7,097,870) | 6,060,501 |
| Fund balance-beginning | | 31,485,203 | | 25,424,702 |
| Fund balance-ending | | $ 24,387,333 | | $ 31,485,203 |

**DARE COUNTY, NORTH CAROLINA**
**Capital Projects Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
From Inception and for the Year Ended June 30, 2017

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Roanoke trails project: | | | | | |
| Restricted intergovernmental | $ 250,000 | $ 250,000 | $ - | $ 250,000 | $ - |
| Other revenues | 127,407 | 127,407 | - | 127,407 | - |
| Total | 377,407 | 377,407 | - | 377,407 | - |
| Regional emergency communications center and emergency operations center: | | | | | |
| Restricted intergovernmental | 7,002,795 | 1,958,517 | 5,044,278 | 7,002,795 | - |
| Rodanthe beach access: | | | | | |
| Restricted intergovernmental | 130,000 | 102,101 | - | 102,101 | (27,899) |
| Other revenues | 350,000 | 350,000 | - | 350,000 | - |
| Total | 480,000 | 452,101 | - | 452,101 | (27,899) |
| Outer Banks scenic byway pathways: | | | | | |
| Restricted intergovernmental | 1,974,999 | 1,832,692 | - | 1,832,692 | (142,307) |
| Other revenues | 475,001 | 463,526 | - | 463,526 | (11,475) |
| Total | 2,450,000 | 2,296,218 | - | 2,296,218 | (153,782) |
| Gunboat building renovation: | | | | | |
| Restricted intergovernmental | 249,152 | 98,413 | - | 98,413 | (150,739) |
| Outer Banks scenic byway interpretive: | | | | | |
| Restricted intergovernmental | 212,000 | 7,058 | 33,186 | 40,244 | (171,756) |
| Other revenues | 53,000 | 26,500 | - | 26,500 | (26,500) |
| Total | 265,000 | 33,558 | 33,186 | 66,744 | (198,256) |
| Outer Banks scenic byway wayshowing: | | | | | |
| Restricted intergovernmental | 201,120 | 199,624 | 1,496 | 201,120 | - |
| Other revenues | 50,280 | 50,420 | - | 50,420 | 140 |
| Total | 251,400 | 250,044 | 1,496 | 251,540 | 140 |
| Hazard mitigation grant program phase I: | | | | | |
| Restricted intergovernmental | 2,550,860 | 1,853,378 | 87,344 | 1,940,722 | (610,138) |
| Hazard mitigation grant program phase II: | | | | | |
| Restricted intergovernmental | 3,067,500 | 245,764 | 1,911,538 | 2,157,302 | (910,198) |
| Beach nourishment town projects: | | | | | |
| Other revenues | 23,020,732 | - | 12,829,735 | 12,829,735 | (10,190,997) |
| Investment income: | | | | | |
| Interest | - | - | 99,201 | 99,201 | 99,201 |
| Total revenues | 39,714,846 | 7,565,400 | 20,006,778 | 27,572,178 | (12,142,668) |
| **EXPENDITURES** | | | | | |
| Capital outlay: | | | | | |
| General government: | | | | | |
| Computer aided mass appraisal system: | | | | | |
| Software and equipment | 390,000 | 338,411 | - | 338,411 | 51,589 |
| Rodanthe beach access: | | | | | |
| Land improvements | 883,853 | 807,436 | 1,295 | 808,731 | 75,122 |
| Capital outlays 2014: | | | | | |
| Network and voice over internet protocol equipment | 70,742 | 70,742 | - | 70,742 | - |
| Capital outlays 2015: | | | | | |
| Buildings and grounds projects | 43,370 | 28,321 | - | 28,321 | 15,049 |
| Convert vehicles to propane: | | | | | |
| Equipment | 125,000 | - | - | - | 125,000 |
| Information technology data switches: | | | | | |
| Equipment | 105,183 | 105,181 | - | 105,181 | 2 |
| Capital outlays 2016: | | | | | |
| Buildings and grounds projects | 116,500 | 63,112 | 46,220 | 109,332 | 7,168 |
| Capital outlays 2017: | | | | | |
| Buildings and grounds projects | 131,831 | - | 120,605 | 120,605 | 11,226 |
| Total general government | 1,866,479 | 1,413,203 | 168,120 | 1,581,323 | 285,156 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**Capital Projects Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
From Inception and for the Year Ended June 30, 2017

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| Public safety: | | | | | |
| Regional emergency communications center and emergency operation center: | | | | | |
| Architect | 686,293 | 606,852 | 93,433 | 700,285 | (13,992) |
| Facility costs | 14,378,975 | 3,001,728 | 10,293,751 | 13,295,479 | 1,083,496 |
| Financing costs | 162,141 | 136,058 | 18,000 | 154,058 | 8,083 |
| Total | 15,227,409 | 3,744,638 | 10,405,184 | 14,149,822 | 1,077,587 |
| Justice center HVAC upgrade: | | | | | |
| Equipment | 139,000 | - | - | - | 139,000 |
| Emergency medical services helicopter: | | | | | |
| Equipment | 9,263,800 | 9,002,114 | 134,440 | 9,136,554 | 127,246 |
| Financing costs | 108,996 | 86,633 | - | 86,633 | 22,363 |
| Total | 9,372,796 | 9,088,747 | 134,440 | 9,223,187 | 149,609 |
| Emergency medical services cardiac monitoring system: | | | | | |
| Equipment | 1,100,000 | 1,099,973 | - | 1,099,973 | 27 |
| Financing costs | 13,401 | 10,902 | - | 10,902 | 2,499 |
| Total | 1,113,401 | 1,110,875 | - | 1,110,875 | 2,526 |
| Emergency medical services power stretchers: | | | | | |
| Equipment | 42,888 | 42,745 | - | 42,745 | 143 |
| Emergency medical services equipment: | | | | | |
| Equipment | 57,184 | - | 47,109 | 47,109 | 10,075 |
| Detention center exterior doors: | | | | | |
| Repairs and replacements | 71,000 | 64,877 | - | 64,877 | 6,123 |
| Hazard mitigation grant program phase I: | | | | | |
| Home elevation | 2,550,860 | 1,853,378 | 87,344 | 1,940,722 | 610,138 |
| Hazard mitigation grant program phase II: | | | | | |
| Home elevation | 3,067,500 | 245,764 | 1,911,538 | 2,157,302 | 910,198 |
| Detention center HVAC units: | | | | | |
| Equipment | 123,000 | - | 118,785 | 118,785 | 4,215 |
| Emergency medical services facility assessment: | | | | | |
| Professional services | 50,000 | - | 37,312 | 37,312 | 12,688 |
| Emergency medical services portable radios: | | | | | |
| Equipment | 101,530 | - | 98,725 | 98,725 | 2,805 |
| Emergency medical services regulatory compliance equipment: | | | | | |
| Equipment | 134,850 | - | 129,422 | 129,422 | 5,428 |
| Emergency medical services suction infusion pumps: | | | | | |
| Equipment | 54,000 | - | 52,228 | 52,228 | 1,772 |
| Justice center HVAC unit: | | | | | |
| Equipment | 935,614 | - | 935,614 | 935,614 | - |
| Financing costs | 29,386 | - | 570 | 570 | 28,816 |
| Total | 965,000 | - | 936,184 | 936,184 | 28,816 |
| Total public safety | 33,070,418 | 16,151,024 | 13,958,271 | 30,109,295 | 2,961,123 |
| Economic and physical development: | | | | | |
| Dredging local costs: | | | | | |
| Dredging and public access | 120,000 | 3,769 | - | 3,769 | 116,231 |
| Gunboat building renovation: | | | | | |
| Improvements | 261,652 | 88,204 | 20,210 | 108,414 | 153,238 |
| Duck beach nourishment: | | | | | |
| Design and construction | 14,227,701 | 587,632 | 11,763,543 | 12,351,175 | 1,876,526 |
| Kill Devil Hills beach nourishment: | | | | | |
| Design and construction | 9,039,168 | 434,543 | 4,173,972 | 4,608,515 | 4,430,653 |
| Kitty Hawk beach nourishment: | | | | | |
| Design and construction | 19,230,441 | 570,517 | 4,361,957 | 4,932,474 | 14,297,967 |
| Southern Shores beach nourishment: | | | | | |
| Construction | 894,195 | - | - | - | 894,195 |
| Beach nourishment town projects: | | | | | |
| Financing costs | 121,324 | 105,560 | 3,195 | 108,755 | 12,569 |
| Buxton beach nourishment: | | | | | |
| Construction | 24,186,825 | 1,047,468 | 2,744,386 | 3,791,854 | 20,394,971 |
| Financing costs | 168,175 | - | 152,620 | 152,620 | 15,555 |
| Total | 24,355,000 | 1,047,468 | 2,897,006 | 3,944,474 | 20,410,526 |
| Total economic and physical development | 68,249,481 | 2,837,693 | 23,219,883 | 26,057,576 | 42,191,905 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**Capital Projects Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
From Inception and for the Year Ended June 30, 2017

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| Human services: | | | | | |
| Health and social services HVAC repair: | | | | | |
| Repairs and replacements | 110,000 | 102,720 | 7,280 | 110,000 | - |
| Health and human services HVAC systems: | | | | | |
| Repairs and replacements | 125,400 | 111,812 | 13,588 | 125,400 | - |
| Total human services | 235,400 | 214,532 | 20,868 | 235,400 | - |
| Cultural and recreational: | | | | | |
| Roanoke trails project: | | | | | |
| Construction and professional services | 377,407 | 352,844 | 15,138 | 367,982 | 9,425 |
| Playground equipment 2011: | | | | | |
| Equipment | 24,895 | 23,010 | - | 23,010 | 1,885 |
| Outer Banks scenic byway pathways: | | | | | |
| Construction | 2,426,313 | 2,272,531 | - | 2,272,531 | 153,782 |
| Maintenance | 23,687 | 1,603 | - | 1,603 | 22,084 |
| Total | 2,450,000 | 2,274,134 | - | 2,274,134 | 175,866 |
| Outer Banks scenic byway interpretive: | | | | | |
| Kiosks and exhibits | 265,000 | 8,823 | 41,483 | 50,306 | 214,694 |
| Outer Banks scenic byway wayshowing: | | | | | |
| Signage | 251,400 | 249,530 | 2,010 | 251,540 | (140) |
| Fessenden center skate park: | | | | | |
| Construction | 165,000 | 116,481 | 47,476 | 163,957 | 1,043 |
| Recreation park roof: | | | | | |
| Repairs and replacements | 75,474 | - | 57,163 | 57,163 | 18,311 |
| Total cultural and recreational | 3,609,176 | 3,024,822 | 163,270 | 3,188,092 | 421,084 |
| Environmental protection: | | | | | |
| C&D landfill cell #5: | | | | | |
| Construction | 799,557 | 252,980 | 318,186 | 571,166 | 228,391 |
| Capital outlays 2014: | | | | | |
| C&D landfill vehicles and equipment | 735,414 | 713,929 | - | 713,929 | 21,485 |
| Public works fuel tanks: | | | | | |
| Construction | 192,000 | 190,713 | - | 190,713 | 1,287 |
| Public works trucks: | | | | | |
| Vehicles | 288,400 | - | 286,378 | 286,378 | 2,022 |
| Total environmental protection | 2,015,371 | 1,157,622 | 604,564 | 1,762,186 | 253,185 |
| Education: | | | | | |
| College of the albemarle renovations | | | | | |
| Repairs and replacements | 96,250 | - | 62,616 | 62,616 | 33,634 |
| Total education | 96,250 | - | 62,616 | 62,616 | 33,634 |
| Total expenditures | 109,142,575 | 24,798,896 | 38,197,592 | 62,996,488 | 46,146,087 |
| Revenues under expenditures | (69,427,729) | (17,233,496) | (18,190,814) | (35,424,310) | (58,288,755) |
| **OTHER FINANCING SOURCES** | | | | | |
| Dredging local costs: | | | | | |
| Transfer from general fund | 120,000 | 120,000 | - | 120,000 | - |
| Computer aided mass appraisal system: | | | | | |
| Transfer from capital reserve capital projects fund | 390,000 | 390,000 | - | 390,000 | - |
| Playground equipment 2011: | | | | | |
| Transfer from capital reserve capital projects fund | 24,895 | 24,895 | - | 24,895 | - |
| Justice Center HVAC upgrade: | | | | | |
| Transfer from capital reserve capital projects fund | 139,000 | 139,000 | - | 139,000 | - |
| Rodanthe beach access: | | | | | |
| Installment financing proceeds | 403,853 | 403,853 | - | 403,853 | - |
| C&D landfill cell #5: | | | | | |
| Transfer from C&D landfill special revenue fund | 200,000 | 200,000 | - | 200,000 | - |
| Transfer from capital reserve capital projects fund | 599,557 | 599,557 | - | 599,557 | - |
| Total | 799,557 | 799,557 | - | 799,557 | - |
| Gunboat building renovation project: | | | | | |
| Transfer from general fund | 12,500 | 12,500 | - | 12,500 | - |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**Capital Projects Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
From Inception and for the Year Ended June 30, 2017

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| Emergency medical services helicopter: | | | | | |
| Installment financing proceeds | 8,145,000 | 8,145,000 | - | 8,145,000 | - |
| Premium on installment financing | 227,796 | 227,795 | - | 227,795 | (1) |
| Sale of capital assets | 1,000,000 | - | 457,143 | 457,143 | (542,857) |
| Total | 9,372,796 | 8,372,795 | 457,143 | 8,829,938 | (542,858) |
| Emergency medical services cardiac monitoring system: | | | | | |
| Installment financing proceeds | 1,080,000 | 1,080,000 | - | 1,080,000 | - |
| Premium on installment financing | 33,401 | 33,401 | - | 33,401 | - |
| Total | 1,113,401 | 1,113,401 | - | 1,113,401 | - |
| Capital outlays 2014: | | | | | |
| Installment financing proceeds | 806,156 | 806,156 | - | 806,156 | - |
| Capital outlays 2015: | | | | | |
| Transfer from capital reserve capital projects fund | 43,370 | 43,370 | - | 43,370 | - |
| Public works fuel tanks: | | | | | |
| Transfer from capital reserve capital projects fund | 192,000 | 192,000 | - | 192,000 | - |
| Emergency medical services power stretchers: | | | | | |
| Transfer from capital reserve capital projects fund | 42,888 | 42,888 | - | 42,888 | - |
| Regional emergency communications center and emergency operation center: | | | | | |
| Installment financing proceeds | 6,295,000 | 6,295,000 | - | 6,295,000 | - |
| Premium on installment financing | 543,186 | 543,186 | - | 543,186 | - |
| Transfer from E911 special revenue fund | 526,076 | 441,251 | 84,825 | 526,076 | - |
| Transfer from capital reserve capital projects fund | 860,352 | 860,352 | - | 860,352 | - |
| Total | 8,224,614 | 8,139,789 | 84,825 | 8,224,614 | - |
| Beach nourishment town projects: | | | | | |
| Installment financing proceeds | 10,045,000 | 10,045,000 | - | 10,045,000 | - |
| Transfer from beach nourishment special revenue fund | 10,447,097 | - | 10,447,097 | 10,447,097 | - |
| Total | 20,492,097 | 10,045,000 | 10,447,097 | 20,492,097 | - |
| Fessenden center skate park: | | | | | |
| Transfer from capital reserve capital projects fund | 165,000 | 165,000 | - | 165,000 | - |
| Emergency medical services power stretchers: | | | | | |
| Transfer from capital reserve capital projects fund | 57,184 | 57,184 | - | 57,184 | - |
| Convert vehicles to propane: | | | | | |
| Transfer from capital reserve capital projects fund | 125,000 | 125,000 | - | 125,000 | - |
| Health and human services HVAC systems: | | | | | |
| Transfer from capital reserve capital projects fund | 125,400 | 125,400 | - | 125,400 | - |
| Detention center exterior doors: | | | | | |
| Transfer from capital reserve capital projects fund | 71,000 | 71,000 | - | 71,000 | - |
| Information technology data switches: | | | | | |
| Transfer from capital reserve capital projects fund | 105,183 | 105,183 | - | 105,183 | - |
| Buildings and grounds projects 2016: | | | | | |
| Transfer from capital reserve capital projects fund | 116,500 | 116,500 | - | 116,500 | - |
| Buxton beach nourishment: | | | | | |
| Installment financing proceeds | 24,355,000 | - | 24,355,000 | 24,355,000 | - |
| Public works trucks: | | | | | |
| Installment financing proceeds | 288,400 | - | 288,400 | 288,400 | - |
| Justice center HVAC unit: | | | | | |
| Installment financing proceeds | 965,000 | - | 940,614 | 940,614 | (24,386) |
| Health and human services HVAC repair: | | | | | |
| Transfer from capital reserve capital projects fund | 110,000 | - | - | - | (110,000) |
| Detention center HVAC units: | | | | | |
| Transfer from capital reserve capital projects fund | 123,000 | - | 123,000 | 123,000 | - |
| Buildings and grounds projects 2017: | | | | | |
| Transfer from capital reserve capital projects fund | 131,831 | - | 131,831 | 131,831 | - |
| Recreation park roof: | | | | | |
| Transfer from capital reserve capital projects fund | 75,474 | - | 75,474 | 75,474 | - |
| Emergency medical services facility assessment: | | | | | |
| Transfer from capital reserve capital projects fund | 50,000 | - | 50,000 | 50,000 | - |
| Emergency medical services portable radios: | | | | | |
| Transfer from capital reserve capital projects fund | 101,530 | - | 101,530 | 101,530 | - |
| Emergency medical services regulatory compliance equipment: | | | | | |
| Transfer from capital reserve capital projects fund | 134,850 | - | 134,850 | 134,850 | - |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**Capital Projects Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
From Inception and for the Year Ended June 30, 2017

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| Emergency medical services suction infusion pumps: | | | | | |
| Transfer from capital reserve capital projects fund | 54,000 | - | 54,000 | 54,000 | - |
| College of the albemarle renovations: | | | | | |
| Transfer from capital reserve capital projects fund | 96,250 | - | 96,250 | 96,250 | - |
| Total other financing sources | 69,427,729 | 31,410,471 | 37,340,014 | 68,750,485 | (677,244) |
| Revenues and other financing sources over expenditures | $ - | $ 14,176,975 | 19,149,200 | $ 33,326,175 | $ 33,326,175 |
| Fund balance-beginning | | | 14,862,613 | | |
| Fund balance-ending | | | $ 34,011,813 | | |

This page intentionally blank.

**Nonmajor Governmental Funds**

**Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Construction & Demolition Landfill Fund** – accounts for revenues from tipping fees and the cost of operation of a construction and demolition landfill in the County.

**Emergency Telephone System Fund** – accounts for revenues and disbursements for the establishment and operation of an enhanced 911 system as authorized by the Public Safety Telephone Act of 1989.

**Social Services Foster Care Fund** – accounts for revenues and disbursements for foster care administered by the Dare County Department of Social Services.

**Sanitation Fund** – accounts for revenues from the sanitation levy and the cost of solid waste collection within the sanitation special districts in the County.

**Inlet Maintenance Fund** – accounts for revenues and disbursements for the maintenance of two waterway inlets within the County.

**Donations Fund** – accounts for funds received to be expended in accordance with specific donation and memorial instructions.

**Capital Projects Funds** are used to account for revenues and expenditures related to large projects that will take more than one fiscal year to complete or are not part of the unit's recurring operations and expenditures.

**Capital Reserve Capital Projects Fund** – accounts for the accumulation of funds from the land transfer tax that funds the County's capital improvements plan.

**School Capital Projects Fund** – accounts for funds used for the acquisition, construction and improvement of capital equipment and facilities for the Dare County School System.

**DARE COUNTY, NORTH CAROLINA**
**Combining Balance Sheet**
**Nonmajor Governmental Funds**
**June 30, 2017**

| | Special Revenue | | | |
|---|---|---|---|---|
| | C & D Landfill | Emergency Telephone System | Social Services Foster Care | Sanitation |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 1,613,773 | $ 314,263 | $ 15,215 | $ 2,488,095 |
| Cash with fiscal agent - restricted | - | - | - | 4,177 |
| Receivables (net of allowance for uncollectibles) | 102,060 | 26,366 | 11 | 284,816 |
| Due from other governments | - | - | - | 18,362 |
| Due from component unit | - | - | 254,085 | - |
| Total assets | $ 1,715,833 | $ 340,629 | $ 269,311 | $ 2,795,450 |
| **LIABILITIES** | | | | |
| Accounts payable | $ 18,393 | $ 50 | $ - | $ 196,495 |
| Accrued liabilities | 12,223 | - | - | 26,191 |
| Total liabilities | 30,616 | 50 | - | 222,686 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unearned revenues | - | - | - | - |
| Taxes receivable | - | - | - | 158,166 |
| Total deferred inflows of resources | - | - | - | 158,166 |
| **FUND BALANCES** | | | | |
| Restricted for: | | | | |
| Stabilizaton by State statute | 102,060 | 26,366 | 254,096 | 145,012 |
| Emergency telephone system | - | 314,213 | - | - |
| Social services | - | - | 15,215 | - |
| Capital or debt service | - | - | - | - |
| Capital | - | - | - | 4,177 |
| Committed for: | | | | |
| C & D landfill | 1,583,157 | - | - | - |
| Sanitation | - | - | - | 2,265,409 |
| Inlet maintenance | - | - | - | - |
| School capital projects | - | - | - | - |
| Total fund balances | 1,685,217 | 340,579 | 269,311 | 2,414,598 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 1,715,833 | $ 340,629 | $ 269,311 | $ 2,795,450 |

| Special Revenue | | Capital Projects | | Total |
|---|---|---|---|---|
| Inlet Maintenance | Donations | Capital Reserve Capital Projects | School Capital Projects | Nonmajor Governmental Funds |
| $ 41,898 | $ 54,917 | $ 648,735 | $ 307,293 | $ 5,484,189 |
| - | - | - | 63,531 | 67,708 |
| 31 | - | - | - | 413,284 |
| - | - | - | - | 18,362 |
| - | - | - | - | 254,085 |
| $ 41,929 | $ 54,917 | $ 648,735 | $ 370,824 | $ 6,237,628 |
| $ 9,363 | $ 475 | $ - | $ 39,945 | $ 264,721 |
| - | - | - | - | 38,414 |
| 9,363 | 475 | - | 39,945 | 303,135 |
| - | 54,442 | - | - | 54,442 |
| - | - | - | - | 158,166 |
| - | 54,442 | - | - | 212,608 |
| 31 | - | - | - | 527,565 |
| - | - | - | - | 314,213 |
| - | - | - | - | 15,215 |
| - | - | 648,735 | - | 648,735 |
| - | - | - | 63,531 | 67,708 |
| - | - | - | - | 1,583,157 |
| - | - | - | - | 2,265,409 |
| 32,535 | - | - | - | 32,535 |
| - | - | - | 267,348 | 267,348 |
| 32,566 | - | 648,735 | 330,879 | 5,721,885 |
| $ 41,929 | $ 54,917 | $ 648,735 | $ 370,824 | $ 6,237,628 |

**DARE COUNTY, NORTH CAROLINA**
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Nonmajor Governmental Funds**
**For the Year Ended June 30, 2017**

| | Special Revenue | | | |
|---|---|---|---|---|
| | C & D Landfill | Emergency Telephone System | Social Services Foster Care | Sanitation |
| **REVENUES** | | | | |
| Ad valorem taxes | $ - | $ - | $ - | $ 4,110,585 |
| Other taxes | - | 312,924 | - | - |
| Restricted intergovernmental | - | - | 736,474 | - |
| Permits and fees | - | - | - | 7,609 |
| Sales and services | 995,001 | - | - | 664,607 |
| Investment income | 9,277 | 2,215 | 2,391 | 18,750 |
| Other revenue | - | - | - | - |
| Total revenues | 1,004,278 | 315,139 | 738,865 | 4,801,551 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | 303,840 | - | - |
| Economic and physical development | - | - | - | - |
| Cultural and recreational | - | - | - | - |
| Environmental protection | 769,322 | - | - | 4,360,975 |
| Debt service: | | | | |
| Principal | - | - | - | 646,260 |
| Interest | - | - | - | 11,202 |
| Capital outlay: | | | | |
| Environmental protection | - | - | - | 464,389 |
| Education | - | - | - | - |
| Total expenditures | 769,322 | 303,840 | - | 5,482,826 |
| Excess (deficiency) of revenues over (under) expenditures | 234,956 | 11,299 | 738,865 | (681,275) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers from other funds: | | | | |
| General fund | - | - | - | - |
| Beach nourishment fund | - | - | - | - |
| Capital reserve capital projects fund | - | - | - | - |
| Transfers to other funds: | | | | |
| General fund | - | - | (756,733) | - |
| Capital projects fund | - | (84,825) | - | - |
| School capital projects fund | - | - | - | - |
| Installment financings issued | - | - | - | 465,000 |
| Total other financing sources (uses) | - | (84,825) | (756,733) | 465,000 |
| Net change in fund balances | 234,956 | (73,526) | (17,868) | (216,275) |
| Fund balance-beginning | 1,450,261 | 414,105 | 287,179 | 2,630,873 |
| Fund balance-ending | $ 1,685,217 | $ 340,579 | $ 269,311 | $ 2,414,598 |

| Special Revenue | | Capital Projects | | |
|---|---|---|---|---|
| Inlet Maintenance | Donations | Capital Reserve Capital Projects | School Capital Projects | Total Nonmajor Governmental Funds |
| $ - | $ - | $ - | $ - | $ 4,110,585 |
| - | - | 4,271,381 | - | 4,584,305 |
| - | - | - | - | 736,474 |
| - | - | - | - | 7,609 |
| - | - | - | - | 1,659,608 |
| - | - | 8,268 | 69 | 40,970 |
| - | 15,142 | - | - | 15,142 |
| - | 15,142 | 4,279,649 | 69 | 11,154,693 |
| | | | | |
| - | 750 | - | - | 750 |
| - | 3,600 | - | - | 307,440 |
| 1,189,393 | - | - | - | 1,189,393 |
| - | 10,792 | - | - | 10,792 |
| - | - | - | - | 5,130,297 |
| - | - | - | - | 646,260 |
| - | - | - | - | 11,202 |
| - | - | - | - | 464,389 |
| - | - | - | 2,108,392 | 2,108,392 |
| 1,189,393 | 15,142 | - | 2,108,392 | 9,868,915 |
| (1,189,393) | - | 4,279,649 | (2,108,323) | 1,285,778 |
| - | - | - | 200,000 | 200,000 |
| 1,000,042 | - | - | - | 1,000,042 |
| - | - | - | 1,550,000 | 1,550,000 |
| - | - | (2,010,660) | - | (2,767,393) |
| - | - | (766,935) | - | (851,760) |
| - | - | (1,550,000) | - | (1,550,000) |
| - | - | - | 690,000 | 1,155,000 |
| 1,000,042 | - | (4,327,595) | 2,440,000 | (1,264,111) |
| (189,351) | - | (47,946) | 331,677 | 21,667 |
| 221,917 | - | 696,681 | (798) | 5,700,218 |
| $ 32,566 | $ - | $ 648,735 | $ 330,879 | $ 5,721,885 |

**DARE COUNTY, NORTH CAROLINA**
**C & D Landfill Special Revenue Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **REVENUES** | | | | |
| Sales and services: | | | | |
| C & D landfill tipping fees | $ 775,000 | $ 995,001 | $ 220,001 | $ 849,778 |
| Investment income: | | | | |
| Interest | - | 11,398 | - | 6,383 |
| Net increase (decrease) in the fair value of investments | - | (2,121) | - | 1,174 |
| Total investment income | 7,500 | 9,277 | 1,777 | 7,557 |
| Total revenues | 782,500 | 1,004,278 | 221,778 | 857,335 |
| **EXPENDITURES** | | | | |
| Environmental protection: | | | | |
| Salaries and employee benefits | - | 539,262 | - | 354,201 |
| Operating expenditures | - | 130,176 | - | 142,495 |
| Administration | - | 74,862 | - | 61,984 |
| Contract and professional services | - | 25,022 | - | 24,656 |
| Capital Outlay | - | - | - | 125,862 |
| Total environmental protection | 794,581 | 769,322 | 25,259 | 709,198 |
| Total expenditures | 794,581 | 769,322 | 25,259 | 709,198 |
| Revenues over (under) expenditures | (12,081) | 234,956 | 247,037 | 148,137 |
| **OTHER FINANCING SOURCES** | | | | |
| Appropriated fund balance | 12,081 | - | (12,081) | - |
| Total other financing sources | 12,081 | - | (12,081) | - |
| Revenues and other financing sources over expenditures | $ - | 234,956 | $ 234,956 | 148,137 |
| Fund balance-beginning | | 1,450,261 | | 1,302,124 |
| Fund balance-ending | | $ 1,685,217 | | $ 1,450,261 |

**DARE COUNTY, NORTH CAROLINA**
**Emergency Telephone System Special Revenue Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **REVENUES** | | | | |
| Other taxes: | | | | |
| E-911 system subscriber fees | $ 314,628 | $ 312,924 | $ (1,704) | $ 341,885 |
| Investment income: | | | | |
| Interest | - | 2,726 | - | 2,612 |
| Net increase (decrease) in the fair value of investments | - | (511) | - | 483 |
| Total investment income | 5,750 | 2,215 | (3,535) | 3,095 |
| Total revenues | 320,378 | 315,139 | (5,239) | 344,980 |
| **EXPENDITURES** | | | | |
| Public safety: | | | | |
| Operating expenditures | - | 212,477 | - | 190,040 |
| Administration | - | 2,939 | - | 7,400 |
| Contract and professional services | - | 88,424 | - | 116,711 |
| Total public safety | 482,446 | 303,840 | 178,606 | 314,151 |
| Total expenditures | 482,446 | 303,840 | 178,606 | 314,151 |
| Revenues over (under) expenditures | (162,068) | 11,299 | 173,367 | 30,829 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers to other funds: | | | | |
| Capital project fund | (84,825) | (84,825) | - | (441,251) |
| Appropriated fund balance | 246,893 | - | (246,893) | - |
| Total other financing sources (uses) | 162,068 | (84,825) | (246,893) | (441,251) |
| Revenues and other financing sources (under) expenditures and other financing use | $ - | (73,526) | $ (73,526) | (410,422) |
| Fund balance-beginning | | 414,105 | | 824,527 |
| Fund balance-ending | | $ 340,579 | | $ 414,105 |

**DARE COUNTY, NORTH CAROLINA**
**Social Services Foster Care Special Revenue Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **REVENUES** | | | | |
| Restricted intergovernmental: | | | | |
| ABC profits | $ 725,000 | $ 736,474 | $ 11,474 | $ 745,121 |
| Investment income: | | | | |
| Interest | - | 2,943 | - | 1,563 |
| Net increase (decrease) in the fair value of investments | - | (552) | - | 289 |
| Total investment income | 875 | 2,391 | 1,516 | 1,852 |
| Total revenues | 725,875 | 738,865 | 12,990 | 746,973 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers to other funds: | | | | |
| General fund | (756,733) | (756,733) | - | (735,000) |
| Capital project fund | - | - | - | (165,750) |
| Appropriated fund balance | 30,858 | - | (30,858) | - |
| Total other financing sources (uses) | (725,875) | (756,733) | (30,858) | (900,750) |
| Revenues and other financing sources (under) other financing uses | $ - | (17,868) | $ (17,868) | (153,777) |
| Fund balance-beginning | | 287,179 | | 440,956 |
| Fund balance-ending | | $ 269,311 | | $ 287,179 |

**DARE COUNTY, NORTH CAROLINA**
**Sanitation Special Revenue Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **REVENUES** | | | | |
| Ad valorem taxes: | | | | |
| Current year taxes | $ 3,952,000 | $ 4,052,811 | $ 100,811 | $ 4,007,255 |
| Prior year taxes | 49,000 | 40,820 | (8,180) | 44,736 |
| Penalties and interest | 14,750 | 16,954 | 2,204 | 14,431 |
| Total ad valorem taxes | 4,015,750 | 4,110,585 | 94,835 | 4,066,422 |
| Permits and fees: | | | | |
| Landfill tipping fees | 6,000 | 7,609 | 1,609 | 7,751 |
| Total permits and fees | 6,000 | 7,609 | 1,609 | 7,751 |
| Sales and services: | | | | |
| Container sales | 140,000 | 145,537 | 5,537 | 143,768 |
| Sanitation contracts | 487,150 | 519,070 | 31,920 | 774,761 |
| Total sales and services | 627,150 | 664,607 | 37,457 | 918,529 |
| Investment income: | | | | |
| Interest | - | 22,954 | - | 14,502 |
| Net increase (decrease) in the fair value of investments | - | (4,204) | - | 2,631 |
| Total investment income | 11,500 | 18,750 | 7,250 | 17,133 |
| Total revenues | 4,660,400 | 4,801,551 | 141,151 | 5,009,835 |
| **EXPENDITURES** | | | | |
| Environmental protection: | | | | |
| Salaries and employee benefits | - | 904,288 | - | 1,054,257 |
| Operating expenditures | - | 974,356 | - | 953,917 |
| Administration | - | 2,304,131 | - | 1,939,899 |
| Contract and professional services | - | 178,200 | - | 221,555 |
| Capital outlay | - | 464,389 | - | 458,014 |
| Total environmental protection | 4,827,212 | 4,825,364 | 1,848 | 4,627,642 |
| Debt service: | | | | |
| Principal retirement | - | 646,260 | - | 762,056 |
| Interest and other charges | - | 11,202 | - | 12,597 |
| Total debt service | 659,676 | 657,462 | 2,214 | 774,653 |
| Total expenditures | 5,486,888 | 5,482,826 | 4,062 | 5,402,295 |
| Revenues (under) expenditures | (826,488) | (681,275) | 145,213 | (392,460) |
| **OTHER FINANCING SOURCES** | | | | |
| Installment financing proceeds | 465,000 | 465,000 | - | 476,000 |
| Appropriated fund balance | 361,488 | - | (361,488) | - |
| Total other financing sources | 826,488 | 465,000 | (361,488) | 476,000 |
| Revenues and other financing sources over (under) expenditures | $ - | (216,275) | $ (216,275) | 83,540 |
| Fund balance-beginning | | 2,630,873 | | 2,547,333 |
| Fund balance-ending | | $ 2,414,598 | | $ 2,630,873 |

**DARE COUNTY, NORTH CAROLINA**
**Inlet Maintenance Special Revenue Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **EXPENDITURES** | | | | |
| Economic and physical development: | | | | |
| Contract and professional services | $ - | $ 1,189,393 | $ - | $ 1,978,083 |
| Total economic development | 3,207,524 | 1,189,393 | (2,018,131) | 1,978,083 |
| Total expenditures | 3,207,524 | 1,189,393 | (2,018,131) | 1,978,083 |
| **OTHER FINANCING SOURCES** | | | | |
| Transfers from other funds: | | | | |
| General fund | - | - | - | 350,000 |
| Beach nourishment fund | 3,000,000 | 1,000,042 | (1,999,958) | 1,850,000 |
| Appropriated fund balance | 207,524 | - | (207,524) | - |
| Total other financing sources | 3,207,524 | 1,000,042 | (2,207,482) | 2,200,000 |
| Other financing sources over (under) expenditures | $ - | (189,351) | $ (189,351) | 221,917 |
| Fund balance-beginning | | 221,917 | | - |
| Fund balance-ending | | $ 32,566 | | $ 221,917 |

**DARE COUNTY, NORTH CAROLINA**
**Donations Special Revenue Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **REVENUES** | | | | |
| Other revenue: | | | | |
| Donations and contributions | $ 59,823 | $ 15,142 | $ (44,681) | $ 29,346 |
| Total revenues | 59,823 | 15,142 | (44,681) | 29,346 |
| **EXPENDITURES** | | | | |
| General government: | | | | |
| Operating expenditures | - | 750 | - | 11,116 |
| Total general government | 3,699 | 750 | 2,949 | 11,116 |
| Public safety: | | | | |
| Operating expenditures | - | 3,600 | - | 3,893 |
| Total public safety | 14,540 | 3,600 | 10,940 | 3,893 |
| Human services: | | | | |
| Operating expenditures | - | - | - | 3,008 |
| Total human services | 9 | - | 9 | 3,008 |
| Cultural and recreational: | | | | |
| Operating expenditures | - | 10,792 | - | 11,329 |
| Total cultural and recreational | 41,575 | 10,792 | 30,783 | 11,329 |
| Total expenditures | 59,823 | 15,142 | 44,681 | 29,346 |
| Revenues over expenditure | $ - | - | $ - | - |
| Fund balance-beginning | | - | | - |
| Fund balance-ending | | $ - | | $ - |

**DARE COUNTY, NORTH CAROLINA**
**Capital Reserve Capital Projects Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| **REVENUES** | | | | |
| Other taxes: | | | | |
| Realty transfer tax | $ 4,130,704 | $ 4,271,381 | $ 140,677 | $ 4,101,628 |
| Investment income: | | | | |
| Interest | - | 10,175 | - | 7,146 |
| Net increase (decrease) in the fair value of investments | - | (1,907) | - | 1,321 |
| Total investment income | 7,475 | 8,268 | 793 | 8,467 |
| Total revenues | 4,138,179 | 4,279,649 | 141,470 | 4,110,095 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers from other funds: | | | | |
| School capital projects fund | - | - | - | 457,205 |
| Transfers to other funds: | | | | |
| General fund | (2,035,660) | (2,010,660) | 25,000 | (1,868,500) |
| Capital projects fund | (766,935) | (766,935) | - | (1,652,309) |
| School capital projects fund | (1,550,000) | (1,550,000) | - | (1,150,000) |
| Appropriated fund balance | 214,416 | - | (214,416) | - |
| Total other financing sources (uses) | (4,138,179) | (4,327,595) | (189,416) | (4,213,604) |
| Revenues and other financing sources (under) expenditures and other financing uses | $ - | (47,946) | $ (47,946) | (103,509) |
| Fund balance-beginning | | 696,681 | | 800,190 |
| Fund balance-ending | | $ 648,735 | | $ 696,681 |

**DARE COUNTY, NORTH CAROLINA**
**School Capital Projects Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
From Inception and for the Year Ended June 30, 2017

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Interest earnings | $ - | $ 452 | $ 69 | $ 521 | $ 521 |
| Total revenues | - | 452 | 69 | 521 | 521 |
| **EXPENDITURES** | | | | | |
| Capital outlay: | | | | | |
| Education: | | | | | |
| 2016 school capital projects: | | | | | |
| Cape hatteras secondary school chiller: | | | | | |
| Equipment | 682,000 | - | 674,128 | 674,128 | 7,872 |
| Financing costs | 8,000 | 1,250 | 6,750 | 8,000 | - |
| Total | 690,000 | 1,250 | 680,878 | 682,128 | 7,872 |
| 2017 school capital projects: | | | | | |
| Local capital outlay | 850,000 | - | 850,000 | 850,000 | - |
| Capital improvements plan | 900,000 | - | 577,514 | 577,514 | 322,486 |
| Total | 1,750,000 | - | 1,427,514 | 1,427,514 | 322,486 |
| Total expenditures | 2,440,000 | 1,250 | 2,108,392 | 2,109,642 | 330,358 |
| Revenues (under) expenditures | (2,440,000) | (798) | (2,108,323) | (2,109,121) | 330,879 |
| **OTHER FINANCING SOURCES** | | | | | |
| Transfers from other funds: | | | | | |
| General fund | 200,000 | 200,000 | 200,000 | 400,000 | (200,000) |
| Capital reserve capital projects fund | 1,550,000 | 1,150,000 | 1,550,000 | 2,700,000 | 1,150,000 |
| Installment financing proceeds | 690,000 | - | 690,000 | 690,000 | - |
| Total other financing sources | 2,440,000 | 1,350,000 | 2,440,000 | 3,790,000 | 950,000 |
| Revenues and other financing sources over expenditures | $ - | $ 1,349,202 | 331,677 | $ 1,680,879 | $ 1,280,879 |
| Fund balance-beginning | | | (798) | | |
| Fund balance-ending | | | $ 330,879 | | |

This page intentionally blank.

**Enterprise Funds** account for operations which provide goods or services and recover costs through user charges in a manner similar to private business enterprises.

**Water Fund** – accounts for the operation of the County's four reverse osmosis treatment plants, one nanofiltration water treatment plant, and the retail water distribution system.

**DARE COUNTY, NORTH CAROLINA**
**Water Fund**
**Schedule of Revenues and Expenditures**
**Budget and Actual (Non-GAAP)**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual Restated |
| **REVENUES** | | | | |
| Operating revenues: | | | | |
| Water sales | $ 10,806,227 | $ 11,519,770 | $ 713,543 | $ 11,011,068 |
| Wastewater charges | 60,000 | 65,548 | 5,548 | 63,230 |
| Connection fees | 90,203 | 81,460 | (8,743) | 79,970 |
| Expanding area policy fees | 1,061 | - | (1,061) | 2,000 |
| Initial impact fees | 233,452 | 387,377 | 153,925 | 459,837 |
| Water assessments | 468,800 | 408,605 | (60,195) | 428,481 |
| Penalties | 113,549 | 152,878 | 39,329 | 121,871 |
| Other | 427,369 | 526,148 | 98,779 | 515,688 |
| Total operating revenues | 12,200,661 | 13,141,786 | 941,125 | 12,682,145 |
| Nonoperating revenues: | | | | |
| Investment income: | | | | |
| Interest | - | 174,218 | - | 135,502 |
| Net increase in the fair value of investments | - | (32,550) | - | 24,940 |
| Total investment income | 169,728 | 141,668 | (28,060) | 160,442 |
| Total nonoperating revenues | 169,728 | 141,668 | (28,060) | 160,442 |
| Total revenues | 12,370,389 | 13,283,454 | 913,065 | 12,842,587 |
| **EXPENDITURES** | | | | |
| Hatteras water system: | | | | |
| Salaries and employee benefits | - | 761,068 | - | 694,108 |
| Operating expenditures | - | 568,111 | - | 501,264 |
| Administration | - | 315,282 | - | 301,674 |
| Professional and contract services | - | 65,417 | - | 20,106 |
| Total | 1,947,843 | 1,709,878 | 237,965 | 1,517,152 |
| RWS reverse osmosis plant: | | | | |
| Salaries and employee benefits | - | 407,920 | - | 383,047 |
| Operating expenditures | - | 141,729 | - | 148,846 |
| Administration | - | 134,861 | - | 125,679 |
| Professional and contract services | - | 12,068 | - | 18,174 |
| Total | 792,672 | 696,578 | 96,094 | 675,746 |
| North reverse osmosis plant: | | | | |
| Salaries and employee benefits | - | 554,684 | - | 523,857 |
| Operating expenditures | - | 678,261 | - | 642,606 |
| Administration | - | 284,635 | - | 265,205 |
| Professional and contract services | - | 30,183 | - | 45,386 |
| Total | 1,902,758 | 1,547,763 | 354,995 | 1,477,054 |
| Skyco water plant: | | | | |
| Salaries and employee benefits | - | 566,929 | - | 537,339 |
| Operating expenditures | - | 657,545 | - | 666,486 |
| Administration | - | 310,041 | - | 270,134 |
| Professional and contract services | - | 9,186 | - | 23,436 |
| Total | 1,781,014 | 1,543,701 | 237,313 | 1,497,395 |
| Water distribution system: | | | | |
| Salaries and employee benefits | - | 1,478,848 | - | 1,360,290 |
| Operating expenditures | - | 506,926 | - | 537,153 |
| Administration | - | 617,772 | - | 587,338 |
| Professional and contract services | - | 42,380 | - | 34,098 |
| Total | 2,903,931 | 2,645,926 | 258,005 | 2,518,879 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**Water Fund**
**Schedule of Revenues and Expenditures**
**Budget and Actual (Non-GAAP)**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | Actual Restated |
| Stumpy point water and sewer system: | | | | |
| Operating expenditures | - | 49,842 | - | 43,733 |
| Administration | - | 28,791 | - | 25,197 |
| Professional and contract services | - | 45,676 | - | 34,953 |
| Total | 137,882 | 124,309 | 13,573 | 103,883 |
| Debt service: | | | | |
| Principal retirement | 1,100,000 | 1,100,000 | - | 1,055,000 |
| Interest and other charges | 1,403,588 | 1,403,588 | - | 1,446,289 |
| Bond issuance costs | 317,533 | 298,367 | 19,166 | - |
| Total | 2,821,121 | 2,801,955 | 19,166 | 2,501,289 |
| Capital outlay | 478,400 | 417,801 | 60,599 | 437,982 |
| Total expenditures | 12,765,621 | 11,487,911 | 1,277,710 | 10,729,380 |
| Revenues over (under) expenditures | (395,232) | 1,795,543 | 2,190,775 | 2,113,207 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers to other funds: | | | | |
| Water capital projects fund | (401,209) | (401,209) | - | (2,000,000) |
| Issuance of refunding debt - revenue bonds | 27,140,014 | 24,845,000 | (2,295,014) | - |
| Premium on refunding revenue bonds | - | 2,295,014 | 2,295,014 | - |
| Payment to refunded water revenue bond escrow agent | (26,822,481) | (26,818,994) | 3,487 | - |
| Insurance recoveries | - | - | - | 6,698 |
| Total other financing sources (uses) | (83,676) | (80,189) | 3,487 | (1,993,302) |
| Revenues over (under) expenditures and other financing sources (uses)* | $ (478,908) | $ 1,715,354 | $ 2,194,262 | $ 119,905 |

| | |
|---|---|
| **RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL** | |
| Revenues over expenditures and other financing sources (uses) - Water Fund (above) | $ 1,715,354 |
| Revenues and other financing sources under expenditures - Water Capital Projects Fund | (4,040,645) |
| Reconciling items: | |
| Decrease in inventory | (5,539) |
| Increase in deferred outflows of resources for pensions | 198,082 |
| Increase in compensated absences payable | (36,372) |
| Payment of debt principal | 1,100,000 |
| Payment of refunded debt | 26,818,994 |
| Refunding debt issued | (24,845,000) |
| Premium on refunding debt issued | (2,295,014) |
| Decrease in accrued interest | 421,421 |
| Amortization of deferred amount on refunding | (2) |
| Amortization of original issue premium | 9,360 |
| Capital outlay | 4,860,484 |
| Depreciation | (2,510,250) |
| Capital contributions | 14,945 |
| Loss on disposal of capital assets | (103) |
| Other postemployment benefits expense | (367,396) |
| Pension expense | (253,124) |
| Total reconciling items | 3,110,486 |
| Change in net position | $ 785,195 |

*The change in net position was included in the budget as an appropriation of net position.

**DARE COUNTY, NORTH CAROLINA**
**Water Capital Projects Fund**
**Schedule of Revenues and Expenditures**
**Budget and Actual (Non-GAAP)**
**From Inception and for the Fiscal Year Ended June 30, 2017**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Restricted intergovernmental: | | | | | |
| Grant proceeds | $ 500,000 | $ 500,000 | $ - | $ 500,000 | $ - |
| Investment income | 13,936 | 15,666 | 829 | 16,495 | 2,559 |
| Total revenues | 513,936 | 515,666 | 829 | 516,495 | 2,559 |
| **EXPENDITURES** | | | | | |
| 2008 project: | | | | | |
| Roanoke Island water expansion | 25,001,063 | 23,914,823 | 1,063,885 | 24,978,708 | 22,355 |
| Total | 25,001,063 | 23,914,823 | 1,063,885 | 24,978,708 | 22,355 |
| 2013 project: | | | | | |
| Skyco nanofiltration | 172,844 | 165,439 | - | 165,439 | 7,405 |
| Total | 172,844 | 165,439 | - | 165,439 | 7,405 |
| 2015 projects: | | | | | |
| Skyco water treatment plant pressure filter media replacement | 900,000 | 890,017 | 2,674 | 892,691 | 7,309 |
| Skyco nanofiltration treatment facility construction phase I & II | 1,413,762 | 415,077 | 977,038 | 1,392,115 | 21,647 |
| Total | 2,313,762 | 1,305,094 | 979,712 | 2,284,806 | 28,956 |
| 2016 project: | | | | | |
| Skyco nanofiltration treatment facility construction phase III | 2,401,209 | - | 2,399,086 | 2,399,086 | 2,123 |
| Total | 2,401,209 | - | 2,399,086 | 2,399,086 | 2,123 |
| Total expenditures | 29,888,878 | 25,385,356 | 4,442,683 | 29,828,039 | 60,839 |
| Revenues (under) expenditures | (29,374,942) | (24,869,690) | (4,441,854) | (29,311,544) | 63,398 |
| **OTHER FINANCING SOURCES** | | | | | |
| Transfers from other funds: | | | | | |
| Water fund | 4,887,815 | 4,486,606 | 401,209 | 4,887,815 | - |
| Water revenue bonds issued | 24,200,000 | 24,200,000 | - | 24,200,000 | - |
| Premium on water revenue bonds issued | 287,127 | 287,127 | - | 287,127 | - |
| Total other financing sources | 29,374,942 | 28,973,733 | 401,209 | 29,374,942 | - |
| Revenues and other financing sources over (under) expenditures | $ - | $ 4,104,043 | $ (4,040,645) | $ 63,398 | $ 63,398 |

**Internal Service Funds** account for centralized services provided to County departments and other agencies.

**Insurance Fund** – accounts for funds contributed by the County for health and life insurance and the general insurance program.

**Fleet Maintenance Fund** – accounts for the costs of the County's fleet maintenance shop and the associated reimbursement from user departments.

**DARE COUNTY, NORTH CAROLINA**
**Internal Service Funds**
**Combining Statement of Net Position**
**June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | Insurance | Fleet Maintenance | Totals June 30, 2017 | Totals June 30, 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 33,909 | $ - | $ 33,909 | $ 24,608 |
| Accounts receivable | 245,747 | 8,118 | 253,865 | 628,830 |
| Inventories | - | 369,548 | 369,548 | 346,815 |
| Total current assets | 279,656 | 377,666 | 657,322 | 1,000,253 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Buildings | - | 117,042 | 117,042 | 117,042 |
| Improvements other than buildings | - | 28,050 | 28,050 | 16,400 |
| Equipment | - | 383,619 | 383,619 | 383,619 |
| Machinery | - | 1,264,198 | 1,264,198 | 1,573,397 |
| Less accumulated depreciation | - | (1,611,458) | (1,611,458) | (1,864,802) |
| Total capital assets (net of accumulated depreciation) | - | 181,451 | 181,451 | 225,656 |
| Total noncurrent assets | - | 181,451 | 181,451 | 225,656 |
| Total assets | 279,656 | 559,117 | 838,773 | 1,225,909 |
| **DEFERRED OUTFLOWS OF RESOURCES** | - | 193,300 | 193,300 | 49,359 |
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 126,967 | 75,482 | 202,449 | 316,883 |
| Accrued liabilities | 2,901 | 29,817 | 32,718 | 27,473 |
| Accrued claims incurred but not reported: | | | | |
| Health insurance | 1,441,367 | - | 1,441,367 | 1,387,087 |
| Compensated absences | 439 | 17,864 | 18,303 | 16,525 |
| Due to other funds | 628,026 | 195,871 | 823,897 | 2,599,009 |
| Total current liabilities | 2,199,700 | 319,034 | 2,518,734 | 4,346,977 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 1,187 | 48,298 | 49,485 | 44,680 |
| Net pension liability | - | 220,178 | 220,178 | 47,069 |
| Total noncurrent liabilities | 1,187 | 268,476 | 269,663 | 91,749 |
| Total liabilities | 2,200,887 | 587,510 | 2,788,397 | 4,438,726 |
| **DEFERRED INFLOWS OF RESOURCES** | - | 7,690 | 7,690 | 23,847 |
| **NET POSITION** | | | | |
| Net investment in capital assets | - | 181,451 | 181,451 | 225,656 |
| Unrestricted | (1,921,231) | (24,234) | (1,945,465) | (3,412,961) |
| Total net position | $ (1,921,231) | $ 157,217 | $ (1,764,014) | $ (3,187,305) |

**DARE COUNTY, NORTH CAROLINA**
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**
**Internal Service Funds**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | Insurance | Fleet Maintenance | Totals June 30, 2017 | Totals June 30, 2016 |
|---|---|---|---|---|
| Operating revenues: | | | | |
| Charges for services: | | | | |
| Service revenue | $ 1,206,956 | $ 1,227,302 | $ 2,434,258 | $ 2,212,881 |
| Internal funding | 15,808,541 | 1,178,573 | 16,987,114 | 14,532,783 |
| Other revenue | 110,788 | 7 | 110,795 | 50,525 |
| Total operating revenues | 17,126,285 | 2,405,882 | 19,532,167 | 16,796,189 |
| Operating expenses: | | | | |
| Insurance and risk management | 15,633,619 | - | 15,633,619 | 14,084,298 |
| Fleet maintenance | - | 2,419,402 | 2,419,402 | 2,240,960 |
| Depreciation | - | 91,055 | 91,055 | 53,778 |
| Total operating expenses | 15,633,619 | 2,510,457 | 18,144,076 | 16,379,036 |
| Operating income (loss) | 1,492,666 | (104,575) | 1,388,091 | 417,153 |
| Nonoperating expenses: | | | | |
| Loss on disposal of capital assets | - | 1,800 | 1,800 | - |
| Total nonoperating expenses | - | 1,800 | 1,800 | - |
| Income (loss) before contributions | 1,492,666 | (106,375) | 1,386,291 | 417,153 |
| Capital contributions | - | 37,000 | 37,000 | 190,713 |
| Change in net position | 1,492,666 | (69,375) | 1,423,291 | 607,866 |
| Net position-beginning | (3,413,897) | 226,592 | (3,187,305) | (3,795,171) |
| Net position-ending | $ (1,921,231) | $ 157,217 | $ (1,764,014) | $ (3,187,305) |

**DARE COUNTY, NORTH CAROLINA**
**Internal Service Funds**
**Combining Statement of Cash Flows**
**For the Year Ended June 30, 2017**
With Comparative Amounts for the Year Ended June 30, 2016

| | Insurance | Fleet Maintenance | Totals June 30, 2017 | Totals June 30, 2016 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from customers | $ 1,691,741 | $ 1,228,277 | $ 2,920,018 | $ 2,031,038 |
| Receipts from interfund charges for insurance services | 15,808,541 | - | 15,808,541 | 13,408,136 |
| Receipts from interfund charges for fleet maintenance services | - | 1,178,573 | 1,178,573 | 1,124,647 |
| Payments to suppliers and providers | (15,599,376) | (1,399,198) | (16,998,574) | (15,210,077) |
| Payments to employees for salaries and benefits | (81,093) | (1,031,402) | (1,112,495) | (1,038,589) |
| Net cash provided by (used for) operating activities | 1,819,813 | (23,750) | 1,796,063 | 315,155 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Advances from other funds | (1,810,512) | 35,400 | (1,775,112) | (322,286) |
| Net cash provided by (used for) noncapital financing activities | (1,810,512) | 35,400 | (1,775,112) | (322,286) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Acquisition and construction of capital assets | - | (11,650) | (11,650) | - |
| Net cash (used for) capital and related financing activities | - | (11,650) | (11,650) | - |
| Net increase (decrease) in cash and cash equivalents | 9,301 | - | 9,301 | (7,131) |
| Cash and cash equivalents, July 1 | 24,608 | - | 24,608 | 31,739 |
| Cash and cash equivalents, June 30 | $ 33,909 | $ - | $ 33,909 | $ 24,608 |
| **Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:** | | | | |
| Operating income (loss) | $ 1,492,666 | $ (104,575) | $ 1,388,091 | $ 417,153 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation expense | - | 91,055 | 91,055 | 53,778 |
| (Increase) decrease in accounts receivable | 373,997 | 968 | 374,965 | (232,368) |
| (Increase) decrease in inventories | - | (22,733) | (22,733) | 10,556 |
| Decrease in net pension asset | - | - | - | 57,607 |
| (Increase) in deferred outflows of resources-pensions | - | (143,941) | (143,941) | (4,970) |
| Increase in net pension liability | - | 173,109 | 173,109 | 47,069 |
| (Decrease) in deferred inflows of resources-pensions | - | (16,157) | (16,157) | (116,556) |
| Increase (decrease) in accounts payable | (102,262) | (12,172) | (114,434) | 18,432 |
| Increase in accrued liabilities | 625 | 4,620 | 5,245 | 6,243 |
| Increase in accrued claims incurred but not reported for health insurance | 54,280 | - | 54,280 | 55,953 |
| Increase in compensated absences payable | 507 | 6,076 | 6,583 | 2,258 |
| Total adjustments | 327,147 | 80,825 | 407,972 | (101,998) |
| **Net cash provided by (used for) operating activities** | $ 1,819,813 | $ (23,750) | $ 1,796,063 | $ 315,155 |
| **Schedule of non-cash capital and related financing activities:** | | | | |
| Contributions of capital assets | $ - | $ 37,000 | $ 37,000 | $ 190,713 |

**DARE COUNTY, NORTH CAROLINA**
**Insurance Internal Service Fund**
**Schedule of Revenues and Expenditures**
**Financial Plan and Actual (Non-GAAP)**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Financial Plan | Actual | Variance Positive (Negative) | Actual |
| **REVENUES** | | | | |
| Operating revenues: | | | | |
| Charges for sales and services: | | | | |
| Service revenue | $ 1,264,724 | $ 1,206,956 | $ (57,768) | $ 1,061,329 |
| Internal funding | 15,552,624 | 15,808,541 | 255,917 | 13,408,136 |
| Other revenue | - | 110,788 | 110,788 | 50,402 |
| Total operating revenues | 16,817,348 | 17,126,285 | 308,937 | 14,519,867 |
| Total revenues | 16,817,348 | 17,126,285 | 308,937 | 14,519,867 |
| **EXPENDITURES** | | | | |
| Insurance and risk management: | | | | |
| Salaries and employee benefits | - | 81,718 | - | 76,338 |
| Operating expenditures | - | 15,241,735 | - | 13,702,559 |
| Administration | - | 309,659 | - | 305,484 |
| Total | 16,821,248 | 15,633,112 | 1,188,136 | 14,084,381 |
| Total expenditures | 16,821,248 | 15,633,112 | 1,188,136 | 14,084,381 |
| Revenues over expenditures | $ (3,900) | 1,493,173 | $ 1,497,073 | $ 435,486 |
| **RECONCILIATION FROM FINANCIAL PLAN BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL** | | | | |
| Reconciling items: | | | | |
| Increase in compensated absences payable | | (507) | | |
| Total reconciling items | | (507) | | |
| Change in net position | | $ 1,492,666 | | |

**DARE COUNTY, NORTH CAROLINA**
**Fleet Maintenance Internal Service Fund**
**Schedule of Revenues and Expenditures**
**Financial Plan and Actual (Non-GAAP)**
**For the Year Ended June 30, 2017**
With Comparative Actual Amounts for the Year Ended June 30, 2016

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Financial Plan | Actual | Variance Positive (Negative) | Actual |
| **REVENUES** | | | | |
| Operating revenues: | | | | |
| Charges for sales and services: | | | | |
| Service revenue | $ 2,557,950 | $ 1,227,302 | $ (1,330,648) | $ 1,151,552 |
| Internal funding | 1,178,573 | 1,178,573 | - | 1,124,647 |
| Other revenue | - | 7 | 7 | 123 |
| Total operating revenues | 3,736,523 | 2,405,882 | (1,330,641) | 2,276,322 |
| Total revenues | 3,736,523 | 2,405,882 | (1,330,641) | 2,276,322 |
| **EXPENDITURES** | | | | |
| Fleet maintenance: | | | | |
| Salaries and employee benefits | - | 1,036,022 | - | 968,492 |
| Operating expenditures | - | 1,335,430 | - | 1,235,303 |
| Administration | - | 46,698 | - | 39,390 |
| Professional and contract services | - | 4,899 | | 1,728 |
| Total | 3,742,641 | 2,423,049 | 1,319,592 | 2,244,913 |
| Budgetary appropriations: | | | | |
| Capital outlay | 14,313 | 11,650 | - | - |
| Total | 14,313 | 11,650 | 2,663 | - |
| Total expenditures | 3,756,954 | 2,434,699 | 1,322,255 | 2,244,913 |
| Revenues over (under) expenditures | $ (20,431) | (28,817) | $ (8,386) | $ 31,409 |
| **RECONCILIATION FROM FINANCIAL PLAN BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL** | | | | |
| Reconciling items: | | | | |
| Increase in inventory | | 22,733 | | |
| Increase in deferred outflows of resources-pensions | | 143,941 | | |
| Increase in net pension liability | | (173,109) | | |
| Decrease in deferred inflows of resources-pensions | | 16,157 | | |
| Increase in compensated absences payable | | (6,075) | | |
| Capital outlay | | 11,650 | | |
| Capital contributions | | 37,000 | | |
| Loss on disposal of capital assets | | (1,800) | | |
| Depreciation | | (91,055) | | |
| Total reconciling items | | (40,558) | | |
| Change in net position | | $ (69,375) | | |

**Fiduciary Funds** account for resources received and held by the County as trustee or for which the County acts as agent. These funds are expended or invested in accordance with agreements or applicable prescribed procedures.

### Private Purpose Trust Funds

**General Trust Fund** – accounts for funds raised for donation to charitable organizations within the community.

**Library Trust Fund** – accounts for funds received by the library to be expended in accordance with donation and memorial instructions.

### Agency Funds

**Social Services Fund -** accounts for funds held and administered by the Dare County Department of Social Services for wards of the department and for emergency assistance.

**Tax and ABC Pass-through Fund** – accounts for monies collected and distributed by the County for special tax districts (fire and community centers), ABC board profits and designated funds (municipalities and Dare County Tourism Board), occupancy taxes (municipalities and Dare County Tourism Board), prepared food tax (Dare County Tourism Board), and vehicle property tax (municipalities).

**Inmate Banking Fund** – accounts for funds held and administered for inmates and detainees at the Dare County Detention Center.

**Grant Pass-through Fund** – accounts for Federal and/or State grant funds received by the County and passed through to other recipient agencies.

**Fines and Forfeitures Fund** – accounts for fines and forfeitures collected by the County that are required to be remitted to the Dare County Board of Education.

**Dare Day Committee** – accounts for funds held for the Dare Day Committee.

**Government Access Fund** – accounts for funds held for the Government Access Committee.

This page intentionally blank.

**DARE COUNTY, NORTH CAROLINA**
**Combining Statement of Fiduciary Net Position**
**Private Purpose Trust Funds**
**June 30, 2017**
With Comparative Totals for June 30, 2016

| | General Trust | Library Trust | Totals | |
|---|---|---|---|---|
| | | | June 30, 2017 | June 30, 2016 |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 4,149 | $ 57,503 | $ 61,652 | $ 61,277 |
| Accounts receivable (net of allowance for uncollectibles) | - | 5,202 | 5,202 | 5,440 |
| Total assets | 4,149 | 62,705 | 66,854 | 66,717 |
| **LIABILITIES** | | | | |
| Accounts payable | - | - | - | 337 |
| Total liabilities | - | - | - | 337 |
| **NET POSITION** | | | | |
| Assets held in trust for other purposes | $ 4,149 | $ 62,705 | $ 66,854 | $ 66,380 |

**DARE COUNTY, NORTH CAROLINA**
**Combining Statement of Fiduciary Net Position**
**Agency Funds**
**June 30, 2017**
With Comparative Totals for June 30, 2016

| | Social Services | Tax and ABC Pass-through | Inmate Banking | Grant Pass-through |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 38,309 | $ 1,941,101 | $ 14,543 | $ 13,828 |
| Accounts receivable (net of allowance for uncollectibles) | - | 2,868,960 | - | 1,197 |
| Due from component unit | - | 116,172 | - | - |
| Total assets | 38,309 | 4,926,233 | 14,543 | 15,025 |
| **LIABILITIES** | | | | |
| Accounts payable | 38,309 | 47,389 | 14,543 | 15,025 |
| Intergovernmental payable - other agencies | - | 3,161,050 | - | - |
| Intergovernmental payable - Dare County Board of Education | - | - | - | - |
| Due to component unit | - | 1,717,794 | - | - |
| Total liabilities | 38,309 | 4,926,233 | 14,543 | 15,025 |
| **NET POSITION** | $ - | $ - | $ - | $ - |

| Fines and Forfeitures | Dare Day Committee | Government Access | Totals | |
|---|---|---|---|---|
| | | | June 30, 2017 | June 30, 2016 |
| $ 1,208 | $ 15,075 | $ 347,553 | $ 2,371,617 | $ 2,236,765 |
| 42,139 | - | 83,059 | 2,995,355 | 2,770,970 |
| - | - | - | 116,172 | 111,258 |
| 43,347 | 15,075 | 430,612 | 5,483,144 | 5,118,993 |
| - | 15,075 | 430,612 | 560,953 | 559,608 |
| - | - | - | 3,161,050 | 2,916,417 |
| 43,347 | - | - | 43,347 | 58,600 |
| - | - | - | 1,717,794 | 1,584,368 |
| 43,347 | 15,075 | 430,612 | 5,483,144 | 5,118,993 |
| $ - | $ - | $ - | $ - | $ - |

**DARE COUNTY, NORTH CAROLINA**
**Combining Statement of Changes in Fiduciary Net Position**
**Private Purpose Trust Funds**
**June 30, 2017**
With Comparative Totals for June 30, 2016

| | General Trust | Library Trust | Totals June 30, 2017 | Totals June 30, 2016 |
|---|---|---|---|---|
| **ADDITIONS** | | | | |
| Contributions: | | | | |
| Private donations | $ 3,519 | $ 9,711 | $ 13,230 | $ 12,540 |
| Sales and services | - | 31,923 | 31,923 | 35,691 |
| Total contributions | 3,519 | 41,634 | 45,153 | 48,231 |
| Investment earnings: | | | | |
| Interest | - | 944 | 944 | 1,083 |
| Net increase (decrease) in the fair value of investments | - | 3,596 | 3,596 | (1,414) |
| Total investment earnings | - | 4,540 | 4,540 | (331) |
| Investment expense | - | 492 | 492 | (462) |
| Net investment earnings | - | 4,048 | 4,048 | (793) |
| Total additions | 3,519 | 45,682 | 49,201 | 47,438 |
| **DEDUCTIONS** | | | | |
| Cultural and recreational programs | - | 46,227 | 46,227 | 45,125 |
| Human service programs | 2,500 | - | 2,500 | 4,700 |
| Total deductions | 2,500 | 46,227 | 48,727 | 49,825 |
| Change in net position | 1,019 | (545) | 474 | (2,387) |
| Net position - beginning | 3,130 | 63,250 | 66,380 | 68,767 |
| Net position - ending | $ 4,149 | $ 62,705 | $ 66,854 | $ 66,380 |

**DARE COUNTY, NORTH CAROLINA**
**Agency Funds**
**Combining Statement of Changes in Assets and Liabilities**
For the Fiscal Year Ended June 30, 2017

| | Balance June 30, 2016 | Additions | Deductions | Balance June 30, 2017 |
|---|---|---|---|---|
| **Social Services** | | | | |
| Assets: | | | | |
| Cash and cash equivalents | $ 35,286 | $ 367,615 | $ 364,592 | $ 38,309 |
| Liabilities: | | | | |
| Accounts payable | $ 35,286 | $ 367,615 | $ 364,592 | $ 38,309 |
| **Tax and ABC Pass-through** | | | | |
| Assets: | | | | |
| Cash and cash equivalents | $ 1,770,783 | $ 45,430,106 | $ 45,259,788 | $ 1,941,101 |
| Accounts receivable (net of allowance for uncollectibles) | 2,641,466 | (105,932) | (333,426) | 2,868,960 |
| Due from component unit | 111,258 | 338,340 | 333,426 | 116,172 |
| Total assets | $ 4,523,507 | $ 45,662,514 | $ 45,259,788 | $ 4,926,233 |
| Liabilities: | | | | |
| Accounts payable | $ 22,722 | $ 3,807,791 | $ 3,783,124 | $ 47,389 |
| Intergovernmental payable - Municipalities | 2,916,417 | 34,692,564 | 34,447,931 | 3,161,050 |
| Due to component unit | 1,584,368 | 7,162,159 | 7,028,733 | 1,717,794 |
| Total liabilities | $ 4,523,507 | $ 45,662,514 | $ 45,259,788 | $ 4,926,233 |
| **Inmate Banking** | | | | |
| Assets: | | | | |
| Cash and cash equivalents | $ 8,532 | $ 185,159 | $ 179,148 | $ 14,543 |
| Accounts receivable (net of allowance for uncollectibles) | - | 179,148 | 179,148 | - |
| Total Assets | $ 8,532 | $ 364,307 | $ 358,296 | $ 14,543 |
| Liabilities: | | | | |
| Accounts payable | $ 8,532 | $ 364,307 | $ 358,296 | $ 14,543 |
| **Grant Pass-through** | | | | |
| Assets: | | | | |
| Cash and cash equivalents | $ 9,148 | $ 150,883 | $ 146,203 | $ 13,828 |
| Accounts receivable (net of allowance for uncollectibles) | 1,755 | 150,892 | 151,450 | 1,197 |
| Total assets | $ 10,903 | $ 301,775 | $ 297,653 | $ 15,025 |
| Liabilities: | | | | |
| Accounts payable | $ 10,903 | $ 301,775 | $ 297,653 | $ 15,025 |
| **Fines and Forfeitures** | | | | |
| Assets: | | | | |
| Cash and cash equivalents | $ 1,006 | $ 610,083 | $ 609,881 | $ 1,208 |
| Accounts receivable (net of allowance for uncollectibles) | 57,594 | 594,628 | 610,083 | 42,139 |
| Total assets | $ 58,600 | $ 1,204,711 | $ 1,219,964 | $ 43,347 |
| Liabilities: | | | | |
| Intergovernmental payable - Dare County Board of Education | $ 58,600 | $ 1,204,711 | $ 1,219,964 | $ 43,347 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**Agency Funds**
**Combining Statement of Changes in Assets and Liabilities**
For the Fiscal Year Ended June 30, 2017

| | Balance June 30, 2016 | Additions | Deductions | Balance June 30, 2017 |
|---|---|---|---|---|
| **Dare Day Committee** | | | | |
| Assets: | | | | |
| Cash and cash equivalents | $ 15,075 | $ - | $ - | $ 15,075 |
| Liabilities: | | | | |
| Accounts payable | $ 15,075 | $ - | $ - | $ 15,075 |
| **Government Access** | | | | |
| Assets: | | | | |
| Cash and cash equivalents | $ 396,935 | $ 290,855 | $ 340,237 | $ 347,553 |
| Accounts receivable (net of allowance for uncollectibles) | 70,155 | 328,066 | 315,162 | 83,059 |
| Total assets | $ 467,090 | $ 618,921 | $ 655,399 | $ 430,612 |
| Liabilities: | | | | |
| Accounts payable | $ 467,090 | $ 618,921 | $ 655,399 | $ 430,612 |
| **Totals - All Agency Funds** | | | | |
| Assets: | | | | |
| Cash and cash equivalents | $ 2,236,765 | $ 47,034,701 | $ 46,899,849 | $ 2,371,617 |
| Accounts receivable (net of allowance for uncollectibles) | 2,770,970 | 1,146,802 | 922,417 | 2,995,355 |
| Due from component unit | 111,258 | 338,340 | 333,426 | 116,172 |
| Total assets | $ 5,118,993 | $ 48,519,843 | $ 48,155,692 | $ 5,483,144 |
| Liabilities: | | | | |
| Accounts payable | $ 559,608 | $ 5,460,409 | $ 5,459,064 | $ 560,953 |
| Intergovernmental payable - Municipalities | 2,916,417 | 34,692,564 | 34,447,931 | 3,161,050 |
| Intergovernmental payable - Dare County Board of Education | 58,600 | 1,204,711 | 1,219,964 | 43,347 |
| Due to component unit | 1,584,368 | 7,162,159 | 7,028,733 | 1,717,794 |
| Total liabilities | $ 5,118,993 | $ 48,519,843 | $ 48,155,692 | $ 5,483,144 |

**Other Schedules** as required by the North Carolina State Treasurer's office and to fulfill the County's continuing disclosure requirement commitments per Securities and Exchange Commission Rule 15c2-12.

**DARE COUNTY, NORTH CAROLINA**
**Analysis of Current Tax Levy**
**County-wide Levy**
**June 30, 2017**

| | Valuation | Rate | Amount of Levy | Real & Personal Property | Motor Vehicles |
|---|---|---|---|---|---|
| Original levy: | | | | | |
| Property taxed at current year's rate | $ 12,997,414,590 | $ 0.43 | $ 55,888,887 | $ 54,007,762 | $ 1,881,125 |
| Motor vehicles taxed at prior year's rate | - | $ 0.43 | - | - | - |
| Penalties | - | | 35,448 | 35,448 | - |
| Totals | 12,997,414,590 | | 55,924,335 | 54,043,210 | 1,881,125 |
| Discoveries: | | | | | |
| Taxes | $ 147,725,691 | $ 0.43 | $ 634,240 | $ 634,240 | $ - |
| Penalties | - | | 944 | 944 | - |
| Totals | 147,725,691 | | 635,184 | 635,184 | - |
| Abatements | (6,263,064) | | (37,067) | (23,545) | (13,522) |
| Total property valuation | $ 13,138,877,217 | | | | |
| Net levy | | | 56,522,452 | 54,654,849 | 1,867,603 |
| Uncollected taxes at June 30, 2017 | | | 438,049 | 438,049 | - |
| Current year's taxes collected | | | $ 56,084,403 | $ 54,216,800 | $ 1,867,603 |
| Percent current year taxes collected | | | 99.22% | 99.20% | 100.00% |

**DARE COUNTY, NORTH CAROLINA**
**Schedule of Ad Valorem Taxes Receivable**
**General Fund**

| Tax Year | Fiscal Year Ended June 30 | Uncollected Balance June 30, 2016 | Additions | Collections and Adjustments | Uncollected Balance June 30, 2017 |
|---|---|---|---|---|---|
| 2016 | 2017 | $ - | $ 56,522,452 | $ 56,084,403 | $ 438,049 |
| 2015 | 2016 | 297,420 | - | 163,256 | 134,164 |
| 2014 | 2015 | 128,068 | - | 40,936 | 87,132 |
| 2013 | 2014 | 121,717 | - | 25,794 | 95,923 |
| 2012 | 2013 | 79,141 | - | 10,482 | 68,659 |
| 2011 | 2012 | 69,183 | - | 14,112 | 55,071 |
| 2010 | 2011 | 52,749 | - | 10,764 | 41,985 |
| 2009 | 2010 | 45,990 | - | 8,079 | 37,911 |
| 2008 | 2009 | 44,188 | - | 8,859 | 35,329 |
| 2007 | 2008 | 30,222 | - | 449 | 29,773 |
| 2006 | 2007 | 29,966 | - | 17,587 | 12,379 |
| 2005 | 2006 | 10,682 | - | - | 10,682 |
| 2004 | 2005 | 6,272 | - | - | 6,272 |
| 2003 | 2004 | 6,056 | - | - | 6,056 |
| | | $ 921,654 | $ 56,522,452 | $ 56,384,721 | 1,059,385 |

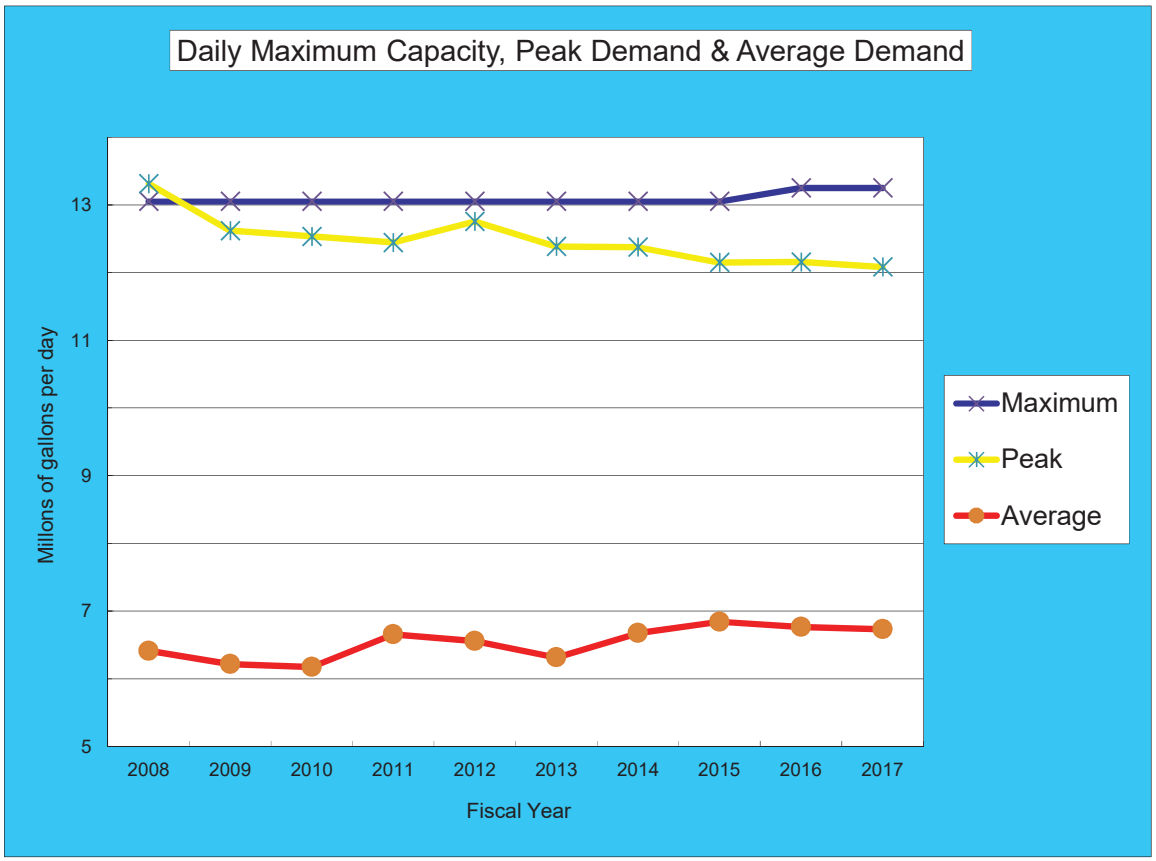
| | |
|---|---|
| Less: allowance for non-collectible accounts | (310,000) |
| Ad valorem taxes receivable (net) – General Fund levy only | $ 749,385 |

**Reconciliation with revenues**

| | |
|---|---|
| Taxes - Ad Valorem - General Fund | $ 56,486,678 |
| Penalties collected on ad valorem taxes | 36,392 |
| Reconciling Items: | |
| Interest collected | (141,804) |
| Amounts written off for tax year 2005 per statue of limitations | 17,047 |
| Adjustments relating to tax years 2006-2015 | (13,892) |
| Total collections and adjustments | $ 56,384,421 |

**DARE COUNTY, NORTH CAROLINA**
**WATER SYSTEM STATISTICS**
**Last Ten Fiscal Years**

| Fiscal Year | # of Customers | New Connections | Retail Charge 7,500 gal/mo | # of Production Plants | Average Daily Demand (MGD) | Peak Daily Demand (MGD) | Maximum Capacity (MGD) | Storage Capacity (MG) |
|---|---|---|---|---|---|---|---|---|
| 2017 | 20,024 | 143 | $66.68 | 5 | 6.733 | 12.083 | 13.250 | 21.150 |
| 2016 | 19,881 | 122 | $64.44 | 5 | 6.767 | 12.156 | 13.250 | 21.150 |
| 2015 | 19,759 | 130 | $64.13 | 5 | 6.844 | 12.149 | 13.050 | 23.150 |
| 2014 | 19,629 | 109 | $62.86 | 5 | 6.674 | 12.376 | 13.050 | 23.150 |
| 2013 | 19,520 | 1914 | $58.38 | 5 | 6.315 | 12.384 | 13.050 | 23.150 |
| 2012 | 17,606 | 471 | $58.38 | 5 | 6.557 | 12.756 | 13.050 | 23.150 |
| 2011 | 17,135 | 95 | $57.26 | 5 | 6.658 | 12.444 | 13.050 | 20.850 |
| 2010 | 17,090 | 151 | $55.31 | 5 | 6.175 | 12.534 | 13.050 | 20.850 |
| 2009 | 16,939 | 35 | $53.60 | 5 | 6.217 | 12.619 | 13.050 | 20.850 |
| 2008 | 16,904 | 114 | $53.60 | 5 | 6.414 | 13.314 | 13.050 | 20.850 |



**DARE COUNTY, NORTH CAROLINA**
**WATER SYSTEM USAGE**

**North & RWS System**

| Fiscal Year | Total System Water Sales (Millions of Gallons) | MGD Peak | Peak Utilization | MGD Average | Average Utilization |
|---|---|---|---|---|---|
| 2008 | 2,053 | 11.666 | 100.0% | 5.615 | 51.0% |
| 2009 | 1,988 | 10.829 | 98.5% | 5.447 | 49.5% |
| 2010 | 2,015 | 10.950 | 99.5% | 5.521 | 50.2% |
| 2011 | 2,108 | 10.826 | 98.4% | 5.819 | 52.9% |
| 2012 | 2,065 | 11.184 | 101.6% | 5.751 | 52.3% |
| 2013 | 2,035 | 10.829 | 99.0% | 5.575 | 50.7% |
| 2014 | 2,133 | 10.782 | 98.0% | 5.844 | 53.1% |
| 2015 | 2,209 | 10.488 | 95.3% | 6.052 | 55.0% |
| 2016 | 2,172 | 10.488 | 93.6% | 5.951 | 54.1% |
| 2017 | 2,016 | 10.535 | 94.1% | 5.523 | 50.2% |

**Hatteras System**

| Fiscal Year | Total System Water Sales (Millions of Gallons) | MGD Peak | Peak Utilization | MGD Average | Average Utilization |
|---|---|---|---|---|---|
| 2008 | 287 | 1.540 | 77.0% | .789 | 39.5% |
| 2009 | 277 | 1.690 | 84.5% | .761 | 38.1% |
| 2010 | 274 | 1.584 | 79.2% | .751 | 37.6% |
| 2011 | 331 | 1.618 | 80.9% | .839 | 41.9% |
| 2012 | 281 | 1.572 | 78.6% | .806 | 40.3% |
| 2013 | 270 | 1.555 | 75.2% | .740 | 37% |
| 2014 | 303 | 1.504 | 75.2% | .830 | 41.5% |
| 2015 | 289 | 1.661 | 83.1% | .792 | 39.6% |
| 2016 | 298 | 1.668 | 81.4% | .816 | 39.8% |
| 2017 | 324 | 1.548 | 75.5% | .888 | 43.3% |

**DARE COUNTY, NORTH CAROLINA**
**WATER SYSTEM**
**Retail Water Service Rates**
**June 30, 2017**

| Meter Size | Quarterly Base Charge (includes 3,000 gallons) |
|---|---|
| 3/4" | $38.20 |
| 1" | $42.45 |
| 1 1/4" | $47.76 |
| 1 1/2" | $55.18 |
| 2" | $73.23 |
| 3" | $114.61 |
| 4" | $172.98 |
| 6" | $319.42 |

All usage is billed at the following rates (per thousand gallons):

| | |
|---|---|
| In-season | |
| (June - November) | $8.24 |
| Out-of-season | |
| (December - May) | $6.33 |

Rates effective as of 7/1/17

**DARE COUNTY, NORTH CAROLINA**
**WATER SYSTEM**
**Retail Water Fees & Schedule**
**June 30, 2017**

| Size of Meter | Connection Fees | Deposit | Initial Impact Fee | Total |
|---|---|---|---|---|
| ¾" | $ 340 | $ 107 | $ 2,500 | $ 2,947 |
| 1" | $ 500 | $ 139 | $ 3,000 | $ 3,639 |
| 1 ½" | $ 1,050 | $ 275 | $ 3,500 | $ 4,825 |
| 2" | $ 1,325 | $ 1,278 | $ 4,000 | $ 6,603 |
| 3" | $ 2,000 | $ 1,847 | $ 5,000 | $ 8,847 |
| 4" | $ 3,000 | $ 2,417 | $ 6,000 | $ 11,417 |
| 6" | $ 4,500 | $ 2,417 | $ 8,000 | $ 14,917 |

RESIDENTIAL

$2,500 per ¾" unit (meter) or ¾" initial impact unit.

An "initial impact unit" equals one ¾" initial impact fee charge computed as follows:

| | |
|---|---|
| Single Family Residence: | One ¾" initial impact unit ("IIU") |
| Multifamily: | Condo, Townhouse, Cottage Courts, Apartments, Duplexes, Mobile Homes and Other types of multifamily units - 1 IIU per habitable unit or $2,500 for each unit. |
| Hotels, Motels and Campgrounds: | One IIU ($2,500) for each four individual habitable units (rooms, campsites, mobile homes or trailer sites). |

COMMERCIAL

$2,500 per ¾" unit or ¾" initial impact unit.

| | |
|---|---|
| Laundries: | 1 IIU for every five machines or portion thereof |
| Restuarants: | 1 IIU for every twenty seats or portion thereof as dertermined by privilege license |
| Car Wash: | 1 IIU for every two stalls or portion thereof |
| Other: | Should a potential water use of a commercial nature NOT be included in the list above, then the initial impact fee shall be based upon the size of the meter as listed above for residential impact fees. |

**DARE COUNTY, NORTH CAROLINA**
**WATER SYSTEM**
**Major Users**
**June 30, 2017**

**Major Retail Users**

| | Name | Annual Water Sales (MG) | Revenues | Percentage of Total Water Sales |
|---|---|---|---|---|
| 1. | Hilton Gardens[1] | 7.798 | $ 57,615 | |
| 2. | North Carolina Aquarium[1] | 6.017 | 44,293 | |
| 3. | Market Place Southern Shores[1] | 4.687 | 32,854 | |
| 4. | KOA Campground[2] | 3.818 | 28,149 | |
| 5. | Camp Hatteras Campground[2] | 3.703 | 29,877 | |
| 6. | Villas of Hatteras[2] | 2.702 | 21,547 | |
| 7. | Sanderling Hotel[1] | 2.647 | 20,170 | |
| 8. | Teach's Lair Marina[2] | 2.619 | 21,397 | |
| 9. | Holiday Inn Express[1] | 2.225 | 16,630 | |
| 10. | Slash Creek Condos[2] | 2.016 | 18,630 | |
| | Totals | 38.232 | $ 291,162 | 2.53% |

[1] Served by the Non-Hatteras system.
[2] Served by the Hatteras system.

**Wholesale Users**

| Fiscal Year | Kill Devil Hills Water Sales | Kill Devil Hills Usage (MG) | Nags Head Water Sales | Nags Head Usage (MG) | Manteo Water Sales | Manteo Usage (MG) |
|---|---|---|---|---|---|---|
| 2008 | $737,693 | 475.8 | $701,334 | 450.2 | $146,438 | 121.1 |
| 2009 | $723,096 | 492.0 | $724,326 | 440.1 | $134,925 | 109.9 |
| 2010 | $824,564 | 450.9 | $793,566 | 429.6 | $122,445 | 99.7 |
| 2011 | $773,373 | 446.5 | $851,932 | 464.1 | $130,478 | 106.2 |
| 2012 | $768,666 | 445.4 | $785,403 | 452.8 | $128,433 | 104.6 |
| 2013 | $747,747 | 445.2 | $744,815 | 443.7 | $124,281 | 79.3 |
| 2014 | $755,429 | 443.5 | $803,751 | 471.9 | $120,816 | 78.4 |
| 2015 | $795,879 | 452.9 | $806,493 | 459.6 | $146,232 | 80.6 |
| 2016 | $782,886 | 435.2 | $744,352 | 413.5 | $142,933 | 78.7 |
| 2017 | $773,043 | 426.1 | $796,342 | 438.7 | $146,249 | 82.2 |

**DARE COUNTY, NORTH CAROLINA**
**WATER SYSTEM**
**Five Year Operating Results Per Revenue Bond Covenants**

| | 2013 | 2014 | 2015[3] | 2016[1][3] | 2017[3] |
|---|---|---|---|---|---|
| Operating Revenues: | | | | | |
| Water Sales | $ 9,592,500 | $ 10,376,004 | $ 11,055,995 | $ 11,074,298 | $ 11,585,318 |
| Capital Recovery Charges | 665,323 | 442,994 | 474,072 | 541,805 | 468,837 |
| Other Operating Revenues | 620,751 | 744,808 | 763,055 | 637,559 | 679,026 |
| Subtotal, Operating | 10,878,574 | 11,563,806 | 12,293,122 | 12,253,662 | 12,733,181 |
| Operating Expenses Before Depreciation & Amortization | (7,267,423) | (8,007,866) | (8,135,816) | (8,231,423) | (8,732,505) |
| Operating Income Before Depreciation & Amortization | 3,611,151 | 3,555,940 | 4,157,306 | 4,022,239 | 4,000,676 |
| Depreciation | (2,267,824) | (2,293,946) | (2,328,546) | (2,399,477) | (2,510,250) |
| Amortization of Net Original Issue Premium | 53,402 | 133,177 | 110,335 | 69,083 | 9,358 |
| Operating Income | 1,396,729 | 1,395,171 | 1,939,095 | 1,691,845 | 1,499,784 |
| Non-operating Revenues: | | | | | |
| Interest Earnings (non capital) | (41,620) | 157,607 | 168,700 | 162,045 | 142,497 |
| Assessments | 509,276 | 474,312 | 446,045 | 428,481 | 408,605 |
| Subtotal, Non-operating | 467,656 | 631,919 | 614,745 | 590,526 | 551,102 |
| Non-operating Expenses | (2,049,210) | (1,596,989) | (1,527,912) | (1,418,282) | (1,265,691) |
| Change in Net Position as Defined | $ (184,825) | $ 430,101 | $ 1,025,928 | $ 864,089 | $ 785,195 |
| *Determination of Net Revenues Available for Debt Service* | | | | | |
| Change in Net Position as Defined | $ (184,825) | $ 430,101 | $ 1,025,928 | $ 864,089 | $ 785,195 |
| Plus: Depreciation | 2,267,824 | 2,293,946 | 2,328,546 | 2,399,477 | 2,510,250 |
| Plus: Interest Expense | 1,592,603 | 1,526,585 | 1,478,050 | 1,436,621 | 982,166 |
| (Less)/Plus: Net Amortization of OIP and GASB 23 | (53,402) | (133,177) | (110,335) | (69,083) | 26,718 |
| Plus: OPEB Expense | 339,835 | 357,487 | 508,385 | 435,623 | 760,327 |
| (Less): OPEB current year expenditures (2) | - | - | - | - | (392,932) |
| Net Revenues Available for Debt Service | 3,962,035 | 4,474,942 | 5,230,574 | 5,066,727 | 4,671,724 |
| 20% of Surplus Fund | 3,177,365 | 3,702,648 | 3,977,969 | 4,344,725 | 4,981,602 |
| Adjusted Net Revenues Available for Debt Service | $ 7,139,400 | $ 8,177,590 | $ 9,208,543 | $ 9,411,452 | $ 9,653,326 |
| Revenue Bond Debt Service | $ 2,872,213 | $ 2,866,962 | $ 2,502,398 | $ 2,501,288 | $ 2,503,588 |
| Debt Service Coverage with Surplus | 2.49 | 2.85 | 3.68 | 3.76 | 3.86 |
| Debt Service Coverage without Surplus | 1.38 | 1.56 | 2.09 | 2.03 | 1.87 |

1 Corrected for prior period adjustment restatement recorded in fiscal year 2017.

2 The County adopted GASB Statement No. 75 for OPEB with fiscal year 2017. Adjustments are allowed per the Series 2011 bonds series indenture.

3 The County adopted GASB Statement No. 68 for pensions with fiscal year 2015. Adjustments are allowed per the Series 2017 bonds series indenture beginning in fiscal year 2021.

This page intentionally blank.

# STATISTICAL SECTION

This part of Dare County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health. This information is presented in five categories:

**Financial Trends**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

**Revenue Capacity**

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**Dare County, North Carolina**
**Net Position by Component**
**Last Ten Fiscal Years**
(accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | $ 64,361,831 | $ 69,074,141 | $ 71,669,644 | $ 76,235,968 | $ 68,223,232 | $ 82,347,870 | $ 83,113,262 | $ 83,161,507 | $ 89,094,833 | $ 107,555,911 |
| Restricted for: | | | | | | | | | | |
| Stabilization by State statute | 11,159,413 | 8,280,293 | 10,789,570 | 9,466,629 | 12,467,772 | 22,904,237 | 12,759,766 | 14,301,193 | 16,625,342 | 23,218,483 |
| Economic and physical development | 19,829,371 | 23,794,583 | 27,397,587 | 31,250,803 | 14,840,596 | 16,556,369 | 18,879,572 | 22,767,266 | 27,012,542 | 22,784,809 |
| Public Safety | 837,595 | 1,315,740 | 1,441,582 | 1,739,191 | 975,158 | 865,248 | 824,840 | 820,231 | 412,977 | 357,990 |
| Human services | 1,048,375 | 741,496 | 835,241 | 1,040,417 | 1,376,188 | 465,486 | 438,584 | 308,928 | 194,846 | 131,938 |
| General government | 45,250 | 47,419 | 46,802 | 42,621 | 57,210 | 50,078 | 30,704 | 19,591 | 12,253 | 7,313 |
| Unrestricted | (77,460,929) | (92,799,188) | (102,958,527) | (103,747,688) | (98,670,130) | (121,558,887) | (104,861,727) | (101,581,856) | (99,537,159) | (196,845,571) |
| Total governmental activities net position | $ 19,820,906 | $ 10,454,484 | $ 9,221,899 | $ 16,027,941 | $ (729,974) | $ 1,630,401 | $ 11,185,001 | $ 19,796,860 | $ 33,815,634 | $ (42,789,127) |
| Effect of school debt upon total net position | $ (117,950,000) | $ (110,505,000) | $ (102,865,000) | $ (102,696,465) | $ (93,545,425) | $ (87,394,834) | $ (80,599,244) | $ (76,289,820) | $ (68,800,546) | $ (61,997,380) |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | $ 37,607,571 | $ 39,959,788 | $ 43,901,055 | $ 53,782,509 | $ 51,402,074 | $ 42,096,751 | $ 40,747,980 | $ 41,883,693 | $ 41,608,439 | $ 43,127,737 |
| Restricted | 9,889,905 | 9,999,535 | 9,689,062 | 8,430,223 | 10,802,154 | 14,435,256 | 14,679,645 | 13,983,768 | 13,540,232 | 15,257,272 |
| Unrestricted | 9,066,426 | 7,968,776 | 7,015,592 | 25,048 | 712,918 | 5,948,491 | 7,319,092 | 7,648,450 | 9,993,161 | (2,519,814) |
| Total business-type activities | $ 56,563,902 | $ 57,928,099 | $ 60,605,709 | $ 62,237,780 | $ 62,917,146 | $ 62,480,498 | $ 62,746,717 | $ 63,515,911 | $ 65,141,832 | $ 55,865,195 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | $ 102,965,829 | $ 109,033,929 | $ 115,570,699 | $ 130,018,477 | $ 119,625,306 | $ 124,444,621 | $ 123,861,242 | $ 125,045,200 | $ 130,703,272 | $ 150,683,648 |
| Restricted for: | | | | | | | | | | |
| Stabilization by State statute | 11,159,413 | 8,280,293 | 10,789,570 | 9,466,629 | 12,467,772 | 22,904,237 | 12,759,766 | 14,301,193 | 16,625,342 | 23,218,483 |
| Economic and physical development | 19,829,371 | 23,794,583 | 27,397,587 | 31,250,803 | 14,840,596 | 16,556,369 | 18,879,572 | 22,767,266 | 27,012,542 | 22,784,809 |
| Bond covenants | 9,889,905 | 9,999,535 | 9,689,062 | 8,430,223 | 10,802,154 | 14,435,256 | 14,679,645 | 13,983,768 | 13,540,232 | 15,257,272 |
| Public Safety | 837,595 | 1,315,740 | 1,441,582 | 1,739,191 | 975,158 | 865,248 | 824,840 | 820,231 | 412,977 | 357,990 |
| Human services | 1,048,375 | 741,496 | 835,241 | 1,040,417 | 1,376,188 | 465,486 | 438,584 | 308,928 | 194,846 | 131,938 |
| General government | 45,250 | 47,419 | 46,802 | 42,621 | 57,210 | 50,078 | 30,704 | 19,591 | 12,253 | 7,313 |
| Unrestricted | (68,394,503) | (84,830,412) | (95,942,935) | (95,522,124) | (97,957,212) | (115,610,396) | (97,542,635) | (93,933,406) | (89,543,998) | (199,365,385) |
| Total primary government net position | $ 77,381,235 | $ 68,382,583 | $ 69,827,608 | $ 86,466,237 | $ 62,187,172 | $ 64,110,899 | $ 73,931,718 | $ 83,312,771 | $ 98,957,466 | $ 13,076,068 |
| Effect of school debt upon total net position | $ (117,950,000) | $ (110,505,000) | $ (102,865,000) | $ (102,696,465) | $ (93,545,425) | $ (87,394,834) | $ (80,599,244) | $ (76,289,820) | $ (68,800,546) | $ (61,997,380) |

Note: The County adopted GASB Statement No. 75 for fiscal year 2017; prior years are not restated.

**Dare County, North Carolina**
**Changes in Net Position**
**Last Ten Fiscal Years**
(accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Expenses** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | $ 12,086,920 | $ 13,710,754 | $ 11,639,570 | $ 11,317,889 | $ 18,894,221 | $ 12,367,539 | $ 11,147,563 | $ 11,006,773 | $ 10,829,117 | $ 10,955,429 |
| Public safety | 23,834,434 | 24,676,121 | 23,689,983 | 23,435,996 | 24,425,914 | 26,306,207 | 27,177,114 | 28,192,403 | 30,236,350 | 34,815,732 |
| Economic & physical development | 1,612,150 | 4,080,867 | 1,782,711 | 1,269,450 | 21,401,469 | 3,261,258 | 3,782,370 | 4,874,257 | 5,639,879 | 13,801,658 |
| Human services | 14,783,536 | 17,122,964 | 16,448,538 | 16,475,126 | 16,484,769 | 16,456,678 | 17,323,255 | 17,253,173 | 17,589,027 | 17,960,744 |
| Cultural & recreational | 4,592,600 | 5,906,833 | 5,211,971 | 5,430,227 | 5,321,256 | 5,374,887 | 5,734,640 | 5,648,640 | 5,937,464 | 6,018,676 |
| Environmental protection | 8,507,780 | 9,161,369 | 8,989,146 | 9,102,477 | 7,866,557 | 8,596,376 | 8,852,266 | 8,855,982 | 8,611,570 | 9,765,572 |
| Education | 24,772,809 | 19,237,216 | 18,647,372 | 19,730,878 | 19,813,940 | 20,473,842 | 21,554,902 | 23,791,918 | 23,022,982 | 23,947,542 |
| Transportation | 771,209 | 786,844 | 811,448 | 811,646 | 676,568 | 681,013 | 687,563 | 691,814 | 744,374 | 710,950 |
| Interest on long-term debt | 6,932,314 | 6,910,702 | 6,682,161 | 6,562,751 | 4,994,060 | 3,040,613 | 4,227,189 | 3,880,214 | 3,799,337 | 3,737,618 |
| Total governmental activities expenses | 97,893,752 | 101,593,670 | 93,902,900 | 94,136,440 | 119,878,754 | 96,558,413 | 100,486,862 | 104,195,174 | 106,410,100 | 121,713,921 |
| Business-type activities: | | | | | | | | | | |
| Water | 10,594,202 | 10,981,763 | 9,362,482 | 10,024,765 | 11,181,253 | 11,325,746 | 11,756,883 | 11,789,219 | 11,950,328 | 12,345,589 |
| Total primary government expenses | $ 108,487,954 | $ 112,575,433 | $ 103,265,382 | $ 104,161,205 | $ 131,060,007 | $ 107,884,159 | $ 112,243,745 | $ 115,984,393 | $ 118,360,428 | $ 134,059,510 |
| **Program Revenues** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | $ 1,830,831 | $ 1,691,291 | $ 1,824,778 | $ 1,809,871 | $ 2,237,365 | $ 1,803,060 | $ 1,637,745 | $ 1,748,826 | $ 1,753,714 | $ 1,633,788 |
| Public safety | 3,476,066 | 3,064,930 | 3,171,255 | 2,665,961 | 2,724,570 | 3,658,366 | 4,653,043 | 4,918,339 | 5,343,302 | 5,466,424 |
| Economic & physical development | 351,537 | 327,647 | 190,474 | 197,500 | 182,111 | 199,035 | 238,514 | 244,626 | 362,158 | 308,788 |
| Human services | 2,179,299 | 2,447,949 | 2,371,379 | 2,564,678 | 2,714,766 | 2,930,052 | 3,259,752 | 2,557,816 | 2,978,655 | 3,440,848 |
| Cultural & recreational | 335,376 | 267,753 | 276,705 | 284,579 | 297,285 | 359,461 | 337,350 | 441,104 | 441,502 | 398,800 |
| Environmental protection | 2,185,832 | 1,684,812 | 1,873,177 | 1,845,973 | 1,995,813 | 1,849,890 | 1,707,240 | 1,997,572 | 1,824,149 | 1,736,727 |
| Operating grants & contributions: | | | | | | | | | | |
| General government | 20,265 | 127,259 | 153,567 | 216,795 | 5,365,575 | 393,946 | (1,376) | 12,427 | 21,116 | 10,346 |
| Public safety | 1,048,363 | 204,740 | 151,221 | 148,495 | 294,198 | 169,899 | 141,779 | 169,920 | 152,665 | 2,210,100 |
| Economic & physical development | 25,926 | 106,692 | 23,694 | 53,677 | 1,975 | 5,600 | 89,075 | 302,845 | 8,410 | 27,757 |
| Human services | 4,351,959 | 5,206,154 | 5,274,994 | 5,770,952 | 5,346,637 | 4,751,990 | 4,976,551 | 4,885,076 | 4,895,933 | 4,815,314 |
| Cultural & recreational | 294,809 | 720,839 | 307,827 | 703,977 | 371,978 | 433,204 | 445,468 | 440,907 | 461,571 | 442,077 |
| Environmental protection | 27,717 | 48,178 | 51,028 | 96,196 | 119,064 | 100,958 | 166,128 | 97,187 | 64,203 | 65,535 |
| Education | - | - | - | 1,186,720 | 450,000 | 355,041 | 345,000 | 350,000 | 360,000 | 360,000 |
| Capital grants & contributions: | | | | | | | | | | |
| General government | - | - | - | 5,385 | - | - | - | - | - | - |
| Public safety | - | 108,736 | 138,271 | - | 1,050 | - | 93,699 | 1,135,453 | 2,828,507 | 7,043,160 |
| Economic & physical development | 102,448 | - | 59,561 | 59,561 | - | 46,506 | 292,697 | - | 20,210 | 12,829,735 |
| Cultural & recreational | 733,682 | - | 124,520 | 543,095 | 92,130 | 1,392,956 | 1,494,326 | 93,885 | 613,706 | 246,293 |
| Environmental protection | (89,549) | 102,220 | - | - | - | - | - | - | - | - |
| Education | - | 599,227 | - | 391,493 | 142,371 | - | - | - | - | - |
| Interest on long-term debt | 445,000 | 1,085,000 | - | - | - | - | - | - | - | - |
| Total governmental activities program revenues | 17,319,561 | 17,793,427 | 15,992,451 | 18,544,908 | 22,336,888 | 18,449,964 | 19,876,991 | 19,395,983 | 22,129,801 | 41,035,692 |

(continued)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 10,256,795 | 10,493,038 | 9,808,215 | 10,725,457 | 11,496,572 | 11,387,850 | 12,038,118 | 12,739,167 | 13,389,431 | 13,141,786 |
| Capital grants & contributions | 1,566,152 | 1,241,126 | 2,385,721 | 1,225,647 | 522,500 | - | - | - | - | 14,945 |
| Total business-type activities program revenues | 11,822,947 | 11,734,164 | 12,193,936 | 11,951,104 | 12,019,072 | 11,387,850 | 12,038,118 | 12,739,167 | 13,389,431 | 13,156,731 |
| Total primary government program revenues | $ 29,142,508 | $ 29,527,591 | $ 28,186,387 | $ 30,496,012 | $ 34,355,960 | $ 29,837,814 | $ 31,915,109 | $ 32,135,150 | $ 35,519,232 | $ 54,192,423 |
| **Net (Expense)/Revenue** | | | | | | | | | | |
| Governmental activities | $ (80,574,191) | $ (83,800,243) | $ (77,910,449) | $ (75,591,532) | $ (97,541,866) | $ (78,108,449) | $ (80,609,871) | $ (84,799,191) | $ (84,280,299) | $ (80,678,229) |
| Business-type activities | 1,228,745 | 752,401 | 2,831,454 | 1,926,339 | 837,819 | 62,104 | 281,235 | 949,948 | 1,439,103 | 811,142 |
| Total primary government net expense | $ (79,345,446) | $ (83,047,842) | $ (75,078,995) | $ (73,665,193) | $ (96,704,047) | $ (78,046,345) | $ (80,328,636) | $ (83,849,243) | $ (82,841,196) | $ (79,867,087) |
| **General Revenues & Other Changes in Net Position** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | $ 48,729,618 | $ 49,297,461 | $ 49,431,130 | $ 53,186,707 | $ 53,326,774 | $ 53,350,156 | $ 59,012,172 | $ 59,440,107 | $ 59,933,626 | $ 60,930,602 |
| Sales taxes | 18,339,216 | 15,693,002 | 14,397,453 | 15,841,968 | 16,382,627 | 16,281,102 | 16,552,132 | 17,662,414 | 18,069,621 | 19,115,285 |
| Occupancy taxes | 6,745,231 | 6,709,348 | 6,705,811 | 7,138,147 | 7,510,215 | 7,547,352 | 9,257,698 | 12,328,828 | 12,834,470 | 13,911,420 |
| Alcoholic beverage taxes and sales | 1,232,575 | 1,365,284 | 746,064 | 1,103,186 | 1,019,234 | 1,298,034 | 1,263,772 | 1,604,848 | 1,600,819 | 1,586,185 |
| Other taxes | 4,422,005 | 3,456,756 | 4,342,030 | 3,683,461 | 3,891,525 | 3,711,348 | 4,132,157 | 4,821,689 | 4,828,078 | 5,104,135 |
| Other revenues | 238,287 | 422,643 | 305,147 | 361,291 | 1,226,039 | 996,392 | 380,248 | 471,615 | 602,726 | 2,528,716 |
| Investment earnings (loss) | 4,634,741 | 2,430,505 | 1,528,441 | 519,772 | 507,700 | (12,692) | 370,920 | 445,657 | 421,320 | 720,606 |
| Special item - swap termination | - | - | - | - | (3,575,000) | (3,160,000) | - | - | - | - |
| Gain on sale and donations of capital assets | 74,884 | 41,560 | - | 111,446 | - | - | - | - | - | - |
| Transfers | 389,812 | (45,606) | 431,691 | 451,596 | 494,837 | 457,132 | - | 22,327 | (18,075) | - |
| Total governmental activities | 84,806,369 | 79,370,953 | 77,887,767 | 82,397,574 | 80,783,951 | 80,468,824 | 90,969,099 | 96,797,485 | 98,272,585 | 103,896,949 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings (loss) | 932,048 | 566,190 | 277,847 | 157,328 | 336,384 | (41,620) | 157,607 | 168,700 | 168,743 | 142,497 |
| Transfers | (389,812) | 45,606 | (431,691) | (451,596) | (494,837) | (457,132) | - | (22,327) | 18,075 | - |
| Total business-type activities | 542,236 | 611,796 | (153,844) | (294,268) | (158,453) | (498,752) | 157,607 | 146,373 | 186,818 | 142,497 |
| Total Primary government | $ 85,348,605 | $ 79,982,749 | $ 77,733,923 | $ 82,103,306 | $ 80,625,498 | $ 79,970,072 | $ 91,126,706 | $ 96,943,858 | $ 98,459,403 | $ 104,039,446 |
| **Change in Net Position** | | | | | | | | | | |
| Governmental activities | $ 4,232,178 | $ (4,429,290) | $ (22,682) | $ 6,806,042 | $ (16,757,915) | $ 2,360,375 | $ 10,359,228 | $ 11,998,294 | $ 13,992,286 | $ 23,218,720 |
| Business-type activities | 1,770,981 | 1,364,197 | 2,677,610 | 1,632,071 | 679,366 | (436,648) | 438,842 | 1,096,321 | 1,625,921 | 953,639 |
| Total primary government | $ 6,003,159 | $ (3,065,093) | $ 2,654,928 | $ 8,438,113 | $ (16,078,549) | $ 1,923,727 | $ 10,798,070 | $ 13,094,615 | $ 15,618,207 | $ 24,172,359 |

**Dare County, North Carolina**
**Fund Balances, Governmental Funds**
**Last Ten Fiscal Years**
(modified accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **General Fund:** | | | | | | | | | | |
| Nonspendable | $ 117,663 | $ 123,122 | $ 100,679 | $ 1,672,757 | $ 28,588 | $ 28,419 | $ 17,028 | $ 10,583 | $ 10,347 | $ 13,176 |
| Restricted for: | | | | | | | | | | |
| Stabilization by State statute | 6,906,517 | 6,229,028 | 6,977,941 | 8,168,984 | 10,783,678 | 10,195,788 | 10,255,004 | 9,748,271 | 9,611,728 | 12,770,550 |
| Capital | 918,124 | 1,377,260 | 80,933 | 93,062 | 479,505 | 409,671 | 1,122,755 | - | - | - |
| General government | 45,250 | 47,419 | 46,802 | 42,621 | 57,210 | 50,078 | 30,704 | 19,591 | 12,256 | 7,313 |
| Public safety | 192,344 | 196,237 | 229,383 | 168,253 | 107,742 | 60,333 | 39,387 | 22,552 | 27,539 | 43,777 |
| Human services | 980,981 | 680,981 | 758,379 | 1,040,417 | 1,376,188 | 465,486 | 318,030 | 222,793 | 175,116 | 116,723 |
| Committed for: | | | | | | | | | | |
| Public safety | - | - | - | - | - | - | - | - | 2,608 | - |
| Human services | 67,394 | 60,515 | 76,862 | 82,115 | 74,125 | 92,168 | 91,287 | 77,182 | 60,609 | 36,223 |
| Debt service | 478,000 | 478,000 | - | 58,780 | - | - | - | - | - | - |
| Swap Termination | 139,989 | 139,989 | 139,989 | - | 517,732 | - | - | - | - | - |
| Disaster recovery | 911,231 | 935,819 | 752,808 | 740,356 | 439,342 | 645,397 | 620,609 | 507,580 | 502,658 | 612,216 |
| Assigned for subsequent year's expenditures | 5,386,844 | 6,159,882 | 3,838,211 | 2,051,360 | 2,664,803 | 1,816,588 | 1,995,190 | 3,245,000 | 1,878,153 | 534,567 |
| Unassigned | 20,267,178 | 15,696,313 | 14,853,941 | 14,152,593 | 12,083,291 | 12,473,770 | 13,332,927 | 15,741,283 | 19,507,315 | 20,044,953 |
| Total General Fund | $ 36,411,515 | $ 32,124,565 | $ 27,855,928 | $ 28,271,298 | $ 28,612,204 | $ 26,237,698 | $ 27,822,921 | $ 29,594,835 | $ 31,788,329 | $ 34,179,498 |
| **All Other Governmental Funds:** | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Stabilization by State statute | $ 4,252,896 | $ 2,051,265 | $ 3,811,629 | $ 1,297,645 | $ 1,684,094 | $ 12,708,539 | $ 2,504,762 | $ 4,552,922 | $ 7,013,614 | $ 10,447,933 |
| Economic & physical development | 19,829,371 | 23,794,583 | 27,397,587 | 31,250,803 | 14,840,596 | 16,556,369 | 18,879,572 | 22,767,266 | 27,012,542 | 22,784,809 |
| Public safety | 645,251 | 1,124,877 | 1,212,199 | 1,570,938 | 867,416 | 804,915 | 785,453 | 797,679 | 385,438 | 314,213 |
| Human services | 431,216 | 341,799 | 66,336 | - | - | - | 120,554 | 86,135 | 19,730 | 15,215 |
| Capital or debt service | 1,553,813 | 2,390,319 | - | 764,772 | 467,128 | 73 | 236,334 | 800,190 | 585,313 | 648,735 |
| Capital | 773,165 | 8,908,788 | 665,370 | 2,587,113 | 1,389,798 | 10,585,693 | 9,388,884 | 514,793 | 13,298,282 | 25,761,677 |
| Committed for: | | | | | | | | | | |
| Capital | - | - | - | 1,939,855 | 1,508,686 | - | 641,987 | - | - | - |
| Debt service | 5,751,656 | 2,383,001 | - | - | - | - | - | - | - | - |
| Disaster recovery | 893,579 | 905,710 | 750,471 | - | - | - | - | - | - | - |
| Economic & physical development | - | - | - | - | - | - | - | - | 221,812 | 32,535 |
| Environmental protection | 2,093,142 | 1,190,736 | 1,716,945 | 2,042,906 | 2,284,787 | 593,212 | 2,324,810 | 3,321,809 | 3,644,602 | 3,848,566 |
| Capital projects | 1,720,284 | - | - | - | - | - | - | - | - | - |
| School capital projects | 2,693,949 | 438,385 | 381,624 | 482,119 | 489,380 | - | - | 269,827 | - | 267,348 |
| Assigned for subsequent year's expenditures | 822,696 | 1,277,587 | 1,571,178 | - | - | - | - | - | - | - |
| Unassigned | - | - | (1,313,445) | (125,371) | (150,671) | (10,615,946) | (617,426) | (478,049) | (133,299) | - |
| Total all other governmental funds | $ 41,461,018 | $ 44,807,050 | $ 36,259,894 | $ 41,810,780 | $ 23,381,214 | $ 30,632,855 | $ 34,264,930 | $ 32,632,572 | $ 52,048,034 | $ 64,121,031 |

## Changes in Fund Balances of Governmental Funds
## Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | |
| Ad valorem taxes | $ 48,562,068 | $ 48,911,987 | $ 49,345,102 | $ 53,460,097 | $ 53,438,568 | $ 53,311,970 | $ 59,076,290 | $ 59,435,232 | $ 60,074,510 | $ 60,703,712 |
| Other taxes | 29,271,650 | 25,620,817 | 24,637,888 | 26,523,091 | 27,335,626 | 27,222,158 | 29,506,422 | 34,415,363 | 35,464,523 | 37,728,126 |
| Unrestricted intergovernmental | 1,963,129 | 2,176,101 | 2,126,664 | 1,315,157 | 1,541,448 | 1,690,044 | 1,777,079 | 1,336,559 | 1,195,547 | 1,327,251 |
| Restricted intergovernmental | 6,852,668 | 7,669,302 | 5,998,998 | 8,274,889 | 11,768,352 | 7,202,102 | 7,177,617 | 7,684,215 | 9,593,065 | 15,758,691 |
| Permits and fees | 2,366,606 | 1,830,033 | 1,838,171 | 1,980,819 | 1,986,922 | 2,015,988 | 2,064,037 | 2,233,562 | 2,397,570 | 2,352,896 |
| Sales and services | 6,936,510 | 6,596,159 | 6,818,415 | 6,908,162 | 7,591,580 | 8,270,728 | 9,465,373 | 9,326,664 | 9,989,928 | 10,453,270 |
| Interest earnings | 4,659,712 | 2,434,876 | 1,293,191 | 519,771 | 507,700 | (12,691) | 370,922 | 445,657 | 421,320 | 573,323 |
| Other | 592,894 | 1,192,278 | 725,768 | 1,347,363 | 964,146 | 887,615 | 1,308,658 | 1,049,189 | 1,065,599 | 13,694,556 |
| Total revenues | 101,205,237 | 96,431,553 | 92,784,197 | 100,329,349 | 105,134,342 | 100,587,914 | 110,746,398 | 115,926,441 | 120,202,062 | 142,591,825 |
| **Expenditures** | | | | | | | | | | |
| General government | 11,215,486 | 11,819,512 | 10,441,248 | 9,721,328 | 9,392,100 | 9,539,017 | 9,593,443 | 9,380,210 | 9,169,375 | 9,533,533 |
| Public safety | 20,736,088 | 20,956,136 | 20,188,238 | 20,434,556 | 27,188,200 | 22,107,908 | 22,601,624 | 23,995,137 | 25,142,887 | 29,943,996 |
| Economic & physical development | 1,571,483 | 1,627,465 | 1,647,984 | 1,146,063 | 21,116,771 | 3,152,348 | 3,711,723 | 4,832,419 | 5,575,379 | 13,731,142 |
| Human services | 14,115,547 | 15,271,369 | 14,690,452 | 14,960,475 | 14,792,137 | 14,711,427 | 15,956,706 | 16,060,868 | 16,023,228 | 16,593,111 |
| Cultural & recreational | 3,977,389 | 4,191,395 | 4,304,148 | 4,706,626 | 4,367,444 | 4,477,238 | 4,710,722 | 4,723,101 | 4,870,697 | 5,052,960 |
| Environmental protection | 7,223,806 | 7,323,385 | 7,118,599 | 7,331,479 | 6,772,346 | 6,696,103 | 7,130,802 | 7,180,717 | 6,944,434 | 7,511,616 |
| Education | 18,575,198 | 19,121,839 | 18,592,474 | 19,377,626 | 19,729,638 | 20,464,926 | 21,555,245 | 23,795,192 | 23,023,823 | 23,950,914 |
| Airport | 766,764 | 784,158 | 810,343 | 814,757 | 676,355 | 671,615 | 687,703 | 692,609 | 748,868 | 716,532 |
| Capital outlay | 21,466,338 | 12,942,231 | 8,823,418 | 7,388,009 | 4,490,029 | 7,071,176 | 3,740,545 | 11,298,011 | 6,964,377 | 26,630,013 |
| Debt service: | | | | | | | | | | |
| Principal | 11,271,476 | 11,201,434 | 11,926,330 | 10,636,952 | 10,835,112 | 10,936,848 | 13,111,593 | 13,710,790 | 13,916,789 | 18,584,012 |
| Interest | 7,266,421 | 6,907,762 | 7,085,499 | 6,806,962 | 6,013,736 | 4,428,437 | 5,392,791 | 4,932,694 | 4,520,021 | 4,590,468 |
| Bond issuance costs | - | - | 87,376 | - | 542,768 | 937,320 | 3,710 | 61,424 | 285,091 | 3,195 |
| Total expenditures | 118,185,996 | 112,146,686 | 105,716,109 | 103,324,833 | 125,916,636 | 105,194,363 | 108,196,607 | 120,663,172 | 117,184,969 | 156,841,492 |
| Excess (deficiency) of revenues over (under) expenditures | (16,980,759) | (15,715,133) | (12,931,912) | (2,995,484) | (20,782,294) | (4,606,449) | 2,549,791 | (4,736,731) | 3,017,093 | (14,249,667) |
| **Other financing sources (uses)** | | | | | | | | | | |
| Transfers in | 22,015,556 | 22,259,618 | 21,037,237 | 5,713,973 | 6,815,579 | 4,627,656 | 4,289,694 | 4,083,888 | 10,568,481 | 16,816,292 |
| Transfers out | (21,623,456) | (22,296,351) | (20,592,134) | (5,249,991) | (6,311,242) | (4,170,524) | (4,289,694) | (4,083,888) | (10,568,481) | (16,816,292) |
| Installment financings issued | 1,760,802 | 11,731,902 | 3,915,000 | 9,120,055 | 38,110,000 | 74,698,933 | 2,632,081 | 4,724,085 | 26,651,569 | 27,672,806 |
| Premium on installment financings issued | - | - | 66,333 | - | 4,366,982 | 10,099,253 | - | - | 1,313,333 | - |
| Issuer contribution on installment financing | - | - | - | - | 28,750 | - | - | - | - | - |
| Insurance recoveries | - | - | - | - | 605,193 | 50,169 | - | 69,140 | - | 499,792 |
| Payment of refunded installment financing escrow agent | - | - | (3,690,746) | - | (37,558,280) | (72,722,581) | - | - | (9,541,866) | |
| Swap termination payment | - | - | - | - | (3,575,000) | (3,160,000) | - | - | - | - |
| Sales of capital assets | 80,688 | 54,458 | 1,825 | 130,511 | 229,652 | 42,678 | 35,426 | 83,052 | 142,346 | 541,235 |
| Total other financing sources (uses) | 2,233,590 | 11,749,627 | 737,515 | 9,714,548 | 2,711,634 | 9,465,584 | 2,667,507 | 4,876,277 | 18,565,382 | 28,713,833 |
| Net change in fund balances | $ (14,747,169) | $ (3,965,506) | $ (12,194,397) | $ 6,719,064 | $ (18,070,660) | $ 4,859,135 | $ 5,217,298 | $ 139,546 | $ 21,582,475 | $ 14,464,166 |
| Debt service as a percentage of noncapital expenditures | 19.17% | 18.25% | 19.62% | 18.18% | 13.88% | 15.66% | 17.71% | 17.05% | 16.73% | 17.80% |

**Dare County, North Carolina**
**Changes in Fund Balances of General Fund**
**Last Ten Fiscal Years**
(modified accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | |
| Ad valorem taxes | $ 44,783,940 | $ 45,108,418 | $ 45,479,224 | $ 49,557,023 | $ 49,544,140 | $ 49,444,138 | $ 55,084,869 | $ 55,409,214 | $ 56,008,088 | $ 56,486,678 |
| Other taxes | 18,589,533 | 17,128,566 | 15,508,191 | 19,451,094 | 20,190,058 | 20,106,984 | 20,571,012 | 21,783,038 | 22,349,107 | 23,743,007 |
| Unrestricted intergovernmental | 1,402,058 | 1,545,247 | 1,781,072 | 816,013 | 1,085,934 | 1,092,240 | 1,200,313 | 1,336,559 | 1,195,547 | 1,327,251 |
| Restricted intergovernmental | 4,868,450 | 5,876,339 | 5,777,166 | 7,869,504 | 11,568,876 | 5,843,660 | 6,010,527 | 5,736,536 | 5,767,147 | 7,944,375 |
| Permits and fees | 2,218,259 | 1,822,885 | 1,831,071 | 1,973,469 | 1,979,814 | 2,008,813 | 2,056,491 | 2,225,953 | 2,389,819 | 2,345,287 |
| Sales and services | 5,900,262 | 5,624,194 | 5,173,713 | 5,271,913 | 5,784,078 | 6,591,929 | 7,890,294 | 7,402,666 | 8,221,621 | 8,793,662 |
| Interest earnings | 2,450,092 | 1,215,799 | 600,043 | 237,904 | 283,453 | 6,591 | 217,360 | 242,719 | 214,795 | 253,805 |
| Other | 529,977 | 515,731 | 601,747 | 846,438 | 864,150 | 770,567 | 766,728 | 979,178 | 654,628 | 849,679 |
| Total revenues | 80,742,571 | 78,837,179 | 76,752,227 | 86,023,358 | 91,300,503 | 85,864,922 | 93,797,594 | 95,115,863 | 96,800,752 | 101,743,744 |
| **Expenditures** | | | | | | | | | | |
| General government | 11,213,819 | 11,762,997 | 10,429,404 | 9,704,236 | 15,934,507 | 9,519,708 | 9,584,578 | 9,348,752 | 9,119,855 | 9,480,160 |
| Public safety | 20,298,705 | 20,748,122 | 19,998,483 | 20,208,323 | 20,415,822 | 21,513,080 | 22,121,357 | 22,768,804 | 23,669,246 | 27,241,402 |
| Economic & physical development | 1,230,443 | 1,377,020 | 1,415,426 | 1,033,306 | 897,387 | 900,514 | 1,065,735 | 1,302,803 | 1,071,301 | 1,157,729 |
| Human services | 13,894,716 | 15,006,090 | 14,445,357 | 14,691,091 | 14,734,728 | 14,632,420 | 15,696,322 | 15,871,528 | 15,838,092 | 16,593,111 |
| Cultural & recreational | 3,977,389 | 4,142,322 | 4,280,647 | 4,275,025 | 4,311,755 | 4,374,385 | 4,688,583 | 4,684,853 | 4,848,619 | 5,042,168 |
| Environmental protection | 3,263,489 | 3,312,030 | 2,781,715 | 2,701,854 | 2,506,976 | 2,392,683 | 2,600,787 | 2,412,617 | 2,191,470 | 2,381,319 |
| Education | 18,575,198 | 19,121,839 | 18,592,474 | 19,377,626 | 19,729,638 | 19,982,751 | 20,289,327 | 21,014,601 | 21,572,332 | 21,845,717 |
| Airport | 766,764 | 784,158 | 810,343 | 814,757 | 676,355 | 671,615 | 687,703 | 692,609 | 748,868 | 716,532 |
| Capital outlay | 1,571,809 | 1,184,823 | 26,860 | 1,167,907 | 843,393 | 1,337,393 | 1,424,450 | 818,620 | 887,451 | 1,673,061 |
| Debt service: | | | | | | | | | | |
| Principal | 10,573,721 | 10,509,465 | 11,214,636 | 9,986,374 | 10,150,158 | 10,203,212 | 12,328,357 | 12,896,971 | 13,154,733 | 13,027,752 |
| Interest | 7,221,932 | 6,868,853 | 7,052,263 | 6,782,349 | 5,990,632 | 4,408,436 | 5,375,703 | 4,918,644 | 4,507,424 | 4,278,693 |
| Bond issuance costs | - | - | 87,376 | - | 542,768 | 842,640 | 3,710 | 61,424 | 178,281 | - |
| Total expenditures | 92,587,985 | 94,817,719 | 91,134,984 | 90,742,848 | 96,734,119 | 90,778,837 | 95,866,612 | 96,792,226 | 97,787,672 | 103,437,644 |
| Excess (deficiency) of revenues over (under) expenditures | (11,845,414) | (15,980,540) | (14,382,757) | (4,719,490) | (5,433,616) | (4,913,915) | (2,069,018) | (1,676,363) | (986,920) | (1,693,900) |
| **Other financing sources (uses)** | | | | | | | | | | |
| Transfers in | 14,346,553 | 14,843,005 | 15,174,719 | 4,993,452 | 4,615,625 | 3,919,153 | 3,108,292 | 2,625,000 | 2,603,500 | 2,767,393 |
| Transfers out | (4,282,500) | (4,090,363) | (4,500,000) | (7,545) | (12,500) | (100,000) | (495,402) | (250,000) | (655,773) | (200,000) |
| Installment financings issued | 900,802 | 861,902 | 3,245,000 | 755,000 | 37,290,000 | 64,653,933 | 1,005,925 | 921,085 | 9,835,569 | 933,792 |
| Premium on installment financing | - | - | 66,333 | - | 4,366,982 | 9,838,057 | - | - | 770,147 | - |
| Issuer contribution on installment financing | - | - | - | - | 28,750 | - | - | - | - | - |
| Insurance recoveries | - | - | - | - | 605,193 | 50,169 | - | 69,140 | - | 499,792 |
| Proceeds of refunded bonds | - | - | - | - | - | - | - | - | - | - |
| Payment to refunded installment financing escrow agent | - | - | (3,690,746) | - | (37,558,280) | (72,722,581) | - | - | (9,541,866) | |
| Swap termination payment | - | - | - | - | (3,575,000) | (3,160,000) | - | - | - | - |
| Sales of capital assets | 80,688 | 54,458 | 1,825 | 130,511 | 31,752 | 42,678 | 35,426 | 83,052 | 142,346 | 84,092 |
| Total other financing sources (uses) | 11,045,543 | 11,669,002 | 10,297,131 | 5,871,418 | 5,792,522 | 2,521,409 | 3,654,241 | 3,448,277 | 3,153,923 | 4,085,069 |
| Net change in fund balances | $ (799,871) | $ (4,311,538) | $ (4,085,626) | $ 1,151,928 | $ 358,906 | $ (2,392,506) | $ 1,585,223 | $ 1,771,914 | $ 2,167,003 | $ 2,391,169 |
| Debt service as a percentage of noncapital expenditures | 19.55% | 18.56% | 20.05% | 18.72% | 16.83% | 16.34% | 18.75% | 18.56% | 18.23% | 17.01% |
| Debt service as a percentage of expenditures | 19.22% | 18.33% | 20.04% | 18.48% | 16.69% | 16.10% | 18.47% | 18.41% | 18.06% | 16.73% |
| Unassigned fund balance as a percentage of current year expenditures | 21.89% | 16.55% | 16.30% | 15.60% | 12.49% | 13.74% | 13.91% | 16.26% | 19.95% | 19.38% |
| Unassigned fund balance as a percentage of current year expenditures without disaster recovery expenditures | 21.89% | 16.55% | 16.30% | 15.60% | 13.40% | 13.74% | 13.91% | 16.26% | 19.95% | 19.86% |

Notes: 2012 public safety expenditures include $6,549,341 of amounts from Hurrican Irene. 2017 public safety expenditures include $2,493,825 of amounts from Hurricane Matthew.

**Dare County, North Carolina**
**Assessed Value and Estimated Actual Value of Taxable Property**
**Last Ten Fiscal Years**

| Fiscal Year | Real Property | | | Personal Property | | Public Service Companies | Total Taxable Assessed Value | Total Direct Tax Rate | Sales to Assessment Ratio | Estimated Actual Taxable Value |
|---|---|---|---|---|---|---|---|---|---|---|
| | Residential | Commercial | Use Value | Personal Property | Motor Vehicles | | | | | |
| | | | (5) | | (6) | (1) | | (2) | (3) | (3) |
| 2008 | $ 14,573,986,360 | $ 1,801,297,300 | $ 87,400 | $ 363,097,437 | $ 386,221,464 | $ 115,168,217 | $ 17,239,858,178 | $ 0.260 | 92.46% | $ 18,645,747,543 |
| 2009 | $ 14,742,885,425 | $ 1,822,902,100 | $ 87,400 | $ 362,217,283 | $ 366,425,419 | $ 117,232,110 | $ 17,411,749,737 | $ 0.260 | 98.42% | $ 17,691,271,832 |
| 2010 | $ 14,852,076,072 | $ 1,849,211,600 | $ 87,400 | $ 369,719,670 | $ 319,676,968 | $ 125,753,838 | $ 17,516,525,548 | $ 0.260 | 112.80% | $ 15,528,834,706 |
| 2011 | $ 14,950,961,604 | $ 1,806,093,600 | $ 87,400 | $ 361,574,139 | $ 320,004,409 | $ 129,260,731 | $ 17,567,700,173 | $ 0.280 | 118.70% | $ 14,800,084,392 |
| 2012 | $ 15,008,536,472 | $ 1,801,468,400 | $ 86,800 | $ 349,933,945 | $ 333,099,205 | $ 129,588,738 | $ 17,622,713,660 | $ 0.280 | 123.12% | $ 14,313,445,143 |
| 2013 | $ 15,059,461,197 | $ 1,782,295,000 | $ 86,800 | $ 340,989,940 | $ 345,341,614 | $ 125,390,170 | $ 17,635,564,721 | $ 0.280 | 129.10% | $ 13,660,390,954 |
| 2014 (4) | $ 10,613,586,994 | $ 1,284,900,150 | $ 33,600 | $ 329,097,204 | $ 435,192,864 | $ 130,547,279 | $ 12,793,358,091 | $ 0.430 | 94.15% | $ 13,588,272,003 |
| 2015 | $ 10,758,710,349 | $ 1,252,175,000 | $ 33,600 | $ 337,482,489 | $ 375,316,418 | $ 134,102,820 | $ 12,857,850,676 | $ 0.430 | 93.80% | $ 13,707,729,932 |
| 2016 | $ 10,843,786,893 | $ 1,251,709,800 | $ 33,600 | $ 334,487,192 | $ 400,766,137 | $ 146,271,354 | $ 12,977,054,976 | $ 0.430 | 95.17% | $ 13,635,657,220 |
| 2017 | $ 10,947,900,881 | $ 1,246,532,700 | $ 33,600 | $ 347,001,790 | $ 434,326,377 | $ 145,081,869 | $ 13,138,877,217 | $ 0.430 | 90.27% | $ 14,555,087,202 |

Source: Annual County Certification of Valuation and Property Tax Levies to the NC Department of Revenue

Notes:

(1) Public service companies valuations are provided to the County by the NC Department of Revenue. These amounts include both real and personal property.

(2) Per $100 of value. The "Direct Tax rate" is the weighted average property tax rate for the County and all special districts for which it levies taxes.

(3) The estimated market value is calculated by dividing the assessed value by a sales-to-assessment ratio determined annually by the NC Department of Revenue. The ratio is based on samples of actual property sales which took place during the fiscal year. The ratio for fiscal year 2008 is 83.08%.

(4) Property values were reassessed January 1, 2005 (the basis for fiscal 2006 taxes) and January 1, 2013 (the basis for fiscal 2014 taxes).

(5) See note 4.B in the Notes to the Financial Statements.

(6) Fiscal year 2014 included fifteen months of moter vehicle levies due to the implementation of a new state collection system.

**Dare County, North Carolina**
**Direct and Overlapping Property Tax Rates**
**Last Ten Fiscal Years**

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Dare County | $ 0.26 | $ 0.26 | $ 0.26 | $ 0.28 | $ 0.28 | $ 0.28 | $ 0.43 | $ 0.43 | $ 0.43 | $ 0.43 |
| Municipality Rates: | | | | | | | | | | |
| Town of Duck | 0.09 | 0.115 | 0.115 | 0.115 | 0.125 | 0.125 | 0.21 | 0.21 | 0.21 | 0.21 |
| Town of Kill Devil Hills | 0.20 | 0.205 | 0.205 | 0.205 | 0.215 | 0.2350 | 0.3209 | 0.3509 | 0.3809 | 0.3809 |
| Town of Kitty Hawk | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.20 | 0.30 | 0.32 | 0.30 | 0.30 |
| Town of Manteo | 0.215 | 0.215 | 0.215 | 0.235 | 0.235 | 0.255 | 0.35 | 0.36 | 0.37 | 0.37 |
| Town of Nags Head | 0.1475 | 0.1475 | 0.1475 | 0.1575 | 0.1775 | 0.1775 | 0.257 | 0.267 | 0.297 | 0.297 |
| Town of Southern Shores | 0.0975 | 0.0975 | 0.0975 | 0.0140 | 0.14 | 0.16 | 0.22 | 0.22 | 0.22 | 0.22 |
| Special Districts: | | | | | | | | | | |
| Avon Fire | 0.040 | 0.040 | 0.04 | 0.04 | 0.04 | 0.04 | 0.0665 | 0.0665 | 0.0665 | 0.0665 |
| Buxton Fire | 0.055 | 0.055 | 0.055 | 0.055 | 0.055 | 0.055 | 0.0819 | 0.1058 | 0.1058 | 0.1058 |
| Colington Fire | 0.0775 | 0.0875 | 0.0875 | 0.0875 | 0.0875 | 0.0875 | 0.1191 | 0.1191 | 0.1391 | 0.1391 |
| Frisco Fire | 0.0350 | 0.0350 | 0.035 | 0.035 | 0.035 | 0.035 | 0.0559 | 0.0559 | 0.0559 | 0.0559 |
| Hatteras Fire | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.0634 | 0.0634 | 0.0634 | 0.0634 |
| Manns Harbor Fire | 0.0475 | 0.0475 | 0.0475 | 0.0475 | 0.0475 | 0.0475 | 0.0703 | 0.0703 | 0.0703 | 0.0703 |
| Martin's Point Fire | 0.02 | 0.02 | 0.02 | 0.0325 | 0.0325 | 0.0325 | 0.0459 | 0.0459 | 0.0459 | 0.0459 |
| Roanoke Island Fire | 0.035 | 0.035 | 0.035 | 0.035 | 0.035 | 0.0325 | 0.0435 | 0.0435 | 0.0435 | 0.0435 |
| Rodanthe-Waves Fire | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.05 | 0.0861 | 0.0861 | 0.0861 | 0.0861 |
| Salvo Fire | 0.045 | 0.045 | 0.045 | 0.045 | 0.0450 | 0.0450 | 0.08 | 0.08 | 0.08 | 0.08 |
| Stumpy Point Fire | 0.0625 | 0.0625 | 0.0625 | 0.0625 | 0.0625 | 0.0625 | 0.0962 | 0.0962 | 0.0962 | 0.0962 |
| Hatteras Community Center | 0.0575 | 0.0525 | 0.0525 | 0.0525 | 0.0525 | 0.0525 | 0.0634 | 0.0821 | 0.0821 | 0.0821 |
| Rodanthe-Waves-Salvo Community Center | 0.0175 | 0.0175 | 0.0175 | 0.0175 | 0.0175 | 0.0175 | 0.0306 | 0.0306 | 0.0306 | 0.0306 |
| Stumpy Point Community Center | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.0306 | 0.0308 | 0.0308 | 0.0308 |
| Wanchese Community Center | 0.0200 | 0.0200 | 0.02 | 0.02 | 0.02 | 0.02 | 0.0306 | 0.0306 | 0.0266 | 0.0266 |
| Sanitation | 0.0675 | 0.0675 | 0.0675 | 0.0675 | 0.0675 | 0.0675 | 0.1030 | 0.1030 | 0.1030 | 0.1030 |
| Hatteras Island Rescue Squad | 0.006 | 0.006 | 0.006 | 0.006 | 0.006 | 0.006 | 0.0096 | 0.0096 | 0.0096 | 0.0096 |
| Town of Nags Head Beach Nourishment | - | - | - | - | 0.16 | 0.16 | 0.23 | 0.23 | 0.23 | - |
| Town of Duck Beach Nourishment A | - | - | - | - | - | - | - | - | 0.148 | 0.148 |
| Town of Duck Beach Nourishment B | - | - | - | - | - | - | - | - | 0.315 | 0.315 |
| Town of Kill Devil Hills Nourishment | - | - | - | - | - | - | - | - | 0.33 | 0.33 |
| Town of Kitty Hawk Nourishment A | - | - | - | - | - | - | - | - | 0.04 | 0.04 |
| Town of Kitty Hawk Nourishment B | - | - | - | - | - | - | - | - | 0.12 | 0.12 |
| Buxton Beach Nourishment | - | - | - | - | - | - | - | - | 0.25 | 0.25 |

**Dare County, North Carolina**
**Principal Property Tax Payers**
**Current Year and Nine Years Ago**

| Taxpayer | Type of Business | Fiscal Year 2017 Assessed Valuation | Rank (1) | Percentage of Total Assessed Valuation | Fiscal Year 2008 Assessed Valuation | Rank (1) | Percentage of Total Assessed Valuation |
|---|---|---|---|---|---|---|---|
| Dominion NC Power | Utilities | $ 102,635,684 | 1 | 0.78% | $ 52,702,846 | 1 | 0.30% |
| Ships Watch Association | Resort | 30,508,250 | 2 | 0.23% | 24,612,000 | 7 | 0.14% |
| Outer Banks Beach Club | Resort | 24,071,600 | 3 | 0.18% | 43,118,065 | 3 | 0.25% |
| Brian K. Newman | Real estate developer | 23,958,387 | 4 | 0.18% | 25,887,000 | 5 | 0.15% |
| Diamond Resorts GK Development | Real estate developer | 21,149,477 | 5 | 0.16% | 38,528,046 | 4 | 0.22% |
| CWI Sanderling Hotel, LP | Resort | 20,278,215 | 6 | 0.15% | 24,188,500 | 8 | 0.14% |
| View, LLC | Resort | 16,183,605 | 7 | 0.12% | | | |
| OBX Resort, LLC | Resort | 16,165,628 | 8 | 0.12% | 19,622,700 | 10 | 0.11% |
| Estate of Billy G. Roughton | Real estate developer | 26,122,725 | 9 | 0.19% | 23,148,428 | 9 | 0.13% |
| Peachtree Shoreside LLC | Real estate developer | 14,350,500 | 10 | 0.10% | | | |
| Barrier Island Station | Real estate developer | | | | 50,761,230 | 2 | 0.29% |
| Clarence E. Dean, Jr. | Real estate developer | | | | 24,851,200 | 6 | 0.14% |
| Totals | | $ 295,424,071 | | 2.21% | $ 327,420,015 | | 1.87% |

Source: Dare County Tax Department

**Dare County, North Carolina**
**Property Tax Levies and Collections**
**Last Ten Fiscal Years**

| | Taxes Levied for the Fiscal Year | | | Collected within the Fiscal Year of the Levy | | | Total Collections to Date | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Original Levy | Adjustments | Adjusted Levy | Amount | Percentage of Levy | Collections in Subsequent Years | Amount | Percentage of Levy |
| 2008 | $ 44,552,822 | $ 285,964 | $ 44,838,786 | $ 44,391,007 | 99.00% | $ 417,906 | $ 44,808,913 | 99.93% |
| 2009 | $ 45,027,313 | $ 237,003 | $ 45,264,316 | $ 44,582,320 | 98.49% | $ 646,657 | $ 45,228,977 | 99.92% |
| 2010 | $ 45,254,844 | $ 284,648 | $ 45,539,492 | $ 44,740,649 | 98.25% | $ 760,932 | $ 45,501,581 | 99.92% |
| 2011 | $ 48,869,553 | $ 291,359 | $ 49,160,912 | $ 48,612,739 | 98.89% | $ 506,188 | $ 49,118,927 | 99.91% |
| 2012 | $ 49,016,756 | $ 332,715 | $ 49,349,471 | $ 48,867,557 | 99.02% | $ 426,843 | $ 49,294,400 | 99.89% |
| 2013 | $ 49,110,854 | $ 328,439 | $ 49,439,293 | $ 48,973,021 | 99.06% | $ 397,614 | $ 49,370,635 | 99.86% |
| 2014 | $ 54,304,643 | $ 567,249 | $ 54,871,892 | $ 54,413,187 | 99.17% | $ 355,416 | $ 54,768,603 | 99.81% |
| 2015 | $ 54,722,548 | $ 582,530 | $ 55,305,078 | $ 54,897,469 | 99.26% | $ 320,477 | $ 55,217,946 | 99.84% |
| 2016 | $ 55,227,895 | $ 599,445 | $ 55,827,340 | $ 55,529,920 | 99.47% | $ 163,256 | $ 55,693,176 | 99.76% |
| 2017 | $ 55,924,335 | $ 598,117 | $ 56,522,452 | $ 56,084,403 | 99.22% | $ - | $ 56,084,403 | 99.22% |

Source: Dare County Tax Department

**Dare County, North Carolina**
**Ratios of Outstanding Debt by Type**
**Last Ten Fiscal Years**

| | Outstanding Debt | | | | | Percentage of Estimated Actual Taxable Property Value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Governmental Activities | | | Business-type Activities | | | | | |
| Fiscal Year | General Obligation Bonds | Installment Financings | Capital Leases | Revenue Bonds | Total Primary Government | Governmental Activities | Total | Per Capita | Percentage of Personal Income |
| | | | | | | | | (1) | (1) |
| 2008 | $ 3,499,848 | $ 152,213,058 | $ 2,632,005 | $ 14,340,140 | $ 172,685,051 | 0.85% | 0.93% | $ 5,147 | 13.13% |
| 2009 | $ 2,129,060 | $ 153,808,215 | $ 2,647,481 | $ 13,311,520 | $ 171,896,276 | 0.90% | 0.97% | $ 5,104 | 13.22% |
| 2010 | $ 815,012 | $ 144,007,871 | $ 1,831,152 | $ 12,013,818 | $ 158,667,853 | 0.94% | 1.02% | $ 4,669 | 12.16% |
| 2011 | $ 510,971 | $ 142,211,578 | $ 2,101,341 | $ 35,262,044 | $ 180,085,934 | 0.98% | 1.22% | $ 5,267 | 13.25% |
| 2012 | $ 410,630 | $ 135,305,030 | $ 2,496,040 | $ 33,985,710 | $ 172,197,410 | 0.97% | 1.20% | $ 4,998 | 11.99% |
| 2013 | $ 310,366 | $ 134,499,934 | $ 2,897,253 | $ 32,637,939 | $ 170,345,492 | 1.01% | 1.25% | $ 4,882 | 11.06% |
| 2014 | $ 210,000 | $ 129,061,093 | $ 3,856,246 | $ 31,373,365 | $ 164,500,704 | 0.98% | 1.21% | $ 4,695 | 10.43% |
| 2015 | $ 110,000 | $ 118,564,006 | $ 3,537,758 | $ 30,248,030 | $ 152,459,794 | 0.89% | 1.11% | $ 4,284 | 9.24% |
| 2016 | $ - | $ 122,330,164 | $ 3,010,058 | $ 29,096,976 | $ 154,437,198 | 0.92% | 1.13% | $ 4,294 | 8.91% |
| 2017 | $ - | $ 128,730,168 | $ 3,856,371 | $ 31,355,654 | $ 163,942,193 | 0.91% | 1.13% | $ 4,553 | * |

* Information not yet available.

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

**Dare County, North Carolina**
**Ratios of Net General Bonded Debt Outstanding**
**Last Ten Fiscal Years**

| Fiscal Year | General Obligation Bonds | Percentage of Personal Income | Percentage of Estimated Actual Taxable Property Value | Per Capita |
|---|---|---|---|---|
| | | (1) | (2) | (1) |
| 2008 | $ 3,499,848 | 0.27% | 0.02% | $ 104 |
| 2009 | $ 2,129,060 | 0.16% | 0.01% | $ 63 |
| 2010 | $ 815,012 | 0.06% | 0.01% | $ 24 |
| 2011 | $ 510,971 | 0.04% | 0.003% | $ 15 |
| 2012 | $ 410,630 | 0.03% | 0.003% | $ 12 |
| 2013 | $ 310,366 | 0.02% | 0.002% | $ 9 |
| 2014 | $ 210,000 | 0.01% | 0.002% | $ 6 |
| 2015 | $ 110,000 | 0.01% | 0.001% | $ 3 |
| 2016 | $ - | 0.00% | 0.000% | $ - |
| 2017 | $ - | * | 0.000% | $ - |

* Information not yet available.

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 189 for personal income and population data.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 180 for property value data.

**Dare County, North Carolina**
**Legal Debt Margin Information**
**Last Ten Fiscal Years**

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Assessed Value of Property | $ 17,239,858,178 | $ 17,411,749,737 | $ 17,516,525,548 | $ 17,567,700,173 | $ 17,622,713,660 | $ 17,635,564,721 | $ 12,793,358,091 | $ 12,857,850,676 | $ 12,977,054,976 | $ 13,138,877,217 |
| Debt Limit, 8% of Assessed Value (Statutory Limitation) | $ 1,379,188,654 | $ 1,392,939,979 | $ 1,401,322,044 | $ 1,405,416,014 | $ 1,409,817,093 | $ 1,410,845,178 | $ 1,023,468,647 | $ 1,028,628,054 | $ 1,038,164,398 | $ 1,051,110,177 |
| Amount of Debt Applicable to Limit | | | | | | | | | | |
| Gross debt | $ 171,202,005 | $ 170,667,481 | $ 157,416,152 | $ 178,936,396 | $ 168,966,590 | $ 165,188,297 | $ 153,372,785 | $ 143,370,876 | $ 145,955,656 | $ 155,069,449 |
| Less: Amount available for repayment of installment financings | 478,000 | 478,000 | - | - | - | - | | | | |
| Water revenue bonds | 14,535,000 | 13,470,000 | 11,905,000 | 34,940,000 | 33,725,000 | 32,450,000 | 31,115,000 | 30,100,000 | 29,045,000 | 29,070,000 |
| Total net debt applicable to limit | $ 156,189,005 | $ 156,719,481 | $ 145,511,152 | $ 143,996,396 | $ 135,241,590 | $ 132,738,297 | $ 122,257,785 | $ 113,270,876 | $ 116,910,656 | $ 125,999,449 |
| Legal Debt Margin | $ 1,222,999,649 | $ 1,236,220,498 | $ 1,255,810,892 | $ 1,261,419,618 | $ 1,274,575,503 | $ 1,278,106,881 | $ 901,210,862 | $ 915,357,178 | $ 921,253,742 | $ 925,110,728 |
| Total net debt applicable to the limit as a percentage of debt limit | 11.32% | 11.25% | 10.38% | 10.25% | 9.59% | 9.41% | 11.95% | 11.01% | 11.26% | 11.99% |
| Total net debt applicable to the limit as a percentage of assessed value | 0.91% | 0.90% | 0.83% | 0.82% | 0.77% | 0.75% | 0.96% | 0.88% | 0.90% | 0.96% |

Notes: NC General Statute 159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit:
Money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds.
The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.
NC General Statute 159-55 requires the use of par values of debt, therefore related amounts of original issue discounts and premiums and deferred amounts on refunding are excluded from this schedule.

**Dare County, North Carolina**
**Direct and Overlapping Governmental Activities Debt**
**As of June 30, 2017**

| Governmental Unit | Direct Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Direct and Overlapping Debt |
|---|---|---|---|
| **Towns:** | | | |
| Duck | $ 9,100,095 | 100% | $ 9,100,095 |
| Kill Devil Hills | $ 11,147,236 | 100% | 11,147,236 |
| Kitty Hawk | $ 11,282,351 | 100% | 11,282,351 |
| Nags Head | $ 2,230,231 | 100% | 2,230,231 |
| Dare County Board of Education | $ 147,731 | 100% | 147,731 |
| Overlapping debt | | | 33,759,913 |
| County of Dare direct debt | | | 125,999,449 |
| Total direct and overlapping debt | | | $ 159,759,362 |

Source: Outstanding debt data provided by the municipalities

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governemnts that is borne by the residents and business of the County. This process recognizes that, when considering the governments ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken in to account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**Dare County, North Carolina**
**Pledged - Revenue Coverage**
**Last Ten Fiscal Years**

| | Utilities System (Water) Revenue Bonds | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Debt Service | | |
| Fiscal Year | Operating Revenues | Operating Expenses | Depreciation and Amortization | Operating Income (1) | Non-operating Revenues (2) | Non-operating Expenses | Net Available Revenue (3) | Principal | Interest | Coverage |
| 2008 | $ 10,223,430 | $ 6,787,780 | $ 2,834,190 | $ 601,460 | $ 985,067 | $ 1,140,361 | $ 4,030,905 | $ 1,015,000 | $ 750,549 | 2.28 |
| 2009 | $ 10,457,440 | $ 7,511,115 | $ 2,608,991 | $ 337,334 | $ 566,582 | $ 1,077,161 | $ 3,605,663 | $ 1,065,000 | $ 704,485 | 2.04 |
| 2010 | $ 9,773,661 | $ 6,865,543 | $ 1,975,676 | $ 932,442 | $ 320,161 | $ 820,925 | $ 5,055,889 | $ 1,285,000 | $ 399,721 | 3.00 |
| 2011 | $ 10,673,595 | $ 6,930,590 | $ 2,105,486 | $ 1,637,519 | $ 157,328 | $ 1,381,829 | $ 5,919,552 | $ 1,165,000 | $ 511,025 | 3.53 |
| 2012 | $ 10,568,055 | $ 7,243,268 | $ 2,290,763 | $ 1,078,924 | $ 1,264,901 | $ 2,165,341 | $ 7,118,594 | $ 1,215,000 | $ 1,586,356 | 2.54 |
| 2013 | $ 10,878,574 | $ 7,267,423 | $ 2,267,824 | $ 1,396,729 | $ 467,656 | $ 2,049,210 | $ 7,139,400 | $ 1,275,000 | $ 1,597,213 | 2.49 |
| 2014 | $ 11,563,806 | $ 8,007,866 | $ 2,160,769 | $ 1,324,767 | $ 631,919 | $ 1,596,989 | $ 8,177,590 | $ 1,335,000 | $ 1,531,962 | 2.85 |
| 2015 | $ 12,293,122 | $ 8,135,816 | $ 2,218,211 | $ 1,939,095 | $ 614,745 | $ 1,527,912 | $ 9,208,543 | $ 1,015,000 | $ 1,487,388 | 3.68 |
| 2016 | $ 12,253,662 | $ 8,231,423 | $ 2,330,394 | $ 1,691,845 | $ 590,526 | $ 1,418,282 | $ 9,334,893 | $ 1,055,000 | $ 1,446,287 | 3.76 |
| 2017 | $ 12,733,181 | $ 8,732,505 | $ 2,500,892 | $ 1,499,784 | $ 551,102 | $ 1,265,691 | $ 9,653,326 | $ 1,100,000 | $ 1,403,588 | 3.86 |

Notes:

(1) Per the Statement of Revenues, Expenses and Changes in Fund Net Position, Proprietary Funds.

(2) As defined by the revenue bond order, non-operating revenues include collections of special assessments.

(3) As defined by the revenue bond order, net available revenue is net income as defined plus depreciation plus interest expense plus amortization. Effective 9/30/09, net available revenue also includes 20% of the Surplus Fund.

**Dare County, North Carolina**
**Demographic and Economic Statistics**
**Last Ten Fiscal Years**

| Year | Population | Personal Income | Per Capita Personal Income | Public School Enrollment | Unemployment Rate | | | Building Inspections | | Total Employment | | Estimated Value Per Capita |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Annual Average | Month of July | Month of January | Number | Value | Annual Average | Month of July | |
| | (1) (2) | (7) | (7) | (3) | (4) | (4) | (4) | (5) | (5) | (4) | (4) | (6) |
| 2008 | 33,553 | $ 1,315,041,000 | $ 39,193 | 4,749 | 6.30% | 3.70% | 10.70% | 2,993 | $ 247,017,180 | 20,599 | 24,848 | $ 601,615 |
| 2009 | 33,679 | $ 1,299,946,000 | $ 38,598 | 4,797 | 10.10% | 6.30% | 17.40% | 2,953 | $ 141,382,606 | 19,545 | 23,999 | $ 540,798 |
| 2010 | 33,986 | $ 1,304,756,000 | $ 38,386 | 4,857 | 12.10% | 7.90% | 20.40% | 2,908 | $ 85,023,018 | 17,297 | 20,679 | $ 524,697 |
| 2011 | 34,193 | $ 1,359,048,000 | $ 39,693 | 4,848 | 13.00% | 8.60% | 20.30% | 3,273 | $ 87,477,126 | 17,456 | 21,194 | $ 455,052 |
| 2012 | 34,453 | $ 1,435,745,000 | $ 41,218 | 4,911 | 12.40% | 8.80% | 21.30% | 3,325 | $ 106,078,234 | 18,180 | 22,215 | $ 433,794 |
| 2013 | 34,892 | $ 1,539,994,000 | $ 43,697 | 5,010 | 11.00% | 7.70% | 21.00% | 3,502 | $ 133,567,557 | 18,214 | 22,141 | $ 524,688 |
| 2014 | 35,039 | $ 1,576,997,000 | $ 44,529 | 4,978 | 8.40% | 5.70% | 15.60% | 3,787 | $ 114,641,365 | 18,199 | 21,950 | $ 387,804 |
| 2015 | 35,586 | $ 1,650,042,000 | $ 45,833 | 4,979 | 7.50% | 5.10% | 14.10% | 3,582 | $ 150,626,501 | 18,733 | 22,517 | $ 385,200 |
| 2016 | 35,964 | $ 1,733,289,000 | $ 48,602 | 5,010 | 6.70% | 4.50% | 12.80% | 3,992 | $ 168,779,099 | 18,716 | 22,876 | $ 379,147 |
| 2017 | 36,009 | * | * | 5,095 | * | 3.80% | 13.00% | 4,303 | $ 185,901,401 | * | 22,483 | $ 404,207 |

* Information not yet available

Notes:
(1) 2017 is a County estimate.
(2) US Census Bureau, American Fact Finder, Estimates of Resident Population for Counties
(3) N.C. Department of Public Instruction, First Month Average Daily Membership
(4) N. C. Department of Commerce, D-4 Demand Driven Delivery Systen
(5) Total within the county for the prior calendar year basis
(6) Estimated assessed taxable property value per capita
(7) Bureau of Economic Analysis, US Department of Commerce, Regional Data, Local Area Personal Income

**Dare County, North Carolina**
**Principal Employers**
**Current Year and Nine Years Ago**

| | 2017 | | | 2008 | | |
|---|---|---|---|---|---|---|
| **Employer** | **Employees** | **Rank** | **Percentage of Total County Employment** | **Employees** | **Rank** | **Percentage of Total County Employment** |
| | (1) | | (2) | | | |
| County of Dare | 733 | 1 | 3.26% | 724 | 2 | 2.91% |
| Dare County Schools | 706 | 2 | 3.14% | 784 | 1 | 3.16% |
| Vidant Medical Center | 250-499 | 3 | 1.67% | 250-499 | 3 | 1.51% |
| NC Dept. of Transportation | 250-499 | 4 | 1.67% | 100-249 | 6 | 0.70% |
| Food Lion | 100-249 | 5 | 0.78% | 100-249 | 5 | 0.70% |
| Wal-Mart Associates Inc. | 100-249 | 6 | 0.78% | 100-249 | 9 | 0.70% |
| SPM Resorts Inc. | 100-249 | 7 | 0.78% | | | |
| Village Realty Holdings Llc | 100-249 | 8 | 0.78% | 250-499 | 4 | 1.51% |
| Spencer Yachts Inc. | 100-249 | 9 | 0.78% | 100-249 | 10 | 0.70% |
| Home Depot USA Inc. | 100-249 | 10 | 0.78% | | | |
| Carolina Design Realty Inc. | | | | 100-249 | 7 | 0.70% |
| Tandem Inc. DBA McDonalds | | | | 100-249 | 8 | 0.70% |
| **Totals** | 2,525 - 3,917 | | 11.15% | 2,608 - 4,000 | | 10.40% |

Notes:
(1) Employment data are only available in ranges. North Carolina Department of Commerce, D-4 Demand Driven Delivery System.
(2) Total employment per Regional Economic Information System, Bureau of Economic Analysis, U. S. Department of Commerce.
Percentage of total employment based upon midpoints of ranges.

**Dare County, North Carolina**
**Full-time Equivalent County Government Employees by Function**
**Last Ten Fiscal Years**

| Function/Program | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **General Government** | 98 | 99 | 93 | 92 | 90 | 89 | 87 | 88 | 88 | 88 |
| **Public Safety** | | | | | | | | | | |
| Sheriff | 68 | 70 | 70 | 70 | 70 | 69 | 71 | 71 | 73 | 72 |
| Detention center | 52 | 52 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Emergency medical services | 92 | 92 | 86 | 86 | 86 | 94 | 95 | 95 | 95 | 95 |
| Other public safety | 31 | 32 | 31 | 31 | 30 | 30 | 29 | 30 | 32 | 32 |
| Total Public Safety | 243 | 246 | 237 | 237 | 236 | 243 | 245 | 246 | 250 | 249 |
| **Environmental protection** | 60 | 61 | 59 | 57 | 54 | 54 | 54 | 54 | 54 | 54 |
| **Economic and physical development** | 20 | 16 | 14 | 14 | 11 | 11 | 11 | 11 | 11 | 11 |
| **Human Services** | | | | | | | | | | |
| Health | 89 | 94 | 93 | 91 | 93 | 94 | 94 | 91 | 91 | 91 |
| Social services | 85 | 88 | 92 | 93 | 94 | 94 | 94 | 95 | 94 | 93.5 |
| Other human services | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 5 | 5 | 6 |
| Total Human Services | 175 | 183 | 186 | 185 | 188 | 189 | 189 | 191 | 190 | 190.5 |
| **Cultural and recreation** | 53 | 55 | 58 | 58 | 58 | 58 | 59 | 59 | 59 | 59 |
| **Water (Business Activity)** | 63 | 63 | 63 | 65 | 65 | 65 | 65 | 64 | 64 | 64 |
| **Internal Service** | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| **Totals** | 729 | 740 | 727 | 725 | 719 | 726 | 727 | 730 | 733 | 732.5 |
| **Related Organization - Dare County Board of Education** | | | | | | | | | | |
| State funded | 459 | 458 | 428 | 425 | 408.5 | 421 | 418 | 410 | 419 | 428 |
| Federally funded | 29 | 22 | 51 | 52 | 30 | 33 | 38 | 31 | 29 | 28 |
| Locally funded | 249 | 245 | 245 | 245 | 268 | 251 | 255 | 255 | 244 | 250 |
| Totals | 737 | 725 | 724 | 722 | 706.5 | 705 | 711 | 696 | 692 | 706 |

Source: County Finance Department and NC Department of Public Instruction

Notes: This schedule represents number of positions authorized per the budget ordinance as of July 1 of each year. Vacant positions are included in the above numbers.
For purposes of this schedule the number of part time employees has been divided by 2.5 to arrive at full time equivalent positions.

**Dare County, North Carolina**
**Operating Indicators By Function**
**Last Ten Fiscal Years**

| Function/Department | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **General Government** | | | | | | | | | | |
| Finance | | | | | | | | | | |
| Accounting transactions processed | 66,064 | 61,469 | 63,341 | 58,290 | 57,145 | 59,044 | 54,303 | 56,129 | 56,169 | 55,804 |
| Purchase orders issued | 1,086 | 958 | 862 | 909 | 995 | 986 | 914 | 933 | 931 | 958 |
| **Public Safety** | | | | | | | | | | |
| Sheriff (1) | | | | | | | | | | |
| Miles driven | 1,334,439 | 1,343,672 | 1,073,523 | 1,142,407 | 1,447,540 | 1,361,689 | 1,246,205 | 1,242,713 | 1,182,901 | 1,393,139 |
| Civil papers served | 7,422 | 8,045 | 7,662 | 7,709 | 9,502 | 7,567 | 5,839 | 6,528 | 4,571 | 5,920 |
| Citations issued | 1,761 | 1,589 | 1,631 | 1,247 | 994 | 1,246 | 1,714 | 1,614 | 2,065 | 3,213 |
| Arrests | 1,904 | 1,722 | 1,550 | 3,549 | 1,657 | 1,182 | 3,094 | 1,121 | 1,036 | 1,005 |
| Warnings | 3,129 | 3,844 | 3,753 | 3,543 | 3,543 | 2,671 | 3,183 | 3,118 | 3,103 | 3,566 |
| Calls | 18,548 | 19,113 | 17,968 | 17,732 | 19,989 | 18,237 | 18,102 | 19,426 | 27,472 | 27,899 |
| Transports | 233 | 199 | 233 | 169 | 141 | 204 | 278 | 273 | 235 | 226 |
| Detention Center | | | | | | | | | | |
| Total inmates - annual | 2,667 | 2,407 | 2,235 | 2,069 | 2,083 | 2,144 | 2,005 | 1,576 | 2,171 | 2,653 |
| Average daily population | 87 | 86 | 70 | 59 | 68 | 80 | 69 | 68 | 54 | 79 |
| Transports out of county | 203 | 244 | 208 | 200 | 473 | 206 | 135 | 93 | 138 | 163 |
| Transports mileage | 53,826 | 78,114 | 63,691 | 66,288 | 95,214 | 67,206 | 37,394 | 23,288 | 29,289 | 57,120 |
| Transports to court | 1,379 | 1,286 | 1,204 | 1,185 | 1,178 | 1,490 | 1,323 | 1,159 | 1,019 | 1,289 |
| Emergency Medical Services | | | | | | | | | | |
| Billable transports | 4,998 | 5,043 | 5,014 | 5,161 | 5,356 | 5,957 | 4,998 | 5,095 | 5,586 | 5,667 |
| Total call volume (1) | 6,869 | 7,028 | 7,472 | 7,703 | 7,640 | 8,223 | 8,136 | 8,159 | 8,627 | 9,011 |
| Call volume for the month of July (1) | 870 | 949 | 897 | 907 | 948 | 1,002 | 1,014 | 993 | 1,132 | 1,056 |
| Call volume for the month of January (1) | 508 | 456 | 438 | 502 | 430 | 537 | 440 | 494 | 517 | 582 |
| EMS helicopter flights (1) | 248 | 228 | 202 | 236 | 191 | 255 | 310 | 188 | 355 | 370 |
| Communications | | | | | | | | | | |
| Law Enforcement Contacts | | | | | | | | | | |
| Sheriff's Office | 18,548 | 19,113 | 17,968 | 10,791 | 20,194 | 18,304 | 17,909 | 19,426 | 27,472 | 29,862 |
| Duck Police Department | 7,484 | 10,369 | 12,176 | 6,701 | 10,800 | 10,588 | 12,400 | 14,309 | 14,998 | 14,948 |
| Kill Devil Hills Police Department | 15,379 | 12,286 | 14,454 | 9,084 | 16,183 | 14,923 | 14,124 | 20,167 | 22,846 | 19,675 |
| Kitty Hawk Police Department | 6,170 | 5,806 | 6,094 | 3,387 | 6,020 | 13,767 | 13,022 | 12,444 | 12,715 | 14,942 |
| Manteo Police Department | 9,853 | 10,905 | 12,133 | 6,859 | 9,385 | 11,465 | 13,676 | 15,975 | 15,158 | 14,558 |
| Nags Head Police Department | 11,353 | 10,442 | 9,885 | 7,057 | 9,797 | 11,878 | 9,755 | 10,752 | 12,959 | 15,143 |
| Southern Shores Police Department | 7,950 | 9,623 | 11,746 | 6,197 | 10,421 | 8,368 | 11,791 | 11,121 | 11,381 | 11,073 |
| National Park Service | 1,900 | 1,688 | 2,645 | 1,439 | 2,026 | 3,206 | 2,111 | 2,617 | 2,052 | 1,955 |
| *Law Enforcement Total Contacts* | 78,637 | 80,232 | 87,101 | 51,515 | 84,826 | 92,499 | 94,788 | 106,811 | 119,581 | 122,156 |

(continued)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Fire Department Contacts | | | | | | | | | | |
| Avon | 143 | 127 | 118 | 122 | 104 | 112 | 112 | 82 | 93 | 99 |
| Buxton | 102 | 88 | 97 | 84 | 64 | 44 | 46 | 61 | 58 | 42 |
| Colington | 346 | 351 | 337 | 222 | 340 | 170 | 150 | 188 | 176 | 209 |
| Rescue 15 | 249 | 252 | 244 | 174 | 166 | 305 | 327 | 286 | 431 | 434 |
| Duck | 368 | 418 | 395 | 371 | 337 | 194 | 199 | 213 | 252 | 281 |
| Rescue 11 | 214 | 209 | 206 | 183 | 108 | 257 | 238 | 269 | 284 | 269 |
| Frisco | 65 | 71 | 56 | 61 | 44 | 38 | 50 | 45 | 46 | 57 |
| Hatteras | 70 | 53 | 49 | 59 | 52 | 38 | 35 | 41 | 31 | 53 |
| Kill Devil Hills | 1,455 | 1,353 | 1,293 | 859 | 953 | 533 | 444 | 448 | 510 | 569 |
| Rescue 14 | 1,070 | 940 | 855 | 584 | 410 | 1,000 | 1,047 | 929 | 907 | 949 |
| Kitty Hawk | 578 | 530 | 593 | 392 | 478 | 248 | 220 | 220 | 294 | 302 |
| Rescue 13 | 401 | 407 | 446 | 301 | 197 | 420 | 398 | 424 | 427 | 519 |
| Manns Harbor | 113 | 105 | 145 | 96 | 113 | 33 | 25 | 49 | 39 | 43 |
| Rescue 18 | 73 | 71 | 111 | 82 | 42 | 97 | 91 | 122 | 133 | 155 |
| Nags Head | 848 | 695 | 628 | 492 | 597 | 359 | 324 | 319 | 384 | 398 |
| Rescue 16 | 499 | 425 | 363 | 324 | 134 | 454 | 449 | 467 | 396 | 494 |
| Nags Head 21 | 31 | 255 | 263 | 223 | 294 | 200 | 193 | 222 | 244 | 254 |
| Rescue 21 | 12 | 144 | 138 | 128 | 53 | 212 | 232 | 221 | 178 | 185 |
| Roanoke Island | 212 | 174 | 169 | 114 | 253 | 214 | 181 | 265 | 275 | 317 |
| Rescue 17 | 17 | 13 | 8 | 8 | 2 | - | - | - | - | - |
| Rodanthe | 93 | 87 | 110 | 110 | 202 | 259 | 210 | 232 | 255 | 274 |
| Salvo | 39 | 37 | 39 | 42 | 49 | 35 | 34 | 34 | 32 | 37 |
| Southern Shores | 349 | 384 | 372 | 272 | 359 | 174 | 149 | 157 | 216 | 276 |
| Rescue 12 | 249 | 271 | 281 | 198 | 122 | 343 | 344 | 283 | 413 | 396 |
| Stumpy Point | 21 | 15 | 25 | 16 | 34 | 11 | 10 | 7 | 15 | 10 |
| Rescue 19 | 19 | 17 | 21 | 11 | 5 | 11 | 11 | 19 | 17 | 10 |
| *Fire Department Total Contacts* | 7,636 | 7,492 | 7,362 | 5,528 | 5,512 | 5,761 | 5,519 | 5,603 | 6,106 | 6,632 |
| Medical/Rescue Agencies | | | | | | | | | | |
| Emergency Medical Services | 7,220 | 7,225 | 7,504 | 4,912 | 7,367 | 7,602 | 7,638 | 7,195 | 7,714 | 8,342 |
| Dare Medflight | 317 | 307 | 306 | 150 | 342 | 259 | 331 | 259 | 287 | 361 |
| Water Rescue | 361 | 206 | 239 | 233 | 317 | 415 | 331 | 326 | 261 | 280 |
| Hatteras Island Rescue | 15 | 204 | 186 | 165 | 290 | 312 | 162 | 258 | 326 | 272 |
| *Medical/Rescue Total Calls* | 7,913 | 7,942 | 8,235 | 5,460 | 8,316 | 8,588 | 8,462 | 8,038 | 8,588 | 9,255 |
| Phone Activity | | | | | | | | | | |
| 911 calls | 23,283 | 25,707 | 23,565 | 16,088 | 22,861 | 24,009 | 23,099 | 22,674 | 22,148 | 21,287 |
| Crime Line calls | 19 | 16 | 9 | 10 | 10 | 33 | 24 | 9 | 15 | 21 |
| Administrative calls | 126,337 | 119,452 | 118,422 | 67,625 | 102,808 | 90,241 | 84,258 | 77,114 | 71,250 | 76,472 |
| *Phone Activity Total Calls* | 149,639 | 145,175 | 141,996 | 83,723 | 125,679 | 114,283 | 107,381 | 99,797 | 93,413 | 97,780 |
| 911 Calls by cell phone | 12,971 | 13,480 | 13,857 | 11,082 | 16,802 | 15,046 | 17,325 | 17,306 | 16,098 | 17,137 |

(continued)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Human Services** | | | | | | | | | | |
| Social Services (2) | | | | | | | | | | |
| Food stamp households | 590 | 839 | 1,110 | 1,553 | 1,745 | 1,431 | 1,900 | 1,796 | 1,626 | 1,475 |
| Food stamp individuals | 1,275 | 1,751 | 2,510 | 3,240 | 3,614 | 3,002 | 3,903 | 3,565 | 3,176 | 2,634 |
| NC Health Choice households | 284 | 308 | 352 | 388 | 409 | 442 | (3) | (3) | (3) | (3) |
| NC Health Choice individuals | 414 | 453 | 514 | 574 | 609 | 652 | (3) | (3) | (3) | (3) |
| Long-term care individuals - aging adults | 83 | 84 | 84 | 77 | 72 | 68 | (3) | (3) | 62 | (3) |
| Adoption assistance | 88 | 81 | 92 | 95 | 91 | 99 | 99 | 99 | 100 | 92 |
| Children in foster care custody | 50 | 44 | 32 | 37 | 53 | 50 | 50 | 35 | 27 | 19 |
| Health | | | | | | | | | | |
| Sewage system site visits | 3,424 | 3,024 | 2,794 | 2,191 | 2,324 | 2,533 | 2,466 | 2,682 | 3,011 | 2,948 |
| Sewage system applications | 1,445 | 1,239 | 1,144 | 1,125 | 1,177 | 1,255 | 1,286 | 1,314 | 1,413 | 1,395 |
| Sewage - inspections for new systems | 247 | 154 | 121 | 132 | 144 | 170 | 177 | 221 | 245 | 261 |
| **Cultural & Recreational** | | | | | | | | | | |
| Libraries | | | | | | | | | | |
| Circulation | 219,448 | 232,448 | 241,701 | 234,034 | 226,250 | 215,332 | 204,409 | 199,735 | 202,681 | 210,408 |
| New library cards issued | 2,842 | 2,793 | 2,614 | 2,024 | 1,942 | 1,981 | 2,210 | 1,721 | 1,897 | 2,017 |
| Children's programs attendance | 7,959 | 8,589 | 7,930 | 8,983 | 9,979 | 10,078 | 8,450 | 7,901 | 8,527 | 10,797 |
| Public computer use sessions | 36,812 | 33,886 | 32,929 | 30,112 | 30,070 | 28,761 | 25,675 | 26,907 | 23,369 | 21,060 |
| **Utilities (Water)** | | | | | | | | | | |
| Number of customers | 16,904 | 16,939 | 17,040 | 17,135 | 17,606 | 19,520 | 19,629 | 19,759 | 19,881 | 20,024 |
| Average daily demand (MGD) | 6.414 | 6.217 | 6.175 | 6.658 | 6.557 | 6.315 | 6.674 | 6.844 | 6.767 | 6.733 |
| Peak daily demand (MGD) | 13.314 | 12.619 | 12.534 | 12.444 | 12.756 | 12.384 | 12.376 | 12.149 | 12.156 | 11.950 |

Notes:

(1) Data is that of the prior calendar year.

(2) Monthly average.

(3) Data not available due to implementation of NCFAST System

Source: Budget documents and individual county departments.

**Dare County, North Carolina**
**Capital Asset Statistics by Function**
**Last Ten Fiscal Years**

| Function/Department | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Public Safety** | | | | | | | | | | |
| Sheriff stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| EMS stations | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| EMS helicopters | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| **Cultural & Recreational** | | | | | | | | | | |
| Library volumes held | 73,492 | 73,676 | 76,395 | 76,395 | 76,903 | 76,903 | 76,903 | 76,903 | 79,445 | 82,760 |
| Recreation facilities, parks & fields | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| **Utilities (Water)** | | | | | | | | | | |
| Treatment plants | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Treatment capacity (MGD) | 13.05 | 13.05 | 13.05 | 13.05 | 13.05 | 13.05 | 13.05 | 13.05 | 13.25 | 13.25 |
| **Square Footage Occupied by Function** | | | | | | | | | | |
| Education | 1,349,379 | 1,349,379 | 1,349,379 | 1,349,379 | 1,349,379 | 1,349,379 | 1,349,379 | 1,361,379 | 1,361,379 | 1,361,379 |
| Community College | 70,100 | 70,100 | 70,100 | 70,100 | 70,100 | 70,100 | 70,100 | 70,100 | 70,100 | 70,100 |
| Public Safety | 85,240 | 85,240 | 85,240 | 85,240 | 85,240 | 85,240 | 85,240 | 85,240 | 85,240 | 103,470 |
| Human Services | 55,263 | 55,263 | 55,263 | 55,263 | 55,263 | 55,263 | 55,263 | 55,263 | 55,263 | 55,263 |
| General Government | 73,662 | 73,662 | 73,662 | 73,662 | 73,662 | 73,662 | 73,662 | 73,662 | 73,662 | 73,662 |
| Cultural & Recreational | 49,262 | 49,262 | 61,562 | 61,562 | 61,562 | 61,562 | 61,562 | 61,562 | 61,562 | 61,562 |
| Economic & Physical Development | 7,880 | 7,880 | 7,880 | 7,880 | 7,880 | 7,880 | 7,880 | 7,880 | 7,880 | 7,880 |
| Environmental Protection | 29,644 | 29,644 | 29,644 | 29,644 | 29,644 | 29,644 | 29,644 | 29,644 | 29,644 | 29,644 |

Source: Budget documents and individual county departments.

This page intentionally blank.

The **Compliance Section** has been prepared in accordance with the Federal Single Audit Act of 1984, the Federal Single Audit Act Amendments of 1996, U.S. Office of Management and Budget Circular A-133, the Audit Manual for Governmental Auditors in North Carolina and North Carolina General Statute 159-34 which established audit requirements for local government units that receive Federal and State financial assistance.

POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Board of County Commissioners
Dare County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Dare County, North Carolina, as of and for the year ended June 30, 2017, which collectively comprises Dare County's basic financial statements, and have issued our report thereon dated November 28, 2017.Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Dare County Airport, Dare County ABC Board, Dare County Tourism Board, and the Hatteras Village Community Center. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the, Dare County ABC Board, Dare County Tourism Board, Rodanthe, Waves, Salvo Community Center, Stumpy Point Community Center, Wanchese Community Center and the Hatteras Village Community Center were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Dare County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Dare County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency. Or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However we did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified certain deficiencies in internal control described in the accompanying schedule of findings and responses as item 2017-1 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dare County, North Carolina's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2017-1.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the County's response and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Potter & Company, P.A.*

November 28, 2017
Mooresville, North Carolina

POTTER&COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Independent Auditor's Report

To the Board of County Commissioners
Dare County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the compliance of Dare County, North Carolina with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Dare County's major federal programs for the year ended June 30, 2017. Dare County's major federal programs are identified in the summary of auditor's section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor Responsibility

Our responsibility is to express an opinion on compliance for each of the Dare County's federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Dare County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Dare County's compliance.

Opinion on Each Major Federal Program

In our opinion, Dare County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Internal Control Over Compliance

Management of Dare County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit of compliance, we considered Dare County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing and opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency. Or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

*Potter & Company, P.A.*

November 28, 2017
Mooresville, North Carolina

POTTER&COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Independent Auditor's Report

To the Board of County Commissioners
Dare County, North Carolina

Report on Compliance for Each Major State Program

We have audited the Dare County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2017. The Dare County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Dare County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Dare County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Dare County's compliance.

Opinion on Each Major State Program

In our opinion, the Dare County complied, in all material respects, with the types compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2017.

## REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Report on Internal Control Over Compliance

Management of the Dare County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Dare County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Potter & Company, P.A.*

November 28, 2017
Mooresville, North Carolina

**DARE COUNTY, NORTH CAROLINA**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
***For The Year Ended June 30, 2017***

## Section I. Summary of Auditors' Results

Financial Statements

| | |
|---|---|
| Type of report the auditor issued on whether the financial Statements audited were prepared in accordance to GAAP: | Unmodified |
| Internal control over financial reporting: | |
| • Material weakness (es) identified? | ___ yes __X__ no |
| • Significant Deficiency(ies) identified that are not considered to be material weaknesses. | __X__ yes _____ none reported |
| Noncompliance material to financial statements noted. | __X__ yes _____ no |

Federal Awards

| | |
|---|---|
| Internal control over major federal programs: | |
| • Material weakness (es) identified? | _____ yes __X__ no |
| • Significant Deficiency(ies) identified that are not considered to be material weaknesses. | _____ yes __X__ none reported |
| Noncompliance material to federal awards. | _____ yes __X__ no |
| Type of auditors' report issued on compliance for major federal programs: | Unmodified, for all federal programs. |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____ yes __X__ no |

Identification of major federal programs:

| CFDA Numbers | Names of Federal Programs or Cluster |
|---|---|
| 93.778 | Title XIX – Medicaid |
| 97.036 | FEMA - Public Assistance |
| 93.767 | State Children's Insurance Program |

Dollar threshold used to distinguish between Type A and Type B Programs. $ 781,253

Auditee qualified as low-risk auditee? __X__ yes _____ no

**Section I. Summary of Auditors' Results -** *(cont'd)*

State Awards

Internal control over major State Programs:

- Material weakness(es) identified? _____ yes __X__ no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses. _____ yes __X__ none reported

Noncompliance material to State awards. _____ yes __X__ no

Type of auditors' report issued on compliance for major State programs: Unmodified, for all State programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes __X__ no

Identification of major State programs:

Program Name

Medical Assistance Program
FEMA – Public Assistance
State Children's Insurance Program

**Section II. Financial Statement Findings**

**Finding 2017-1**

MATERIAL NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Criteria: G.S. 159-13 requires the governing board to appropriate the full amount of any deficit in each fund.

Condition: The County had deficit net assets of $1,921,231 in the Insurance Internal Service Fund at year end.

Effect: Expenditures had been made or accrued in excess of resources in the Self Insurance Internal Service Funds in prior years.

Cause: Expenses were incurred or accrued in excess of departmental charges based upon recommended internal rates in the Internal Service Fund in prior years.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2016-1

Recommendation: The adequacy of internal departmental rates should be reevaluated and revised to reflect more accurately cost incurred in the Internal Service Funds as well as continue methods of cost control

Views of responsible officials and planned corrective actions: The fiscal year 2014 budget was adopted with a 7.5% estimated rate increase for the Health Plan along with additional wellness program initiatives. Fiscal year 2015 saw Health Plan changes, including offering a health savings account option, in order to arrive at no projected cost increase. Fiscal year 2016 provided an additional $1,748,600 of funding in the Insurance Fund for the costs of

retirees under the age of 65 and to reduce the fund deficit. Fiscal year 2017 added an employee health clinic and $243,496 of additional funding over that of the fiscal year 2016 amount for deficit reduction. The fiscal year 2018 budget includes $1,918,364 of additional funding greater than projected costs and claims for deficit reduction..

**DARE COUNTY, NORTH CAROLINA**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
***For The Year Ended June 30, 2017***

## Section III. Federal Award Findings and Questioned Costs

There were no current year findings.

## Section IV. State Award Findings and Questioned Costs

There were no current year findings.

**DARE COUNTY, NORTH CAROLINA**
**CORRECTIVE ACTION PLAN**
***For The Year Ended June 30, 2017***

## II. Financial Statement Findings

### Finding 2017-1

Name of contact person: David Clawson, Finance Director

Corrective action: The fiscal year 2014 budget was adopted with a 7.5% estimated rate increase for the Health Plan along with additional wellness program initiatives. Fiscal year 2015 saw Health Plan changes, including offering a health savings account option, in order to arrive at no projected cost increase. Fiscal year 2016 provided an additional $1,748,600 of funding in the Insurance Fund for the costs of retirees under the age of 65 and to reduce the fund deficit. Fiscal year 2017 added an employee health clinic and $243,496 of additional funding over that of the fiscal year 2016 amount for deficit reduction. The fiscal year 2018 budget includes $1,918,364 of additional funding greater than projected costs and claims for deficit reduction..

Proposed Completion Date: The Finance Director has implemented this corrective action.

## III. Federal Award Findings and Questioned Costs

None reported.

## IV. State Award Findings and Questioned Costs

None reported.

**DARE COUNTY, NORTH CAROLINA**
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**
***For The Year Ended June 30, 2017***

Finding 2016-1

Status—In progress

For fiscal year 2017, Health Plan changes were made, including offering an employee health clinic, in order to arrive at no projected cost increase and $243,496 of additional funding over the 2016 fiscal year. Cost control continues to be emphasized. This resulted in revenues in excess of expenditures in the amount of $1,492,666 for the fiscal year ended June 30, 2017.

**DARE COUNTY, NORTH CAROLINA**
**Schedule of Expenditures of Federal and State Awards**
**For the Year Ended June 30, 2017**

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct and Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients |
|---|---|---|---|---|---|
| **Federal Awards:** | | | | | |
| U.S. Department of Agriculture | | | | | |
| Passed-through N.C. Department of Health and Human Services: | | | | | |
| Division of Social Services: | | | | | |
| Administration: | | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | | $ 433,844 | $ - | $ - |
| Passed-through N.C. Department of Health and Human Services: | | | | | |
| Division of Public Health: | | | | | |
| Administration: | | | | | |
| Special Supplemental Nutrition Program for Women, Infants, & Children | 10.557 | | 157,021 | - | - |
| Direct Benefit Payments: | | | | | |
| Special Supplemental Nutrition Program for Women, Infants, & Children | 10.557 | | 448,627 | - | - |
| Total U.S. Department of Agriculture | | | 1,039,492 | - | - |
| U.S. Department of Commerce | | | | | |
| Passed-through N.C. Department of Environment and Natural Resources: | | | | | |
| Division of Coastal Management: | | | | | |
| Minor Permit Program Administration | 11.419 | | 1,958 | 1,957 | - |
| Total U.S. Department of Commerce | | | 1,958 | 1,957 | - |
| U.S. Department of Health and Human Services | | | | | |
| Division of Aging and Adult Services: | | | | | |
| Passed-through the Albemarle Commission: | | | | | |
| Aging Cluster: | | | | | |
| Special Programs for the Aging-Title III B | | | | | |
| Grants for Supportive Services and Senior Centers | 93.044 | | 119,537 | - | - |
| Special Programs for the Aging-Title III D | | | | | |
| Health Promotion/Disease Prevention | 93.043 | | 499 | - | - |
| Total Aging Cluster | | | 120,036 | - | - |
| Social Services Block Grant (SSBG) | 93.667 | | 89,008 | - | - |
| Division of Social Services: | | | | | |
| Temporary Assistance for Needy Families Cluster | | | | | |
| Temporary Assistance for Needy Families (TANF) / Work First | 93.558 | | 361,897 | - | - |
| TANF / Work First-Direct Benefit Payments | 93.558 | | 61,260 | - | - |
| Total TANF Cluster | | | 423,157 | - | - |
| Foster Care and Adoption Cluster (Note 3) | | | | | |
| Foster Care-Title IV-E | 93.658 | | 114,718 | 22,750 | - |
| Adoption Assistance | 93.659 | | 2,825 | - | - |
| Foster Care-Title IV-E-Direct Benefit Payments | 93.658 | | 20,882 | 5,550 | - |
| Adoption Assistance-Direct Benefit Payments | 93.659 | | 165,380 | 42,073 | - |
| Total Foster Care and Adoption Cluster (Note 3) | | | 303,805 | 70,373 | - |
| Promoting Safe and Stable Families | 93.556 | | 27,057 | - | - |
| Child Support Enforcement | 93.563 | | 218,080 | - | - |
| Low-Income Home Energy Assistance: | | | | | |
| Administration | 93.568 | | 13,343 | - | - |
| Energy Assistance Payments | 93.568 | | 80,225 | - | - |
| Crisis Intervention Program | 93.568 | | 63,902 | - | - |
| Total Low-Income Home Energy Assistance | | | 157,470 | - | - |
| Stephanie Tubbs Jones Child Welfare Services Program: | | | | | |
| Permanency Planning-Families for Kids | 93.645 | | 6,370 | - | - |
| Chafee Foster Care Independent Program | 93.674 | | 3,427 | 857 | - |
| Chafee Foster Care Independent Program-Direct Benefit Payments | 93.674 | | 3,856 | - | - |
| Division of Chlid Development and Early Education: | | | | | |
| Subsidized Child Care (Note 3) | | | | | |
| Child Care Development Fund Cluster | | | | | |
| Division of Social Services: | | | | | |
| Child Care Development Mandatory and Match Fund-Administration | 93.596 | | 82,285 | - | - |
| Division of Child Development: | | | | | |
| Child Care and Development Fund-Discretionary | 93.575 | | 116,932 | - | - |
| Child Care and Development Fund-Mandatory | 93.596 | | 35,009 | - | - |
| Child Care and Development Fund-Match | 93.596 | | 206,335 | 99,067 | - |
| Total Child Care Development Fund Cluster | | | 440,561 | 99,067 | - |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**Schedule of Expenditures of Federal and State Awards**
**For the Year Ended June 30, 2017**

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct and Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients |
|---|---|---|---|---|---|
| Temporary Assistance for Needy Families | 93.558 | | 28,569 | - | - |
| Foster Care Title IV-E | 93.658 | | 1,463 | 742 | - |
| Smart Start | | | - | 111 | - |
| State Appropriations | | | - | 129,040 | - |
| TANF-MOE | | | - | 81,457 | - |
| Total Subsidized Child Care (Note 3) | | | 470,593 | 310,417 | - |
| Passed-through N.C. Department of Health and Human Services: | | | | | |
| Division of Medical Assistance: | | | | | |
| Direct Benefit Payments: | | | | | |
| Medical Assistance Program | 93.778 | | 17,134,171 | 8,745,301 | - |
| Division of Social Services: | | | | | |
| Administration: | | | | | |
| Medical Assistance Program | 93.778 | | 1,408,391 | 60,943 | - |
| Total Medical Assistance Program | | | 18,542,562 | 8,806,244 | - |
| Direct Benefit Payments: | | | | | |
| State Children's Insurance Program-N.C. Health Choice | 93.767 | | 894,144 | 3,075 | - |
| Division of Social Services: | | | | | |
| Administration: | | | | | |
| State Children's Insurance Program-N.C. Health Choice | 93.767 | | 75,356 | 72 | - |
| Total State Children's Insurance Program-N.C. Health Choice | | | 969,500 | 3,147 | - |
| Division of Social Services: | | | | | |
| Temporary Assistance for Needy Families | 93.558 | | 2,750 | - | - |
| Division of Public Health: | | | | | |
| Public Health Emergency Preparedness | 93.069 | | 14,466 | - | - |
| Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements | 93.074 | | 41,453 | - | - |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | | 50 | - | - |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | | 9,292 | - | - |
| Immunization Grants | 93.268 | | 2,829 | - | - |
| PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds | 93.539 | | 5,340 | - | - |
| Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds | 93.752 | | 12,389 | - | - |
| Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) | 93.758 | | 27,496 | - | - |
| HIV Prevention Activities_Health Department Based | 93.940 | | 3,000 | - | |
| Preventive Health Services_Sexually Transmitted Diseases Control Grants | 93.977 | | 940 | - | |
| Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program | 93.753 | | 9,916 | - | - |
| Maternal and Child Health Services Block Grant | 93.994 | | 31,516 | 23,639 | - |
| Family Planning Services | 93.217 | | 17,355 | - | - |
| Total U.S. Department of Health and Human Services | | | 21,513,713 | 9,214,677 | - |
| U.S. Department of Homeland Security | | | | | |
| Passed-through N.C. Department of Public Safety: | | | | | |
| Division of Emergency Management: | | | | | |
| Public Assistance | 97.036 | FEMA-4285-DR-NC | 1,577,645 | 525,882 | - |
| Hazard Mitigation Grant Program | 97.039 | HMGP-1969-010 | 65,508 | 21,836 | - |
| Hazard Mitigation Grant Program | 97.039 | HMGP 4019-0029 | 1,433,654 | 477,885 | - |
| Emergency Management Performance Grant Program (EMPG) | 97.042 | EMA-2016-EP-00002-S01 | 19,292 | 19,292 | - |
| Pre-Disaster Mitigation Program | 97.047 | PDMC-PJ-04-NC-2014-005 | 5,355 | - | - |
| Total U.S. Department of Homeland Security | | | 3,101,454 | 1,044,895 | - |
| U.S. Department of Justice | | | | | |
| Direct Program: | | | | | |
| State Criminal Alien Assistance Program (SCAAP) | 16.606 | 2016-AP-BX-0737 | 9,655 | - | - |
| Passed-through N.C. Department of Public Safety: | | | | | |
| Law Enforcement Collaborative Information Gathering | 16.738 | 2015-DJ-BX-1076 | 12,446 | - | - |
| Total U.S. Department of Justice | | | 22,101 | - | - |
| U.S. Department of Transportation | | | | | |
| Passed-through N.C. Department of Transportation: | | | | | |
| Highway Planning and Construction - OBNSB Byway Interpretive | 20.205 | S-5502 | 33,186 | - | - |
| Highway Planning and Construction - OBNSB Byway Wayshowing | 20.205 | S-5501 | 1,496 | - | - |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**Schedule of Expenditures of Federal and State Awards**
**For the Year Ended June 30, 2017**

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct and Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients |
|---|---|---|---|---|---|
| Passed-through N.C. Department of Transportation: | | | | | |
| Public Transportation Division: | | | | | |
| Public Transportation for Nonurbanized Areas | 20.509 | 17-CT-048 | 101,861 | 6,365 | - |
| Community Transportation Program-Capital | 20.509 | 17-CT-048 | 188,099 | 23,512 | - |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | 17-ED-048 | 38,407 | - | - |
| Total U.S. Department of Transportation | | | 363,049 | 29,877 | - |
| Total federal awards | | | 26,041,767 | 10,291,406 | - |
| **State Awards:** | | | | | |
| N.C. Department of Administration | | | | | |
| Veterans Service | | | | 2,130 | - |
| Total N.C. Department of Administration | | | | 2,130 | - |
| N.C. Department of Agriculture and Consumer Services | | | | | |
| Spay/Neuter Program | | | | 2,801 | 2,801 |
| Division of Soil & Water Conservation: | | | | | |
| District Matching (General Expense) Funds | | | | 3,600 | 3,600 |
| Stream Debris Removal Project | | 17-175-4010 | | 20,242 | - |
| Technical Assistance Funds | | | | 22,823 | 22,823 |
| Total N.C. Department of Agriculture and Consumer Services | | | | 49,466 | 29,224 |
| N.C. Department of Health and Human Services | | | | | |
| Division of Aging and Adult Services: | | | | | |
| Passed through the Albemarle Commission: | | | | | |
| General Purpose Funding for Senior Centers | | | | 18,621 | - |
| Division of Social Services: | | | | | |
| Child Welfare Services Adoption Assistance-Direct Benefit Payments | | | | 301,249 | - |
| Child Welfare Services | | | | 18,779 | - |
| Smart Start | | 09 | | 30,905 | - |
| Child Protective Services | | 10 | | 15,719 | - |
| SAA/SAD HB 1030-Direct Benefit Payments | | | | 8,772 | - |
| SCSA Domiciliary Care-Direct Benefit Payments | | | | 212,399 | - |
| State Foster Home Maximization-Direct Benefit Payments | | | | 3,169 | - |
| State Foster Home-Direct Benefit Payments | | | | 14,609 | - |
| Social Services Block Grant | | 11 | | 6,765 | - |
| Division of Child Development: | | | | | |
| Dare County Children & Youth Partnership: | | | | | |
| Smart Start | | | | 51,824 | - |
| Division of Public Health: | | | | | |
| Food and Lodging Fees | | | | 33,357 | - |
| General Aid to Counties | | | | 74,602 | - |
| General Communicable Disease Control | | | | 927 | - |
| Risk Reduction/Health Promotion | | | | 318 | - |
| Breast and Cervical Cancer Program | | | | 26,265 | - |
| Child Health | | | | 1,046 | - |
| HMHC-Family Planning | | | | 1,442 | - |
| Maternal Health (HMHC) | | | | 2,995 | - |
| Women's Health Service Fund | | | | 6,339 | - |
| HIV/STD State | | | | 140 | - |
| HIV/STD SSBG Aid | | | | 360 | - |
| Sexually Transmitted Diseases | | | | 1,408 | - |
| Triple P | | | | 24,620 | - |
| Tuberculosis | | | | 1,539 | - |
| TB Medical Service | | | | 540 | - |
| Total N.C. Department of Health & Human Services | | | | 858,709 | - |
| N.C. Department of Insurance | | | | | |
| SHIIP Grant | | | | 6,557 | - |
| Total N.C. Department of Insurance | | | | 6,557 | - |
| N.C. Department of Public Instruction | | | | | |
| Public School Building Capital Fund-Lottery Proceeds | | | | 360,000 | 360,000 |
| Total N.C. Department of Public Instruction | | | | 360,000 | 360,000 |

(continued)

**DARE COUNTY, NORTH CAROLINA**
**Schedule of Expenditures of Federal and State Awards**
**For the Year Ended June 30, 2017**

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct and Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients |
|---|---|---|---|---|---|
| N.C. Department of Public Safety | | | | | |
| Division of Emergency Management: | | | | | |
| North Carolina Tier II Grant | | T2-2016-37055 | | 982 | - |
| Division of Juvenile Justice: | | | | | |
| JCPC Dare County 4-H Out of School Time | | 728-10157 | | 10,864 | - |
| JCPC Dare County Community of Juvenile Services | | 728-10628 | | 63,675 | - |
| JCPC Administration | | 728-11418 | | 11,179 | 11,179 |
| JCPC Substance Abuse Family Education (SAFE) | | 728-11502 | | 92,231 | 90,507 |
| Total N.C. Department of Public Safety | | | | 178,931 | 101,686 |
| N.C. Department of Transportation | | | | | |
| Rural Operating Assistance Program (ROAP) Cluster | | | | | |
| ROAP Elderly and Disabled Transportation Assistance Program | | | | 60,052 | - |
| ROAP Rural General Public Program | | | | 67,771 | - |
| ROAP Employment Transportation Program | | | | 15,378 | - |
| Total ROAP Cluster | | | | 143,201 | - |
| Total N.C. Department of Transportation | | | | 143,201 | - |
| Total State awards | | | - | 1,598,994 | 490,910 |
| Total federal and State awards | | | $ 26,041,767 | $ 11,890,400 | $ 490,910 |

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Dare County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Dare County, it is not intended to and does not present the financial position, changes in net position or cash flows of Dare County.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Dare County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3: Cluster of Programs**

The following are clustered by the N.C. Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.