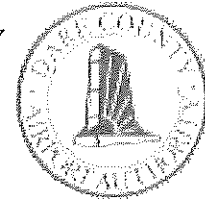


DARE COUNTY AIRPORT AUTHORITY

Dare County Regional Airport

P.O. Box 429 ~ 410 Airport Road
Manteo, NC 27954
(252) 475-5570 ~ Fax (252) 473-1196



DARE COUNTY AIRPORT AUTHORITY MINUTES of the December 1, 2021 MEETING

- Members Present:** Charlie Davidson, Fred Newberry, Joe Blakaitis, William Pope, Wally Overman, Pete Burkheimer, Jr., David Crownover
- Members Absent:** Jack Shea, George Henderson
- Also Attending:** Robert Hobbs, Hornthal, Riley, Ellis & Maland; David Daniels, Airport Director; Margaret Stauffer, Finance Officer & Clerk to the Board; John Massey & Steve Bright, Talbert & Bright
- Public Attending:** Sam Long & Brandon Lozan, Outer Banks Aviation
Karin Edmond, Candy Bomber Event
- Remote Attending:** Dan Morrow, Potter & Company, CPA

Chairman Davidson called the December 1, 2021 meeting of the Dare County Airport Authority to order at approximately 4:00 pm.

ITEM 1 - Public Comments:

No Comments submitted prior to the meeting.

ITEM 2 - Engineer's Report:

John Massey submitted the following report: (see attached)

Runway 23 RPZ Land Acquisition –

Response was sent to the owners of 1099 and 1115 Driftwood Drive from the Counteroffer received by the Airport. Response requested justification for the purchase price proposed by owners in the counteroffer letter.

Offer to purchase was made for 1133 Driftwood Drive. Property owners waiting for relocation assistance information prior to responding to the offer. The relocation housing payment documentation has been prepared and submitted to NCDOA for review. Once concurrence has been received from NCDOA, the documentation will be sent to the Owner.

Apron Pavement Rehabilitation

A construction progress meeting was held earlier in the day on December 1st for the apron pavement rehabilitation project. Contract time commenced on Monday November 8th. Hatchell has installed the required barricades to block off the construction area. New access gate was installed to provide separate access point for contractor personnel. Hatchell and their subcontractor have been demolishing the existing concrete pavement and are approximately 95% complete with demolition. Contract time is 150 calendar days and construction will be completed in early April.

NPE Grant Fund Update

MQI currently has \$39,696 of unallocated 2018 funds. With the local match, \$44,110 will need to be expended before the end of May 2022. A request for aid must be submitted to the NCDOA before January 17, 2022 allocating these funds towards a project.

The Airport also has all of your 2019, 2020 and 2021 NPE grant funds available. The available funds, including your 2018 funds and local matches totals \$544,110.

As requested by the Airport Authority, TBI prepared exhibits and cost opinions for three projects at MQI for consideration by the Authority for expending the expiring 2018 NPE funds.

Exhibits and cost opinions for the following projects were presented to the Authority:

- Runway 17 and 23 Approach Clearing
- 5-Unit Box Hangars (40' deep with 45' wide x 14' high clear door opening)
- Airfield Lighting System Rehabilitation, PAPI Replacement and Airfield Lighting Vault Backup Generator

Runway 17 and 23 Approach Clearing:

TBI is still waiting on the results of the 18-B aerial survey which will provide tree top elevation information. This will not be available until January 2022. Until this information is available, TBI will not be able to correctly scope the tree clearing project and possible environmental documentation requirements. It is premature to move forward with this project.

The 5-Unit Box hangar project could be designed and NPE funds could be used for construction, but that still leaves a large cost for the airport authority to cover. Cost opinion is \$1,397,360. If all of the NPE funds were utilized, this would leave approximately \$800,000 in costs that would still have to be covered.

The Airfield Lighting System Rehabilitation project could be designed now using NPE funds with a request made to NCDOA to appropriate State funding the construction phase. This would also give the airport a shovel ready project that could potentially compete for some infrastructure bill funding. The taxiway lights were installed in 1995 and from our records, it appears that the runway lights are even older (originally installed in 1986). Both systems well beyond their normal useful life. The airport has had ongoing maintenance issues with the existing PAPIs as well. With this project the existing runway and taxiway light systems would be replaced with new LED lights. The project would also include replacement of the existing PAPI units and REIL units with new LED units. The project will also include replacement of the existing Rotating Beacon and installation of a new backup generator for the airfield lighting vault. The airport authority also inquired about installing new lighting around the terminal apron that is currently being rehabilitated.

ITEM 3- Potter & Company, CPA:

(see attached)

Dan Morrow present via phone call.

Thanked Finance Officer Marge Stauffer, Director David Daniels and the finance department at the county for all their support and help during this audit process this year.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material

respects, the financial position of the business-type activities of the Dare County Airport Authority, as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2021 on our consideration of the Dare County Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 its internal control over financial reporting and compliance.

This year's audit was clean and with no finding in internal controls. Mr. Morrow gave compliments to Director Daniels and Finance Officer Marge Stauffer for a job well done.

- MOTION:** Bill Pope motioned to approve the Consent Agenda minutes for September 29th and November 4, 2021 as presented.
- SECOND:** Wally Overman
- DISCUSSION:** None
- OPPOSED:** None
- OUTCOME:** Carried

ITEM 4- Attorney's Report:

None

ITEM 5 - Chair Report:

Chairman Davidson stated he has contacted HR and they shared the Airport Directors job description and is ready for publication.

ITEM 5 - Director's Report:

Director Daniels updated the following:

- Candy Bomber Event will be on December 16-18, 2022.
 December 16th arriving at the airport
 December 17th is the flyover First Flight
 December 18th. is the candy, Santa etc.

Karin Edmond asked the board members for the use of the terminal for the food and drinks. Masked will be required in the airport terminal.

The county will be adding a new generators for the airport under a possible grant.

ITEM 7 – Consent Agenda:

Review/Approve DCAA minutes for September 29, 2021 and November 4, 2021 as presented.

MOTION: Bill Pope motioned to approve the Consent Agenda minutes for September 29th and November 4, 2021 as presented.
SECOND: Wally Overman
DISCUSSION: None
OPPOSED: None
OUTCOME: Carried

ITEM 8 - Committee Reports:

Fred Newberry stated that there has been no word from AOPA regarding the events for 2022.

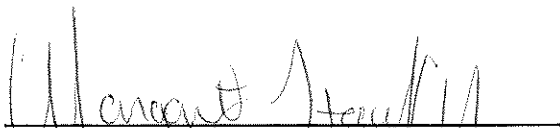
ITEM 9 - Comments from the Authority Members:

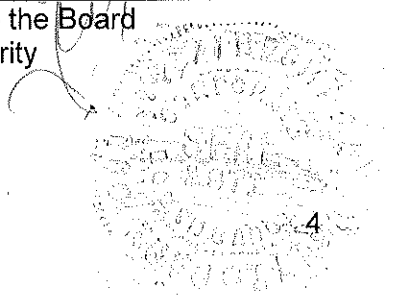
None

ITEM 10 - Adjourn

MOTION: Pete Burkheimer motioned to adjourn.
SECOND: Joe Blakaitis
DISCUSSION: None
OPPOSED: None
OUTCOME: Carried

The meeting was adjourned at 5:07 PM ET


Margaret Stauffer, Clerk to the Board
Dare County Airport Authority



**DARE COUNTY AIRPORT AUTHORITY
410 AIRPORT ROAD, MANTEO, NC
Wednesday, December 1, 2021
AGENDA**

4:00 PM CONVENE AUTHORITY FOR MONTHLY MEETING

ITEM 1 PUBLIC COMMENTS

ITEM 2 ENGINEER'S REPORT

ITEM 3 POTTER & COMPANY
a. Audit Presentation 6/30/2021

ITEM 4 ATTORNEY'S REPORT

ITEM 5 CHAIR'S REPORT

ITEM 6 DIRECTOR'S REPORT

ITEM 7 CONSENT AGENDA
a. September 29, 2021
b. November 4, 2021

ITEM 8 COMMITTEE REPORT

ITEM 9 COMMENTS FROM THE AUTHORITY MEMBERS

ITEM 10 ADJOURN

GUEST SIGN-IN SHEET

D.C.A.A. MEETING
December 1, 2021

NAME & ADDRESS

REPRESENTING

Sam Long

OBA

Branden Lozan

L

Karin Edmund

Candy Bonke Long

Talbert & Bright Engineers Update

December 1, 2021

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POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

November 19, 2021

To the Board of Directors
Dare County Airport Authority
Manteo, North Carolina

In planning and performing our audit of the financial statements of the business-type activities and each major fund of the **Dare County Airport Authority** as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the **Dare County Airport Authority's** internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, due to the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal controls that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Potter & Company, PA

Potter & Company, P.A.
Certified Public Accountants



POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

November 19, 2021

To the Board
Dare County Airport Authority
Nags Head, North Carolina

We have audited the financial statements of the Dare County Airport Authority for the year ended June 30, 2021, and have issued our report thereon dated November 19, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted accounting standards, as well as certain information about the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 2, 2021. Professional standards also require that we communicate to you the following information related to our audit:

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Dare County Airport Authority are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during June 30, 2021. We noted no transactions entered into by the Dare County Airport Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciable lives of assets is based on the generally accepted lives for such assets. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of OPEB Liability and LGERS Liability at year end is based on an actuarial study as prepared by an independent actuary.

Management's estimate of uncollectible accounts receivable are based on subsequent collection percentages from prior years. We evaluated the key factors and assumptions used to develop the estimate in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no known or likely misstatements identified during the audit.

Disagreements With Management

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 19, 2021.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Dare County Airport Authority auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the other post employment benefits schedules of funding progress and employer contributions; the Authority's proportionate share of the net pension liability and the Authority's contributions for the Local Government Employees' Retirement System (LGERS) which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or any assurance on the RSI.

We were engaged to report on the budget and actual schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and the statistical section, which accompany the financial statements but are not RSI. Such information has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them or provide any assurance on it.

This information is intended solely for the use of the Board and management of the Dare County Airport Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Potter & Company, PA

Potter & Company, PA
Certified Public Accountants
 Mooresville, North Carolina

Dare County Airport Authority
(A component unit of Dare County)

Financial Statements

June 30, 2021

Dare County Airport Authority
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Dare County Airport Authority
Manteo, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the **Dare County Airport Authority** (a component of Dare County) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Dare County Airport Authority'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.

Auditors' Responsibility

Our responsibility is to express opinion on these financial statements based on our audit. 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 of material misstatement.

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.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Dare County Airport Authority, as of June 30, 2021, and the respective changes in financial position and cash flows 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 6-11, the Other Postemployment Benefits Schedule of Changes in the total OPEB Liability and Related Ratios on pages 34, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) on page 35 and Schedule of Contributions on page 36, 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 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 basic financial statements of the Dare County Airport Authority. The budgetary schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules 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. In our opinion, based on our audit, the procedures performed as described above, the comparative and individual fund statements and budgetary schedules are fairly stated, in all material respect, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2021 on our consideration of the Dare County Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 its internal control over financial reporting and compliance.

Potter & Company, PA

Certified Public Accountants

Mooresville, North Carolina

November 19, 2021

**Management's Discussion and Analysis
Dare County Airport Authority
For Fiscal Year Ended June 30, 2021**

As management of the Dare County Airport Authority, we offer readers of the Dare County Airport Authority's financial statements this narrative overview and analysis of the financial activities of the Dare County Airport Authority for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

Financial highlights

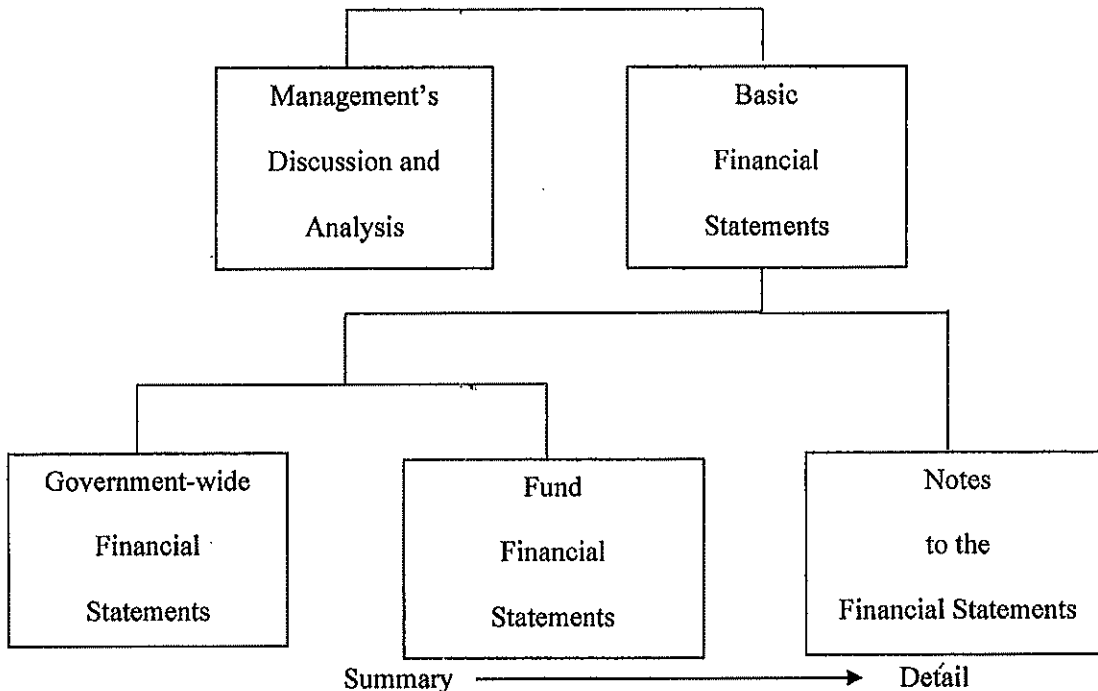
- The assets and deferred outflows of resources of the Dare County Airport Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$12,532,235 (net position).
- The Authority's total net position increased by \$119,355.
- Airport operations expenses decreased by \$44,014 or 2.3%.
- Cemetery operation expenses increased by \$4,155.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Dare County Airport Authority's basic financial statements. The Authority'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 Authority through the use of government-wide statements and fund financial statements combined on one statement due to special treatment allowed under GASB 34. See Note 2. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Authority.

Required Components of Annual Financial Report

Figure 1



**Management's Discussion and Analysis
Dare County Airport Authority
For Fiscal Year Ended June 30, 2021**

Basic Financial Statements

The first two statements (exhibits 1 and 2) in the basic financial statements are the combined **Government-wide Financial and Fund Statements**. Under Governmental Accounting Standards Board Statement Number 34, certain governmental entities are permitted to combine the government-wide and fund financial statements. The Authority qualifies for this type of financial statement treatment. The fund financial statements are presented along with reconciliation to the government-wide financial statements.

Several adjustments are required to convert the balance sheet to the statement of net position. The fund-based balance sheet does not provide information on long-term assets and liabilities. The Authority's total fixed assets, net of accumulated depreciation, must be included in the statement of net position. Other funds are not reported on the statement of net position.

Depreciation is not recorded on the fund-based financial statements but it must be included on the statement of activities. Expenditures for capital assets are recognized on the fund-based statements; these expenditures are capitalized for government-wide statements and are not included in the statement of activities.

The **Government-wide Statements** provide both short and long-term information about the Authority's financial status.

The **Fund Financial Statements** focus on the activities of the individual parts of the Authority. This statement provides more detail than the government-wide statement. There are two parts to the fund financial statements: 1) the Governmental Fund Statement and 2) the Budgetary Comparison Statement.

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.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Authority'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 Authority's financial status as a whole.

The government wide statement reports the Authority's net position and how it has changed. Net position is the difference between the Authority's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Authority's financial condition.

The government-wide statement contains one category, governmental activity. The governmental activity includes the Authority's basic services such as general administration.

The government-wide financial and fund financial statements are on Exhibits 1 and 2 of this report.

**Management's Discussion and Analysis
Dare County Airport Authority
For Fiscal Year Ended June 30, 2021**

Fund Financial Statements

The fund financial statements provide a more detailed look at the Authority's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Dare County Airport Authority, 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. The Authority only has one governmental fund.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Authority's basic services are accounted for in the governmental fund. This fund focuses 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* that provides a short-term spending 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 Authority's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statements of Activities) and governmental funds is described in an adjustments column with a note to explain differences referenced.

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 statement.

Government-Wide Financial Analysis

**Dare County Airport Authority
Net Position**

Exhibit 1

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 5,910,331	\$ 5,331,497
Capital assets	9,546,526	9,824,269
Deferred outflows of resources	<u>573,195</u>	<u>474,373</u>
Total assets	<u>15,634,309</u>	<u>15,630,139</u>
Current liabilities	148,457	109,258
Noncurrent liabilities	3,153,122	2,858,949
Deferred inflows of resources	<u>196,238</u>	<u>249,052</u>
Total liabilities	<u>3,217,259</u>	<u>3,217,259</u>
Net position:		
Net investment in capital assets	9,546,526	9,824,269
Restricted	<u>2,985,709</u>	<u>2,586,611</u>
Total net position	<u>\$ 12,532,235</u>	<u>\$ 12,412,880</u>

**Management's Discussion and Analysis
Dare County Airport Authority
For Fiscal Year Ended June 30, 2021**

As noted previously, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Dare County Airport Authority exceeded liabilities by \$12,532,235 as of June 30, 2021. The Authority's net position increased by \$119,355 for the fiscal year ended June 30, 2021. This reflects the Dare County Airport Authority's conservative budgeting outlook as a governmental entity. Maintaining adequate reserves is necessary because there is no parent unit of government to support ongoing expenses during periods of State economic crisis. Capital assets are 76% of net position. The Dare County Airport Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Dare County Airport Authority
Changes in Net Position
Exhibit 2**

	2021	2020
Revenues		
Program revenues		
Fuel sales (net of costs)	\$ 367,955	\$ 323,795
Hanger and tie down fees	263,980	249,629
Rental commissions (net of cost)	38,649	32,795
Land/building rentals	197,101	198,122
Landing fees	23,317	18,589
Vehicles parking fees	8,345	5,280
Pilot supplies and sales	2,323	2,164
Sale of grave sites	6,192	3,926
Grants	69,000	-
Other income	63,162	16,798
Capital grant contributions	106,540	464,196
Contribution from primary government	824,398	853,062
General Revenues		
Investment Earnings	2,428	82,182
Total Revenues	1,973,390	2,250,538
Expenses		
Airport operations	1,429,220	1,366,493
Cemetery operations	6,558	2,403
Depreciation	418,257	524,998
Total expenses	1,854,035	1,893,894
Decrease in net position	119,355	356,644
Net position July 1	12,412,880	12,056,236
Net position, June 30	\$ 12,532,235	\$ 12,412,880

**Management's Discussion and Analysis
Dare County Airport Authority
For Fiscal Year Ended June 30, 2021**

Fuel sales (net of costs) increased by \$44,160.

Airport operating expenses decreased by \$44,014 or 2.3%. Expense among categories were relatively the same across the fund.

Cemetery operations expenses increased by \$4,155 due to more maintenance and repairs needed on rental homes in the current year.

Financial Analysis of the Authority's Funds

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

Governmental Funds. The focus of the Dare County Airport Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Dare County Airport Authority'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 the Dare County Airport Authority. At the end of the current fiscal year, fund balance available in the General Fund was \$12,137,659, while total fund balance was \$12,532,235. As a measure of the general fund's liquidity, it may be useful to compare both fund balance available and total fund balance to total fund expenditures

At June 30, 2021, the governmental funds of Dare County Airport Authority reported a combined fund balance of \$12,532,235, a 1% increase from last year.

Capital Asset and Debt Administration

Capital assets. The Dare County Airport Authority's investment in capital assets for its governmental activities as of June 30, 2021, totals \$9,546,526 (net of accumulated depreciation). These assets include land, buildings, and equipment.

**Dare County Airport Authority
Capital Assets
Figure 3
(Net of Depreciation)**

<u>Governmental Activities</u>	<u>2021</u>	<u>2020</u>
Land	\$ 5,784,438	\$ 5,784,438
Buildings and improvements	1,309,419	1,449,065
Equipment	74,825	81,758
Construction in process	282,309	154,093
Runway Improvements	1,746,178	1,966,225
Vehicles	3,253	12,417
Land improvements	346,104	376,273
Total	<u>\$ 9,546,526</u>	<u>\$ 9,824,269</u>

Additional information on the Dare County Airport Authority's capital assets can be found in the notes of the Basic Financial Statements.

**Management's Discussion and Analysis
Dare County Airport Authority
For Fiscal Year Ended June 30, 2021**

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Dare County Airport Authority.

- The Authority continues to enter into contracts with tenants to contribute to growth which will foster increased revenues from office and hangar leases and increased fuel sales.
- The Authority continues to monitor the effect of COVID-19. As such, it is uncertain as to the full magnitude that the pandemic will have on the Airport's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Business-type Activities: The airport's operating budget for 2021-2022 anticipates revenues and expenditures of \$2,845,001.

Requests for Information

This report is designed to provide an overview of the Dare County Airport Authority finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Airport Director, Dare County Airport Authority, PO Box 429, Manteo, NC 27954.

Basic Financial Statements

Dare County Airport Authority
Statement of Net Position
Proprietary Funds
June 30, 2021

Exhibit 1

	Business-type Activities-Enterprise Funds		
	Airport Operations (Major Fund)	Cemetery (Non- Major Fund)	Totals
ASSETS			
Current assets:			
Due from Dare County investment pool	\$ 5,405,445	\$ 392,343	\$ 5,797,788
Receivables	58,565	3,400	61,965
Accrued interest receivable	2,199	-	2,199
Inventories	48,379	-	48,379
Total current assets	<u>5,514,588</u>	<u>395,743</u>	<u>5,910,331</u>
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Land	5,784,438	-	5,784,438
Construction in progress	282,309	-	282,309
Buildings, equipment & infrastructure	3,479,779	-	3,479,779
Total capital assets	<u>9,546,526</u>	<u>-</u>	<u>9,546,526</u>
Total noncurrent assets	<u>9,546,526</u>	<u>-</u>	<u>9,546,526</u>
Total assets	<u>15,061,114</u>	<u>395,743</u>	<u>15,456,857</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits	452,526	-	452,526
Pension deferrals	120,669	-	120,669
Total deferred outflows	<u>573,195</u>	<u>-</u>	<u>573,195</u>
LIABILITIES			
Current liabilities:			
Accounts payable	113,066	67	113,133
Customer deposits	10,582	1,100	11,682
Salaries payable	23,642	-	23,642
Total current liabilities	<u>147,290</u>	<u>1,167</u>	<u>148,457</u>
Noncurrent liabilities:			
Other postemployment benefits	2,885,463	-	2,885,463
Compensated absences	56,355	-	56,355
Pension liability	211,304	-	211,304
Total noncurrent liabilities	<u>3,153,122</u>	<u>-</u>	<u>3,153,122</u>
Total liabilities	<u>3,300,412</u>	<u>1,167</u>	<u>3,301,579</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits	196,238	-	196,238
Total deferred inflows	<u>196,238</u>	<u>-</u>	<u>196,238</u>
NET POSITION			
Net investment in capital assets	9,546,526	-	9,546,526
Unrestricted	2,591,133	394,576	2,985,709
Total net position	<u>\$ 12,137,659</u>	<u>\$ 394,576</u>	<u>\$ 12,532,235</u>

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

Dare County Airport Authority
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

Exhibit 2

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Airport Operations (Major Fund)</u>	<u>Cemetery (Non- Major Fund)</u>	<u>Totals</u>
OPERATING REVENUES			
Fuel sales (net of cost)	\$ 367,955	\$ -	\$ 367,955
Hangar & tie down fees	263,980	-	263,980
Rental commissions (net of cost)	38,649	-	38,649
Land/building rentals	172,801	24,300	197,101
Landing fees	23,317	-	23,317
Vehicle parking fees	8,345	-	8,345
Pilot supplies & oil sales	2,323	-	2,323
Sale of grave & crypt sites	-	6,192	6,192
Grants - DOT Cares Act	69,000	-	69,000
Other income	63,006	156	63,162
Total operating revenues	<u>1,009,376</u>	<u>30,648</u>	<u>1,040,024</u>
OPERATING EXPENSES			
Operations	1,429,220	6,558	1,435,778
Depreciation	418,257	-	418,257
Total operating expenses	<u>1,847,477</u>	<u>6,558</u>	<u>1,854,035</u>
Operating income (loss)	<u>(838,101)</u>	<u>24,090</u>	<u>(814,011)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earned on investments	2,257	171	2,428
Contribution from primary government	824,398	-	824,398
Total nonoperating revenues (expenses)	<u>826,655</u>	<u>171</u>	<u>826,826</u>
Income (loss) before capital contributions	(11,446)	24,261	12,815
Capital grant contributions	<u>106,540</u>	<u>-</u>	<u>106,540</u>
Change in net position	95,094	24,261	119,355
Net position-beginning	12,042,565	370,315	12,412,880
Total net position - ending	<u>\$ 12,137,659</u>	<u>\$ 394,576</u>	<u>\$ 12,532,235</u>

Dare County Airport Authority
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

Exhibit 3

	Business-type Activities-Enterprise Funds		
	Airport Operations (Major Fund)	Cemetery (Non- Major Fund)	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 1,825,282	\$ 29,948	\$ 1,855,230
Cash paid for goods & services	(1,678,909)	(6,515)	(1,685,424)
Cash paid to employees for services	(398,416)	-	(398,416)
Net cash provided (Used) by operating activities	<u>(252,043)</u>	<u>23,433</u>	<u>(228,610)</u>
Cash flows from noncapital financing activities:			
Transfers (to) from Dare County investment pool	(540,638)	(23,604)	(564,242)
Transfer from primary government	824,398	-	824,398
Net cash provided (used) by noncapital financing activities	<u>283,760</u>	<u>(23,604)</u>	<u>260,156</u>
Cash flows from capital & related financing activities:			
State and federal grants	106,540	-	106,540
Acquisition & construction of capital assets	(140,514)	-	(140,514)
Net cash provided by capital & related financing activities	<u>(33,974)</u>	<u>-</u>	<u>(33,974)</u>
Cash flows from investing activities:			
Interest on investments	2,257	171	2,428
Net cash provided from investing activities	<u>2,257</u>	<u>171</u>	<u>2,428</u>
Net increase (decrease) in cash	-	-	-
Cash & cash equivalents, July 1	-	-	-
Cash & cash equivalents, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (838,101)	\$ 24,090	\$ (814,011)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	418,257	-	418,257
(Increase) decrease in assets & deferred outflows:			
Accounts receivable	(13,036)	(700)	(13,736)
Inventory	(856)	-	(856)
Deferred outflows or resources-OPEB	(77,311)	-	(77,311)
Deferred outflows or resources-pension	(21,511)	-	(21,511)
Increase (decrease) in liabilities & deferred inflows:			
Deferred inflows of resources-pension	-	-	-
Deferred inflows of resources-OPEB	(52,814)	-	(52,814)
Operating accounts payable	37,027	43	37,070
Compensated absences	(6,020)	-	(6,020)
Salaries payable	2,129	-	2,129
Pension liability	50,996	-	50,996
Net OPEB obligation	249,197	-	249,197
Total adjustments	<u>586,058</u>	<u>(657)</u>	<u>585,401</u>
Net cash provided (used) by operating activities	<u>\$ (252,043)</u>	<u>\$ 23,433</u>	<u>\$ (228,610)</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Dare County Airport Authority (Airport Authority) conform to generally accepted accounting principles (GAAP) as applicable to governments. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The Dare County Airport Authority is a public authority created under the General Statutes of North Carolina. The Authority was created for the purpose of maintaining and operating a public airport for Dare County.

Organization of the Dare County Airport Authority

The nine-member Board of the Dare County Airport Authority is appointed to four-year terms by Dare County and the County has the ability to remove the appointed board members without cause. The Airport Authority designates its own management and approves its own budget. The Dare County finance department provides accounting oversight. The County and Airport Authority have joint input regarding the hiring of employees. All personnel working for the Airport Authority are Dare County employees. The County provides an annual appropriation for the Airport Authority that pays all payroll and related costs, as well as other approved costs and expenditures. The County is not, however, obligated for the Airport Authority's debts or entitled to any surpluses of the Airport Authority. Dare County is accountable for the Airport Authority because it appoints the Airport Authority's governing board and because the County has the ability to exercise influence over the Authority's budget. Therefore, the Airport Authority is reported as a component unit of Dare County using the discrete presentation in Dare County's financial statements.

B. Basis of Presentation

The accounts of Dare County Airport Authority are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

The Authority accounts for its operations as enterprise funds. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

The Authority reports the following major enterprise fund:

Airport Operations Fund. This fund is used to account for the operation of the airport. The airport capital project fund is consolidated with the operation fund for financial reporting purposes.

The Authority reports the following non-major enterprise fund:

Cemetery Fund. This fund is used to account for the operation of Roanoke Island Memorial Gardens cemetery operated by the airport.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, and all liabilities associated with the operation of this fund are included on the statement of net position. Net position is the result of deducting all the liabilities and deferred inflows of resources from all the assets and deferred outflows of resources. Total net position is segregated into three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. All funds of the Authority are maintained on the modified accrual basis during the year; however, the financial statements for the Authority have been reported on the accrual basis. Under this basis, revenues are recorded when earned and expenses are recorded when incurred. In converting from the modified accrual basis to the full accrual basis, the changes required may include adjustments for unpaid interest, depreciation, prepaid tenant rents, payments of principal on outstanding debt, and capital outlay.

D. Budgetary Data

The Authority's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund. The annual budget is prepared on the modified accrual basis of accounting to be compatible with the accounting system in recording transactions. Budgetary control is exercised in all funds. Expenditures may not legally exceed appropriations at the line-item level for all annually budgeted funds and at the object level for the multi-year funds. The Authority Manager is authorized by the budget ordinance to transfer appropriations between line-item areas within a fund up to \$20,000; however, any revisions that alter the line-items by more than \$20,000 must be approved by the governing board. The budget was prepared on the modified accrual basis of accounting. The budget presented in these statements is the budget ordinance as amended through June 30, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

1. Deposits and Investments

All deposits and investments of the Authority are invested in the Dare County investment pool as part of an agreement with Dare County who provides accounting and investment services. Amounts invested in this pool are shown on the statement of net position as "Due from Dare County investment pool."

2. Accounts Receivable

Accounts receivable recorded in the enterprise fund are due from customers for the purchases of gas, oil and supplies, and for tie down and hanger fees. The Airport Authority uses the direct write-off method to account for bad debts, which does not result in a material difference from the allowance method.

3. Inventories

Inventories are maintained for all enterprise fund gas and fuel. They are valued at the lower of cost (first-in, first out) or market.

4. Capital Assets

Enterprise fund capital assets are recorded at original cost at the time of acquisition. Assets donated to the enterprise fund are recorded at the estimated fair market value at the date of donation. The original costs of certain items acquired before July 1, 1987, are recorded at estimated original cost. Assets of the Authority are depreciated on a class life basis over the following years:

	<u>Estimated Useful Life</u>
Buildings and improvement	5-40 years
Vehicles	5 years
Equipment	5-10 years
Runways and other improvements	5-20 years

5. Long-Term Debt

Long-term debt is reported as a liability in the Enterprise Fund.

6. Net Position

Net position in 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 externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Airport has one item that meets this criterion, contributions made to the pension plan in the 2021 fiscal year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Airport has one item that meets the criterion for this category – deferrals of pension expense that result from the implementation of GASB Statement 68.

8. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position has been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Dare County Airport Authority's employer contributions are recognized when due and the Dare County Airport Authority has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

F. Revenues and Expenses

It is the Airport Authority's policy to 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.

Regular employees earn vacation leave from the beginning of employment at the rate of one day per month (12 days per year). Employees with five or more years of service 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). Employees with 15 or more 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.

Employees 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 the authority has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Accrued vacation pay includes accumulated unpaid vacation leave and overtime compensation totaling \$56,355 at June 30, 2021. The current portion of accumulated vacation leave and overtime compensation are not considered to be material and, therefore, no provision for this has been made in the accompanying financial statements.

DARE COUNTY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS

A. ASSETS

1. Deposits and Investments

The Authority does not have any deposits or investments in its name as the Authority has an agreement with Dare County to provide accounting and investment services. As a part of this agreement Dare County maintains the Authority's specifically identifiable deposits and investments as a part of the Dare County investment pool where the County pools money from several funds to facilitate disbursement and investment and to maximize investment income. The portion of these funds allocable to the Dare County Airport Authority at June 30, 2021 in the amount of \$5,797,488 are reported on the Statement of Net Position as "Due from Dare County Investment Pool." Dare County's CAFR includes additional information regarding deposit and investment activity of Dare County. That report may be obtained by writing the Dare County Finance Department, PO Box 1000, Manteo, NC 27954.

2. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 5,784,438	\$ -	\$ -	\$ -	\$ 5,784,438
Construction in progress	154,093	128,216	-	-	282,309
	<u>5,938,531</u>	<u>128,216</u>	<u>-</u>	<u>-</u>	<u>6,066,747</u>
Capital assets being depreciated:					
Buildings and improvements	4,362,215	-	-	-	4,362,215
Equipment	673,707	12,300	(6,474)	-	679,533
Runway improvements	10,316,410	-	(50,000)	-	10,266,408
Land improvements	670,520	-	-	-	670,520
Vehicles	110,569	-	(17,555)	-	93,014
Total capital assets being depreciated	<u>16,133,421</u>	<u>12,300</u>	<u>(74,029)</u>	<u>-</u>	<u>16,071,690</u>
Less accumulated depreciation for:					
Buildings and improvements	2,913,150	139,646	-	-	3,052,796
Equipment	591,949	19,233	(6,474)	-	604,708
Runway improvements	8,350,185	220,045	(50,000)	-	8,520,230
Land improvements	294,247	30,169	-	-	324,416
Vehicles	98,152	9,164	(17,555)	-	89,761
Total accumulated depreciation	<u>12,247,683</u>	<u>\$ 418,257</u>	<u>\$ (74,029)</u>	<u>\$ -</u>	<u>12,591,911</u>
Total capital assets being depreciated, net	<u>3,885,738</u>				<u>3,479,779</u>
Business-type capital assets, net	<u>\$ 9,824,269</u>				<u>\$ 9,546,526</u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)

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

Business-type activities:

Airport operations \$418,257

B. LIABILITIES

1. Pension Plan and Post-Employment Obligations

All personnel working for the Dare County Airport Authority are Dare County employees and are eligible for the same retirement and benefits afforded all Dare County employees. The following are details of those amounts paid on behalf of those employees at the Dare County Airport Authority based on the Airport's proportionate share of Dare County's total expense.

a. North Carolina Local Governmental Employees' Retirement System

Plan Description. Dare County (Airport) is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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) 707-0500, 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

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)

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 LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Dare County Airport Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Dare County's (for Airport) contractually required contribution rate for the year ended June 30, 2021, was 10.15%, 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 Dare County (for Airport) were \$44,649 for the year ended June 30, 2021.

Refunds of Contributions. Dare County (Airport) 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, 2021, Dare County (Airport) reported net pension liabilities of \$211,304 for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was

DARE COUNTY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)

determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. Dare County's (Airport) 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, 2021, Dare County's (Airport) proportion was 0.00591%, which was a decrease of 0.00037% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2021, the Dare County (Airport) recognized pension expense of \$74,132. At June 30, 2021, Dare County (Airport) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,684	\$ -
Changes of assumption	15,725	-
Net difference between projected and actual earnings on pension plan investments	29,735	-
Changes in proportion and differences between Dare County (Airport) contributions and proportionate share of contributions Dare County (Airport) contributions subsequent to the measurement date	3,876	-
	<u>44,649</u>	<u>-</u>
Total	<u>\$ 120,669</u>	<u>\$ -</u>

The amount of \$44,649 reported as deferred outflows of resources related to pensions resulting from Dare County (Airport) contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 21,817
2023	28,517
2024	16,887
2025	8,799
Thereafter	-

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)

Actuarial Assumptions. The total pension liability in the December 31, 2019 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 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2015.

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 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, 2021 are summarized in the following table:

DARE COUNTY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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 7.00%. 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 benefits 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 Dare County's (Airport) proportionate share of the net pension liability to changes at the discount rate. The following presents Dare County's (Airport) proportionate share of the net pension liability calculated using the discount rate of 7.00 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 one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Dare County's (Airport) proportionate share of the net pension liability (asset)	<u>\$ 428,714</u>	<u>\$ 211,304</u>	<u>\$ 30,622</u>

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.

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)

b. Supplemental Retirement Income Plan

Plan Description. Dare County (Airport) contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to those individuals employed by Dare County (Airport). Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. For the year ended June 30, 2021 Dare County (Airport) made a contribution of 0%. All amounts are vested immediately. Employees may make voluntary contributions to the plan. Dare County's (Airport) contributions for the year ended June 30, 2021, were \$1,700, which consisted of \$0 from Dare County (Airport) and \$1,700 from employees.

c. Other Post-Employment Benefit-Healthcare Benefits

Plan Description. Under the terms of the Dare County healthcare policy, Dare County administers a single employer defined benefit Healthcare Benefits Plan (the HCB Plan) and the Dare County Airport employees participate in this 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 five 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. The HCB Plan provides healthcare benefits for retirees. The County pays a percentage of the cost of coverage for employees' benefits through private insurers. Employees hired on or after July 1, 2007 are required to participate in a Retirement Health Savings Plan (RHSP) which provides a means for employees to save money for future withdrawals to pay qualified health care expenses.

Membership of the HCB Plan consisted of the following at January 1, 2020, the date of the latest actuarial valuation:

	<u>General Employees</u>
Retirees and dependents receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>8</u>
Total	<u><u>15</u></u>

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)

Total OPEB Liability

The Authority's total OPEB liability of \$2,885,463 was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	2 percent, average, including inflation
Discount rate	2.16 percent
Healthcare cost trend rates	Medical 6.50%
	Prescription 6.25%
	Admin Expenses 3.00%

The S&P Municipal Bond 20 Year High Grade rate as of June 30, 2021 was 2.21 percent.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	<u>\$2,636,266</u>
Changes for the year	
Service cost	125,926
Interest	60,008
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	157,031
Benefit payments	<u>(93,768)</u>
Net changes	<u>249,197</u>
 Balance at June 30, 2021	 <u><u>\$2,885,463</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.16%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience as of December 31, 2015.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Airport, as well as what the Airport's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

DARE COUNTY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	<u>\$ 3,398,250</u>	<u>\$ 2,885,463</u>	<u>\$ 2,481,055</u>

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

	1% Decrease (Medical – 5.5%, Prescription – 5.25%, Admin 2.00%)	Discount Rate (Medical – 6.5%, Prescription – 6.25%, Admin 3.00%)	1% Increase (Medical – 7.5%, Prescription – 7.25%, Admin 4.00%)
Total OPEB Liability	<u>\$ 2,418,187</u>	<u>\$ 2,885,463</u>	<u>\$ 3,493,492</u>

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

For the year ended June 30, 2021, the Airport recognized OPEB expense of \$155,313. At June 30, 2021, the Airport 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	\$ -	\$ (135,917)
Changes of assumptions	419,363	(60,321)
Benefit payments and administrative costs made subsequent to the measurement date	33,163	
Total	<u>\$ 452,526</u>	<u>\$ (196,238)</u>

\$33,163 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)

Year Ended June 30:	
2022	\$ 13,808
2023	13,809
2024	43,969
2025	43,969
2026	43,969
Thereafter	63,601

Summary of Significant Accounting Policies. Postemployment expenditures are made from the Operations 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 become due.

2. Other Employment Benefit

Death Benefit Plan. Dare County (Airport) has elected to provide death benefits to employees through the Death Benefit Retirement Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State administered, cost-sharing plan funded on a one year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made by the Death Benefit Plan. The County has 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. Dare County (Airport) considers these contributions to be immaterial.

3. Risk Management

The Airport Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Airport Authority participates with Dare County in its insurance program, which includes two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, Dare County obtains 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 \$2 million per occurrence; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified

DARE COUNTY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)

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 \$2 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 Plan (NFIP). Additional information regarding flood insurance coverage can be found in Dare County's CARF.

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 Airport carries a bond on its finance officer for \$50,000. Employees that have access to \$100 or more are bonded under a blanket bond of \$250,000.

The Airport Authority participates with Dare County in its health insurance benefits program. The County provides health insurance benefits with a self-insurance plan administered by Blue Cross Blue Shield of North Carolina (BCBS). Specific stop loss insurance is maintained at \$100,000 per participant per year with an unlimited lifetime maximum. Additional information regarding health insurance can be found in Dare County's CAFR.

The Airport carries its own aviation liability and commercial auto policies.

4. Long-Term Debt

The following table summarizes the changes in long-term liabilities for the year ended June 30, 2021:

	Balance July 1	Increase	Decrease	Balance June 30	Current Portion
Compensated absences	\$ 62,375	\$ -	\$ (6,020)	\$ 56,355	\$ -
Net OPEB obligation	2,636,266	249,197	-	2,885,463	-
Net pension liability (LGERS)	160,308	50,996	-	211,304	-
Totals	<u>\$ 2,858,949</u>	<u>\$300,193</u>	<u>\$ (6,020)</u>	<u>\$ 3,153,122</u>	<u>\$ -</u>

DARE COUNTY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)

5. Claims, Judgments and Contingent Liabilities

At June 30, 2021, in the opinion of the Airport's management and attorney, the Airport was not involved in any claims, judgments or contingent liabilities.

C. REVENUES AND COST OF SALES

Fuel sales and automobile rental commissions are reported in the Statement of Revenues, Expenses and Changes in Net Position, net of cost of sales as follows:

	Fuel Sales	Automobile Rental Commissions
Gross sales	\$ 1,136,803	\$ 98,742
Cost of sales	<u>(768,848)</u>	<u>(60,093)</u>
Gross profit	<u>\$ 367,955</u>	<u>\$ 38,649</u>

NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 4 - RELATED PARTY TRANSACTIONS

Dare County provides a budget supplement to support the operations of the Airport.

The following summarizes the transactions with Dare County during the year ended June 30, 2021:

Dare County general appropriation	<u>\$ 824,398</u>
Expenditures:	
Salaries and benefits	\$ 641,082
Indirect costs allocated	116,220
Shop overhead	7,756
Other expenses	59,340
	<u>\$ 824,398</u>

DARE COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Airport’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation and the effect on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Government is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year ending June 30, 2022.

Management has evaluated subsequent events through November 19, 2021, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL
FINANCIAL DATA**

Dare County Airport Authority
 Schedule of Changes in the Total OPEB Liability & Related Ratios
 June 30, 2021

		<u>2021</u>
Total OPEB Liability		
Service cost	\$	125,926
Interest		60,008
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		157,031
Benefit payments		(93,768)
Net change in total OPEB liability		<u>249,197</u>
Total OPEB liability - beginning		<u>2,636,266</u>
Total OPEB liability - ending	\$	<u>2,885,463</u>
Covered payroll	\$	382,482
Total OPEB liability as a percentage of covered payroll		754.40%

Notes to Schedule

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

<u>Fiscal year</u>	<u>Rate</u>
2021	2.16%

Dare County Airport Authority
Dare County Airport Authority's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six
Fiscal Years*
Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Dare County Airport Authority's proportion of the net pension liability (asset) (%)	0.00591%	0.00628%	0.00610%	0.00550%	0.00630%	0.00517%
Dare County Airport Authority's proportion of the net pension liability (asset) (\$)	\$ 211,304	\$ 160,308	\$ 134,092	\$ 84,066	\$ 118,505	\$ 25,953
Dare County Airport Authority's covered-employee payroll	\$ 364,848	\$ 372,491	\$ 393,260	\$ 386,846	\$ 371,860	\$ 352,220
Dare County Airport Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	57.92%	43.04%	34.10%	21.73%	31.87%	7.37%
Plan fiduciary net position as a percentage of the total pension liability	88.61%	91.63%	94.18%	91.47%	98.09%	99.07%

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

Dare County Airport Authority
Dare County Airport Authority's Contributions
Required Supplementary Information
Last Six Fiscal Years
Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 44,649	\$ 37,651	\$ 33,347	\$ 28,626	\$ 26,153	\$ 25,162
Contributions in relation to the contractually required contribution	<u>44,649</u>	<u>37,651</u>	<u>33,347</u>	<u>28,626</u>	<u>26,153</u>	<u>25,162</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Dare County Airport Authority's covered-employee payroll	\$ 382,482	\$ 364,848	\$ 372,491	\$ 393,260	\$ 386,846	\$ 371,860
Contributions as a percentage of covered-employee payroll	11.67%	10.32%	8.95%	7.28%	6.67%	6.67%

Dare County Airport Authority
 Airport Operations Fund
 Schedule of Revenues & Expenditures
 Budget & Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2021
 With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2020

	2021		Variance Positive (Negative)	2020
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Fuel sales	\$ 1,130,000	\$ 1,136,803	\$ 6,803	\$ 1,016,984
Hanger rentals	265,000	262,140	(2,860)	246,704
Tie down fees	3,000	1,840	(1,160)	2,925
Rental commissions	85,000	98,743	13,743	66,908
Land/building rentals	185,000	172,801	(12,199)	174,690
Landing fees	25,000	23,317	(1,683)	18,589
Vehicle parking fees	8,000	8,345	345	5,280
Pilot supplies and oil sales	3,100	2,323	(777)	2,164
Vending income	300	150	(150)	300
Grants - DOT Cares Act	69,000	69,000	-	-
Other income	28,800	62,856	34,056	16,420
	<u>1,802,200</u>	<u>1,838,318</u>	<u>36,118</u>	<u>1,550,964</u>
Other revenues:				
Interest earned on investments	35,000	2,257	(32,743)	76,387
	<u>35,000</u>	<u>2,257</u>	<u>(32,743)</u>	<u>76,387</u>
Total revenues	<u>1,837,200</u>	<u>1,840,575</u>	<u>3,375</u>	<u>1,627,351</u>
Expenditures:				
Operations:				
Cost of goods sold-fuel	840,000	768,848	71,152	692,974
Cost of goods sold-rentals	50,000	60,094	(10,094)	34,113
Auto fuel	3,000	982	2,018	215
Pilot supplies and oil	4,000	2,857	1,143	1,607
Souvenirs	2,500	2,276	224	1,844
Salaries and wages	397,864	400,545	(2,681)	388,627
FICA taxes	30,436	29,204	1,232	28,259
Retirement	40,205	40,605	(400)	35,552
Group insurance	164,744	157,322	7,422	148,731
Longevity	7,828	7,608	220	7,749
Contract services	299,000	203,873	95,127	207,800
Professional fees	25,204	16,802	8,402	17,438
Telephone and postage	5,200	4,248	952	4,061
Utilities	30,000	30,547	(547)	29,575
Repairs and maintenance				
Rentals	60,000	42,099	17,901	33,393
Equipment	32,000	20,373	11,627	11,908
Building and grounds	70,000	50,460	19,540	26,421
Vehicles	6,500	6,047	453	4,641
Credit card processing fees	40,000	33,285	6,715	28,764
Copier program	2,500	991	1,509	1,042
Equipment leases	2,000	-	2,000	-
Fuel (maintenance)	6,500	4,546	1,954	6,564
Supplies	9,500	8,149	1,351	4,915
Museum operation	500	-	500	-

Dare County Airport Authority
 Airport Operations Fund
 Schedule of Revenues & Expenditures
 Budget & Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)	2020
	Budget	Actual		Actual
Computer software	\$ 8,000	\$ 2,041	\$ 5,959	\$ 828
Uniforms	2,500	637	1,863	1,638
Shop overhead	7,756	7,756	-	11,286
Employees training	4,000	80	3,920	655
Travel	10,000	1,860	8,140	8,520
Dues and subscriptions	2,000	1,615	385	2,108
Insurance	114,340	87,580	26,760	89,346
Marketing and advertising	26,550	6,075	20,475	5,897
Youth Aviation Day	4,000	-	4,000	392
Indirect costs allocated	116,220	116,220	-	112,590
Capital outlay	150,000	12,300	137,700	339,900
Contingency	92,296	-	92,296	-
Debt service:				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
Total	<u>2,667,143</u>	<u>2,127,925</u>	<u>539,218</u>	<u>2,289,353</u>
Revenues over expenditures	<u>(829,943)</u>	<u>(287,350)</u>	<u>(542,593)</u>	<u>(662,002)</u>
Other financing sources and (uses):				
Transfer from primary government	824,393	824,398	5	853,062
Appropriated fund balance	5,550	-	(5,550)	-
Total other financing sources & uses	<u>829,943</u>	<u>824,398</u>	<u>(5,545)</u>	<u>853,062</u>
Revenues over expenditures & other uses	<u>\$ -</u>	<u>537,048</u>	<u>\$ (537,048)</u>	<u>191,060</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items (operations fund):				
Capital outlays		12,300		339,900
Depreciation		(418,257)		(524,998)
Increase (decrease) in deferred outflows of resources-OPEB		77,311		324,043
Increase (decrease) in deferred outflows of resources-pensions		21,511		(11,435)
(Increase) decrease in compensated absences payable		6,020		-
(Increase) decrease in accrued OPEB liability		(249,197)		(303,019)
(Increase) decrease in net pension liability		(50,996)		(26,216)
(Increase) decrease in deferred inflows of resources-OPEB		52,814		(128,409)
(Increase) decrease in deferred inflows of resources-pensions		-		694
Reconciling items (capital projects fund):				
Grants		<u>106,540</u>		<u>464,196</u>
Total reconciling items		<u>(441,954)</u>		<u>134,756</u>
Change in net position		<u>\$ 95,094</u>		<u>\$ 325,816</u>

Dare County Airport Authority
Capital Projects Fund
Schedule of Revenues & Expenditures-Budget & Actual (Non-GAAP)
From Inception & for the Fiscal Year Ended June 30, 2021

	Project Author- ization	Prior Year	Current Year	Total to Date	Variance Positive (Negative)
Revenues-State Aid to Airports Restricted Intergovernmental:					
APRON Rehabilitation Design	\$ 163,588	\$ 117,779	\$ 41,763	\$ 159,542	\$ (4,046)
Runway 23 Land Acquisition	145,700	15,791	63,854	79,645	(66,055)
Runway 17 Approach Land Acquisition	354,933	349,745	923	350,668	(4,265)
Total Revenues	664,221	483,315	106,540	589,855	(74,366)
Expenditures:					
APRON Rehabilitation Design	181,765	135,346	48,087	183,433	1,668
Runway 23 Land Acquisition	161,889	18,747	80,129	98,876	(63,013)
Runway 17 Approach Land Acquisition	394,370	-	-	-	(394,370)
Total Expenditures	738,024	154,093	128,216	282,309	(455,715)
Revenues over (under) expenditures	(73,803)	329,222	(21,676)	307,546	381,349
Other Financing Sources:					
Operating transfer	73,803	-	-	-	(73,803)
Total Other Financing Sources	73,803	-	-	-	(73,803)
Revenues & other financing sources over (under) expenditures	\$ -	\$ 329,222	\$ (21,676)	\$ 307,546	\$ 307,546

Dare County Airport Authority
Cemetery Fund
Schedule of Revenues & Expenditures
Budget & Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2020

	2021		Variance Positive (Negative)	2020
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Grave sites	\$ 2,000	\$ 800	\$ (1,200)	\$ 2,426
Mausoleum crypts/nitch	4,000	5,392	1,392	1,500
Rental income	20,400	24,300	3,900	23,432
Miscellaneous income	100	156	56	78
Total	26,500	30,648	4,148	27,436
Nonoperating revenues:				
Interest earned on investments	2,000	171	(1,829)	5,795
	2,000	171	(1,829)	5,795
Total revenues	28,500	30,819	2,319	33,231
Expenditures:				
Operations:				
Maintenance and repair	18,000	5,768	12,232	1,980
Capital outlay	9,400	-	-	-
Other supplies	1,100	790	310	423
Total	28,500	6,558	12,542	2,403
Revenues over expenditures	-	24,261	14,861	30,828
Other Financing Sources:				
Appropriated fund balance	-	-	-	-
Revenues & other financing sources over expenditures	\$ -	24,261	\$ 14,861	30,828
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
None		-		-
Change in net position		\$ 24,261		\$ 30,828

COMPLIANCE



**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 Directors
Dare County Airport Authority
Manteo, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Dare County Airport Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Dare County Airport Authority's basic financial statements, and have issued our report thereon dated November 19, 2021. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Dare County Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 a 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 internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dare County Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 no instances of noncompliance or other matters⁶ that are required to be reported under Government Auditing Standards.

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 results 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 19, 2021

Mooreville, North Carolina