

**CARTERET COUNTY**  
**NORTH CAROLINA**

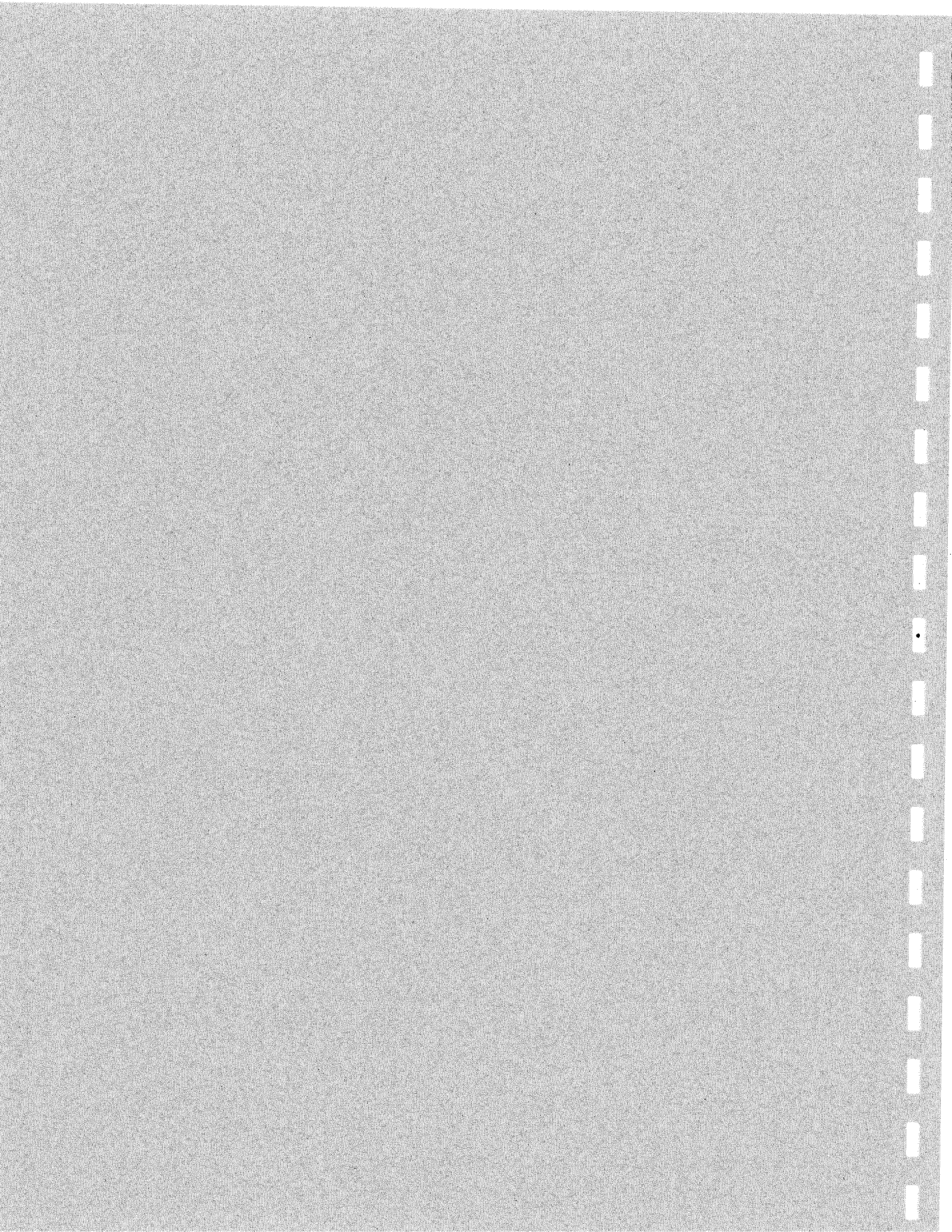
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 1998*



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**NORTH CAROLINA**

*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 1998*

Prepared By Finance Department  
Dee Harris, Finance Director



## TABLE OF CONTENTS

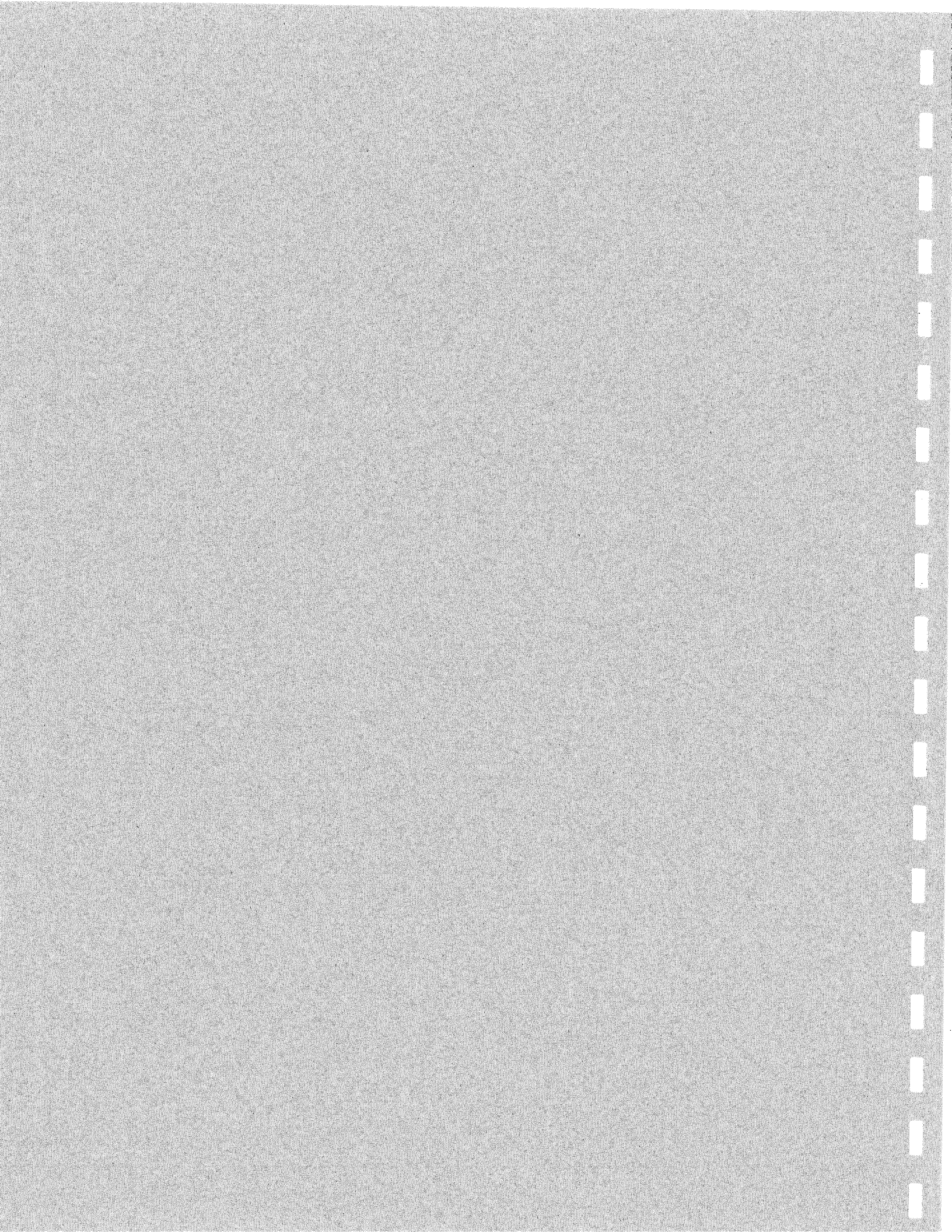
|   | <u>Page</u> |
|---|-------------|
| <b>INTRODUCTORY SECTION</b>   |             |
| Letter of Transmittal .....   | 1           |
| List of Principal Officials .....   | 11          |
| Organizational Chart .....  | 12          |
| Map of Carteret County .....  | 13          |
| GFOA Certificate of Achievement .....   | 14          |
| <br><b>FINANCIAL SECTION</b>  |             |
| <b>Independent Auditor's Report</b> .....   | 15          |
| <br><b>General Purpose Financial Statements:</b>  |             |
| Combined Balance Sheet - All Fund Types and Account Groups<br>and Discretely Presented Component Units .....  | 18          |
| Combined Statement of Revenue, Expenditures and Changes in Fund Balances,<br>All Governmental Fund Types and Discretely Presented Component Units .....                         | 20          |
| Combined Statement of Revenue, Expenditures and Changes in Fund Balances,<br>Budget and Actual, All Governmental Fund Types for Which Annual<br>Budgets Have Been Adopted ..... | 22          |
| Combined Statement of Revenue, Expenses and Changes in Retained Earnings -<br>Discretely Presented Component Units .....  | 24          |
| Combined Statement of Cash Flow, Discretely Presented Component Units .....   | 25          |
| Notes to Financial Statements .....   | 27          |
| <br><b>Supplementary Information:</b>   |             |
| <i>General Fund:</i>  |             |
| Statement of Revenue, Expenditures and Changes in Fund Balance, Budget<br>and Actual .....  | 59          |
| <br><i>Special Revenue Funds:</i>   |             |
| Combining Balance Sheet .....   | 70          |
| Combining Statement of Revenue, Expenditures<br>and Changes in Fund Balance (deficit) .....   | 72          |
| Statement of Revenue, Expenditures, and Changes in Fund Balance,<br>Budget and Actual:  |             |
| Revaluation Fund .....  | 74          |
| School Special Projects Fund .....  | 75          |
| Rescue Squad Fund .....   | 76          |
| Fire District Fund .....  | 77          |
| Emergency 911 Fund .....  | 78          |
| Occupancy Tax Fund .....  | 79          |
| Family Resource Center Fund .....   | 80          |
| Mansfield/North River Area Revitalization Fund .....  | 81          |
| School Projects Reserve Fund .....  | 82          |
| North River Area Revitalization - Phase II Fund .....   | 83          |
| Industrial Park Fund .....  | 84          |
| <br><i>Capital Project Funds:</i>   |             |
| Combining Balance Sheet .....   | 85          |
| Combining Statement of Revenue, Expenditures and Changes in Fund Balances .....   | 86          |

## TABLE OF CONTENTS

|  |     |
|--|-----|
| Schedule of Revenue, Expenditures and Changes in Fund Balance, Budget and Actual:  |     |
| County Capital Reserve Fund .....  | 87  |
| County Capital Improvements Fund .....   | 88  |
| Senior Center Project Fund .....   | 89  |
| Morehead City Elementary School Project .....  | 90  |
| School Projects Fund .....   | 91  |
| <br><i>Agency Fund:</i>  |     |
| Combining Balance Sheet .....  | 93  |
| Combining Statements of Changes in Assets and Liabilities .....  | 94  |
| <br><i>Other Financial Information:</i>  |     |
| Schedule of Ad Valorem Taxes Receivable .....  | 95  |
| Analysis of Current Year's Tax Levy .....  | 96  |
| <br><b>STATISTICAL SECTION (Unaudited)</b>   |     |
| General Governmental Expenditures, by Function - Last Ten Fiscal Years (Table 1) .....   | 97  |
| General Governmental Revenue, by Source - Last Ten Fiscal Years (Table 2) .....  | 98  |
| Property Tax Levies and Collections - Last Ten Fiscal Years (Table 3) .....  | 99  |
| General Fund Balance Position - Last Ten Fiscal Years (Table 4) .....  | 100 |
| Assessed Value of Property - Last Ten Fiscal Years (Table 5) .....   | 101 |
| Property Tax Rates - Direct and Underlying Governments -<br>Last Ten Fiscal Years (Table 6) .....  | 102 |
| Ratio of Net Obligation Bonded Debt to Assessed Value and Net General Obligation<br>Debt Per Capita - Last Ten Fiscal Years (Table 7) .....  | 103 |
| Computation of Legal Debt Margin (Table 8) .....   | 104 |
| Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to<br>Total General Governmental Expenditures (Table 9) .....   | 105 |
| Computation of Direct and Underlying Debt - General Obligation Bonds (Table 10) .....  | 106 |
| Demographic Statistics - Last Ten Fiscal Years (Table 11) .....  | 107 |
| Ten Largest Taxpayers (Table 12) .....   | 108 |
| Property Value, Construction, and Bank Deposits - Last Ten Fiscal Years (Table 13) .....   | 109 |
| Miscellaneous Statistics (Table 14) .....  | 110 |
| <br><b>COMPLIANCE SECTION</b>  |     |
| Report on Compliance and on Internal Control Over Financial Reporting Based on an<br>Audit of Financial Statements Performed in Accordance with <u>Government Auditing<br/>Standards</u> .....   | 111 |
| Report on Compliance with Requirements Applicable to Each Major Federal Program and on<br>Internal Control Over Compliance in Accordance with OMB Circular A-133 and the<br>State Single Audit Implementation Act .....                      | 113 |
| Report on Compliance with Requirements Applicable to Each Major State Program and on<br>Internal Control Over Compliance in Accordance with Applicable Sections of OMB<br>Circular A-133 and the State Single Audit Implementation Act ..... | 115 |
| Schedule of Findings and Questioned Costs .....  | 117 |
| Corrective Action Plan .....   | 119 |
| Status of Prior Year .....   | 120 |
| Schedule of Expenditures of Federal and State Awards .....   | 121 |
| Notes to Schedule of Expenditures of Federal and State Awards .....  | 126 |

# INTRODUCTION

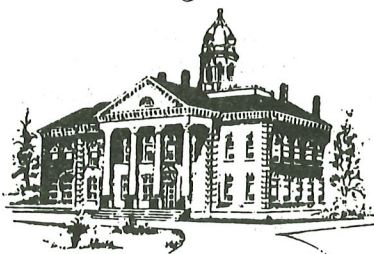
*The Introduction includes a summary of the major highlights of the report.*



# *Carteret County Government*

## *Board of Commissioners*

Sam Stell, Chairman  
Bettie Bell, Vice-Chairman  
Doug Brady  
Carl Huff  
Pat Joyce  
Jimmy LaShan  
Mac Wells



Denise K. Harris, CPA  
*Finance Director*

Tel: (919) 728-8410  
Fax: (919) 728-2092

October 23, 1998

To the Citizens of Carteret County:

We are pleased to submit the comprehensive Annual Financial Report of Carteret County for the fiscal year ended June 30, 1998. The independent, certified public accounting firm of McGladrey & Pullen, LLP has audited the financial statements and supplemental information contained herein. Their unqualified opinion is included in the general-purpose financial statements. However, the responsibility for both the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the following data is accurate in all material aspects. Information is reported in a manner designed to present fairly the financial position and results of operation of the County as measured by the financial activity of its various funds and account groups. All disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Compliance. The Introductory section includes this transmittal letter, list of principal officials, the County's organizational chart, and map of Carteret County. The Financial section includes statements and schedules for all funds and account groups, notes to the combined financial statements and the auditor's report for these statements, schedules, and notes. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Amendments of 1996 and US Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Information related to this report on compliance with requirements applicable to major programs and internal controls over compliance, is included in the Compliance section in this report.

The financial reporting entity includes all the funds and account groups of the primary government (Carteret County), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial position, results of operations, and cash flows from those of the primary government. Carteret General Hospital, Carteret County ABC Board, Morehead-Beaufort Airport Authority, and the Carteret County Tourism Development Bureau are reported as discretely component units.

## *Description of the County*

Carteret County is a growing county located on the central coastline of North Carolina with approximately 59,725 residents living in or around municipalities and rural "Down East" maritime communities. Carteret County contains 526 square miles of land area and a coastline nearly 80 miles long. The county is bordered on the north by the Pamlico Sound and on the east and south by the Atlantic Ocean. Ten municipalities are located within the

county, with Morehead City being the largest. Beaufort, the third oldest town in North Carolina, serves as the county seat. Carteret County has established itself as a premiere vacation spot, with attractions such as Fort Macon State Park, North Carolina Aquarium, North Carolina Maritime Museum, and Cape Lookout National Seashore. The County has a commissioner/ manager form of government. Districts elect the seven members of the Board and serve staggered terms.

The County provides a full range of services including public safety, social services and health services, cultural and recreational activities, general administration, and other. The Board of County Commissioners also extends financial support to certain Board, Agencies, and Commissions to assist their efforts in serving citizens. Among these are the Carteret County Board of Education, the Craven-Pamlico-Carteret Regional Library, Carteret Community College, the Economic Development Council, and Neuse Center.

## *Economic Conditions and Outlook*

The Carteret County economy continues to perform well. Population is growing faster than the state average, although at a pace which is not overwhelming. Retail sales are up on an inflation-adjusted basis each of the last five years, and unemployment rates continues to fall. The unemployment rate decreased from 3.2% to 3.0% for this fiscal year. The county's economy remains diversified, with retail trade, services, and government remaining the strongest sectors. Other significant employment sectors include manufacturing, construction, and finance, insurance, and real estate.

Carteret County's first two industrial parks are under construction. The 58 acre Crystal Coast Business Park is being constructed off US 70 in Morehead City. Construction of the park, which is owned by Carteret County, will be completed in November and will be served by Morehead City water and sewer utilities. The park's eleven parcels range from 1.84 to 13.76 acres. Three of the lots have been approved for sale to manufacturing clients, and there is client interest in several other lots.

The Jarrett Bay marine Industrial Park is being privately developed on approximately 170 acres north of Beaufort on the Intracoastal Waterway. Jarrett Bay Boatworks has relocated on approximately 25 acres on the site as the anchor tenant, and the balance of the property is being subdivided for other tenants. Eleven other companies, mostly small marine trades companies, have optioned lots within the park, there are two other large boat building companies which have expressed interest in purchasing lots.

The county's marine sciences community is growing at a rapid pace. Site work began recently in Morehead City on the 40,000 square foot center for Marine Sciences and Technology, NC State University's first dedicated coastal marine sciences laboratory, which should be completed in late 1999. A new addition to the UNC-Chapel Hill Institute of Marine Sciences in Morehead City has just been completed, and a second expansion is scheduled to begin soon. The Duke University Marine Laboratory in Beaufort is constructing a significant addition, and the North Carolina Division of Marine Fisheries and the NOAA National Marine Fisheries Service are adding significant new personnel. When these new facilities are completed, it is estimated that Carteret County will have the fifth largest concentration of marine scientists in the United States.

The major areas of concern are the seasonality of the economy, although that is improving with the creation of more year round jobs and the growth of the tourism industry into the shoulder seasons, and the low wage base of our service-dominated economy. The commercial fishing industry is under great pressure and is declining as a percentage of our economy, although Carteret County still leads the state in seafood landings. The other major issue constraining Carteret County's future growth is our infrastructure. The county is not served by natural gas, centralized wastewater treatment is limited to Beaufort, Morehead City, and Newport, and transportation improvements will be needed to offset population growth.

The growth in the tax base of the County, combined with an efficient county government, has resulted in one of the lowest county property tax rate in North Carolina. The low tax rate makes the County attractive for new business and industry, as well as retirees and second home owners. Continued growth in those sectors should allow the County to continue to diversify its economy and provide healthy economic growth into the future.

### *Major Initiatives*

In November 1994, voters approved \$29,000,000 General Obligation bonds for Schools. The approved projects include:

|                                 |                   |
|---------------------------------|-------------------|
| New High School                 | \$12,576,000      |
| New Elementary School           | 6,272,400         |
| Renovations of Existing Schools | 3,870,600         |
| Technology                      | <u>6,281,000</u>  |
|                                 | <u>29,000,000</u> |

The first debt issuance was in May 1995 for \$8 million, part of a \$10 million total issuance, and is being used for the purchase of technology, a renovation, and land costs for the two new schools. The second issuance for \$21 million was issued in November 1996. The second issuance provided funds to construct the two new schools and complete renovation projects. The construction of the two new schools were completed and opened for the 1998-99 school year.

In addition to the \$29 million in school projects, Carteret County will receive \$6.9 million in state bond proceeds over three fiscal years. A portion of these funds were used to complete the new high school. The remaining portion of the bonds will be used for land purchase and administrative costs for a new middle school in Newport. These remaining funds will be drawn down in fiscal year 1998-99.

The County has been awarded three Community Development Block Grants and one from the Economic Development Administration. The County completed a \$1 million Community Development Block Grant. The grant was for revitalization of houses in the Mansfield area and water lines in Newport. The second Community Development Block Grant granted by the State was \$750,000 to revitalize houses in the North River community. The County began this revitalization during this fiscal year. The third Community Development Block Grant awarded by the State will be a joint effort between private industry and the County to build a marine industrial park in the eastern part of Carteret County. This CDBG falls under the economic development category and requires a local match of \$295,250. This match will be paid by Jarrett Bay Boatworks. This project will begin in fiscal year 1998-99. The fourth grant was awarded by EDA and is for construction at the County's industrial park. Funds for the project are from EDA, the Town of Morehead City, and Carteret County.

The County implemented a merit pay system during this fiscal year. The County believes it is important to reward employees for superior service.

For fiscal year 1998-99, the County is evaluating and considering the purchase of an information management system. This system will include both software and hardware for the tax and finance departments.

### *Departmental Focus*

Each year in the transmittal letter to this report, the accomplishments of a single county department for that year are highlighted. This year the Tax Department has been given this opportunity.

The Carteret County Tax Office is responsible for listing, assessing, billing, and collecting all ad valorem taxes as regulated by the general statutes of North Carolina. Outlined below are the accomplishments of the department for the fiscal year.

The department completed the first in-house revaluation effective January 1, 1997. The department began networking of the GIS and tax computer system and participated closely in a regional GIS study. During the January peak collections period, the department processed mail and posted tax payments in record time. In addition, the department audited present use value properties which resulted in over \$2 million in assessment and \$30,000 in taxes. The department also established a minimum tax charge of \$3, so no bill less than \$3 will be generated nor mailed. The department also received Board approval to begin outsourcing the printing of the County's tax bills. This will begin in the next fiscal year and will result in an overall savings to the County. To improve County services for citizens, a western satellite office was opened for citizens in that area of the County. The tax department staffed and operated this office with no request for additional funds. The western office has been very successful and provides citizens a convenient location for making inquiries and payments. Finally, a modem hookup to the Department of Motor Vehicles was established to better service the taxpayers with motor vehicle bills.

## *Financial Information*

### *Accounting System and Budgetary Control*

The budget is an integral part of a governmental unit's accounting system and daily operations. An annual or project budget ordinance, as amended by the governing Body, creates a legal limit on spending authorizations. Each year, in accordance with North Carolina State Statutes, an annual balanced budget is legally adopted by the Board of Commissioners for the following funds: General, Revaluation, School, Special Projects, County Capital Reserve, County Capital Improvements, Rescue Squad, Fire District, Emergency 911, Occupancy Tax, and School Project Reserve. Multiyear project budgets are adopted for the Mansfield/ North River area Revitalization, Senior Center, and School Projects Funds. Budgetary controls are established to ensure compliance of all legal provisions included in the budget ordinance. For County general and special revenue funds, budgetary control is established at the departmental level. However, for internal control purposes, the budget is maintained at the line item level. In accordance with State statute, the County uses encumbrance accounting in all governmental funds. Encumbrances outstanding at the end of the fiscal year are reported as reservations of fund balances. Purchase orders, which would create an over encumbrance, are not approved until an additional appropriation is made through a budget amendment. The County Manager is authorized to approve line item transfers within a department, and may approve transfers between departments of the same fund in a amount not to exceed \$5,000.

In accordance with state statutes, the County's budget is prepared on the modified accrual basis, and its accounting records are maintained on that basis. Under modified accrual accounting, revenue is recognized when it becomes both measurable and available. Expenditures are recorded when a liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

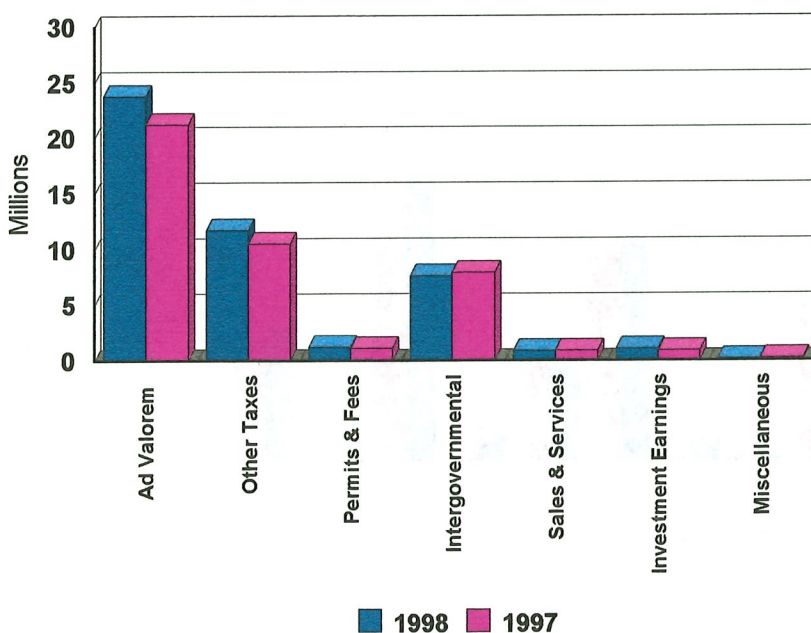
The responsibility for establishing and maintaining a strong internal control structure rests with the management of Carteret County. This internal control structure is designed to provide reasonable, but not absolute assurance regarding (1) that the assets of the County are protected from loss, theft, or misuse; (2) that reliable financial records are available to prepare financial statements in accordance with generally accepted accounting principles; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance provides that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the county's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As a part of the county's single audit, the independent auditor performed a review of the county's internal control structure. This review was not an audit and no opinion was issued on the county's internal control structure; however, the procedures performed by the independent auditor did not indicate any material internal control weaknesses.

### General Government Functions

General government revenues totaled \$46,957,910, an increase of 8.67 percent over the previous fiscal year. Revenues by source for the Governmental Funds (General, Special Revenue, Capital Reserve, and Capital Improvements Funds) were as follows:

| <u>Revenues</u>          | <u>Percent to Total</u> | <u>Fiscal Year Ended June 30, 1998</u> | <u>Fiscal Year Ended June 30, 1997</u> | <u>Increase (Decrease)</u> | <u>Percent Increase (Decrease)</u> |
|--------------------------|-------------------------|--|--|----------------------------|------------------------------------|
| Ad Valorem Taxes         | 50.75%                  | 23,830,199                             | 21,305,801                             | 2,524,398                  | 11.85%                             |
| Other Taxes and Licensed | 25.27%                  | 11,866,765                             | 10,610,240                             | 1,256,525                  | 11.84%                             |
| Intergovernmental        | 16.35%                  | 7,676,826                              | 7,906,364                              | (229,538)                  | (0.29)%                            |
| Permits & Fees           | 2.75%                   | 1,291,897                              | 1,165,644                              | 126,253                    | 10.83%                             |
| Sales & Services         | 2.01%                   | 943,704                                | 931,881                                | 11,823                     | 1.27%                              |
| Investment Earnings      | 2.44%                   | 1,147,860                              | 931,114                                | 216,746                    | 23.28%                             |
| Miscellaneous            | 0.43%                   | 200,659                                | 216,429                                | (15,770)                   | (7.29)%                            |
| <b>Total</b>             | <b>100.00%</b>          | <b>46,957,910</b>                      | <b>43,067,473</b>                      | <b>3,890,437</b>           | <b>8.67%</b>                       |

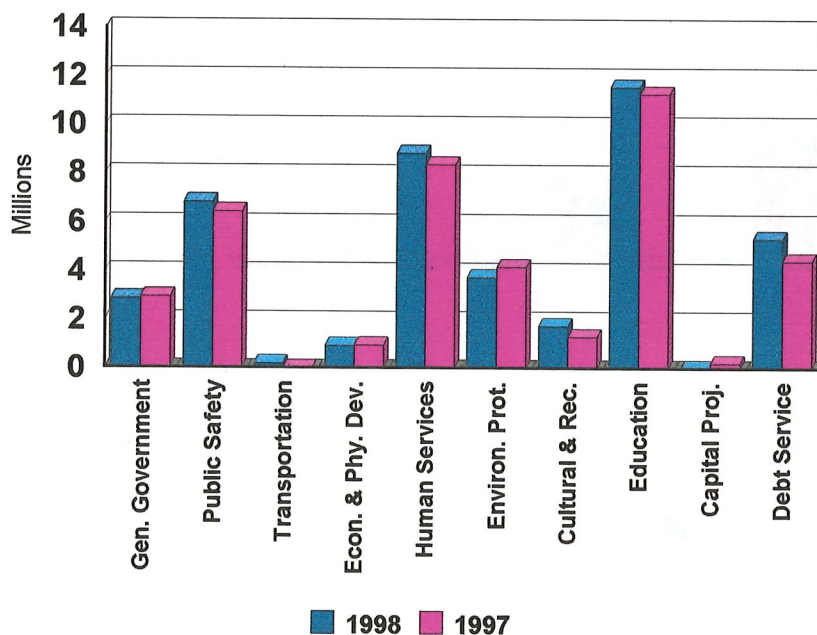


Property taxes provide the county's primary source of revenue. The increase over the prior fiscal year of 11.85 percent was due to the increase in the tax base as a result of revaluation. The county's tax rate of \$.42 per \$100.00 is well below the state's legal limit of \$1.50. The tax collection rate for the current year's taxes was 95.99 percent. A large portion of the increase in other taxes is due to the increase in local option sales tax. The increase in permits and fees is due to \$134,000 increase in registers of deeds fees this year.

General Government expenditures totaled \$42,054,677, an increase of 5.04 percent over the prior fiscal year. Changes in levels of expenditures for major functions of the County from the prior year are shown below:

| <u>Expenditures</u>             | <u>Percent of Total</u> | <u>Fiscal Year Ended June 30, 1998</u> | <u>Fiscal Year Ended June 30, 1997</u> | <u>Increase/ (Decrease)</u> | <u>Percent Increase/ (Decrease)</u> |
|---------------------------------|-------------------------|--|--|-----------------------------|-------------------------------------|
| General Government              | 6.86%                   | 2,885,480                              | 2,943,541                              | (58,061)                    | (1.97)%                             |
| Public Safety                   | 16.27%                  | 6,840,765                              | 6,448,719                              | 392,046                     | 6.08%                               |
| Transportation                  | 0.44%                   | 186,103                                | 12,080                                 | 174,023                     | 1440.59%                            |
| Economic & Physical Development | 2.24%                   | 940,857                                | 866,499                                | 74,358                      | (8.58)%                             |
| Human Services                  | 21.01%                  | 8,835,890                              | 8,364,160                              | 471,730                     | 11.34%                              |
| Environmental Protection        | 8.88%                   | 3,732,955                              | 4,158,262                              | (425,307)                   | (10.23)%                            |
| Cultural & Recreation           | 4.12%                   | 1,733,648                              | 1,305,786                              | 427,862                     | 32.77%                              |
| Education                       | 27.50%                  | 11,564,543                             | 11,294,206                             | 270,337                     | 2.39%                               |
| Capital Projects*               | 0.01%                   | 794                                    | 213,581                                | (212,787)                   | (99.63)%                            |
| Debt Service                    | <u>12.67%</u>           | <u>5,333,642</u>                       | <u>4,429,954</u>                       | <u>903,688</u>              | <u>20.40%</u>                       |
| Total                           | <u>100.00%</u>          | <u>42,054,677</u>                      | <u>40,036,788</u>                      | <u>2,017,889</u>            | <u>5.04%</u>                        |

\*Includes Capital Reserve and Capital Improvements Funds



The increase in transportation is due to expenditures being moved here rather than accounted for in other functions of government as in the prior year. Also, two new programs were offered this fiscal year, general transportation and medical transportation for senior citizens. The decrease in capital projects is due to the decrease in capital reserve fund. In fiscal year ended June 30, 1997, economic development for the industrial park occurred. Increases in human services were mostly due to new programs offered. Some of the programs offered were for senior citizens and included in home aid, congregate nutrition, home delivery meals, Title 5 grants, and Title 3F grants. The increase in debt service resulted from the first principal payment and the first full year of interest payments on the 1996 general obligation bonds. Cultural and recreation increased due to the first year of the senior center's operating expenses and due to park improvements. Environmental protection shows a decrease from the prior year. The County was fortunate that no hurricane hit during this fiscal year, which accounts for the decrease. Two hurricanes damaged the County the prior year.

### ***Fund Balance in the General Fund***

The General Fund ended the fiscal year with a total fund balance of \$12,906,029 in comparison to the June 30, 1997 balance of \$11,923,962. This represents an 8.23 percent increase. Undesignated fund balance for the year ended is \$6,608,857. This is 16.80 percent higher than June 30, 1997's undesignated fund balance. The County's undesignated fund balance percentage to general fund expenditures is 17.23 percent, a 1.77 percent increase from June 30, 1997. This percentage for undesignated fund balance to general fund expenditures is in line with the guidelines set by the Department of State Treasurer for similar-sized counties. Management tries to maintain two months of expenditures in unreserved, undesignated fund balance.

### ***Debt Administration***

At the close of the fiscal year, Carteret County had a number of debt issues outstanding. The bond rating of the county at June 30, 1998 was an "A1" from Moody's. Under current state statutes, the county's general obligation bonded debt issuances are subject to a legal limitation of an amount equal to 8 percent of total assessed value of real and personal property less current or amortized debt. As of June 30, 1998, the county's net general obligation bonded debt of \$39,993,454 is well below the legal limit of \$379,867,184. Per capita debt for the county as of June 30, 1998 was \$668.06. A schedule of the total outstanding general obligation bonds, certificates of participation, capital leases, installment notes, and accrued vacation pay is presented below:

|   | <b><i>Debt Outstanding<br/>as of June 30, 1998</i></b> |                |
|---|--|----------------|
| <b><i>General Obligation Bonds:</i></b>                 |  |                |
| 1978 School Bonds                                       | 475,000  |                |
| 1979 School Bonds                                       | 725,000  |                |
| 1995 Public Improvement Bonds                           | 9,100,000  |                |
| 1996 School Buildings                                   | <u>20,450,000</u>                                      | 30,750,000     |
| <b><i>Certificates of Participation:</i></b>            |  |                |
| 1991 COP - Jail/Dept of Social Services                 | 2,720,000  |                |
| 1992 COP - Morehead Primary School                      | <u>6,430,000</u>                                       | 9,150,000      |
| <b><i>Capital Leases:</i></b>                           |  |                |
| Purchase of Voting Machines                             |  | 93,454         |
| <b><i>Accrued Vacation &amp; Compensatory Time:</i></b> |  |                |
| Vacation Pay  | 458,460  |                |
| Compensatory Time                                       | <u>75,657</u>  | <u>534,117</u> |

*Total Debt Outstanding*

40,527,571

### ***Cash Management***

Carteret County has a cash management and investment plan which emphasizes safety and liquidity over yield, and requires compliance with the General Statutes of North Carolina. All cash is deposited in a central depository and funds are invested overnight each night to obtain maximum return of operating funds. Funds are drafted from this account to cover checks as they clear the account. Funds in excess of current needs are presently being invested in certificates of deposit and the North Carolina Capital Management Trust. Total investment earnings for the governmental fund types for the year were \$1,653,716.

### ***Risk Management***

Carteret County provides protection from liability and casualty risks through commercial coverage. Property and casualty and workers' compensation coverage is carried through a commercial insurance carrier. General and Auto liability (\$1,000,000), Public Officials Liability (\$1,000,000), Law Enforcement liability (\$1,000,000), property damage (replacement cost coverage on all real property improvements and contents, and actual cash value coverage on vehicles and mobile equipment). Also, the County's health insurance is provided through a commercial carrier.

### ***Other Information***

#### ***Independent Audit***

North Carolina General statutes require the County to provide for an annual independent audit of the accounts and financial transactions of the Count by a firm of independent certified public accountants. The Board of Commissioners designated McGladrey and Pullen, LLP to meet these requirements, and their report follows as an integral part of this report. McGladrey and Pullen was also designated by the Board of Commissioners to express an opinion on the County's compliance with the requirements of the federal Single Audit Amendment of 1996 and related OMB Circular A-133. The auditor's report on the general purpose financial statements, combining and individual fund statements, and schedules are included in the financial Section of this report. The auditor's reports, relating specifically to the requirements of the single audit, are included in the Compliance Section of this report.

#### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Carteret County for its Comprehensive Annual Financial Report for the year ended June 30, 1997. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standard. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

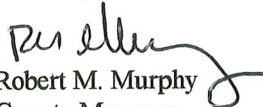
A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

*Acknowledgments*

In summary, this Comprehensive Annual Financial Report provides a source of information to citizens, the Board of Commissioners, other governmental agencies, and investors and creditors, all of whom rely upon it for decision making and the opportunity to learn more about Carteret County's financial condition.

Much appreciation is expressed to the Finance Department's staff and McGladrey and Pullen, without whose dedicated assistance this report could not have been produced. Gratitude goes to the Board of Commissioners for their continued support throughout the past year.

Sincerely,

  
Robert M. Murphy  
County Manager

  
Denise K. Harris  
Finance Director

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**CARTERET COUNTY, NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 1998**

**BOARD OF  
COMMISSIONERS**

**SAM STELL**  
Chair  
Emerald Isle, North Carolina

**BETTIE BELL**  
Vice Chair  
Newport, North Carolina

**DOUG BRADY**  
Morehead City, North Carolina

**CARL HUFF**  
Harkers Island, North Carolina

**PAT JOYCE**  
Beaufort, North Carolina

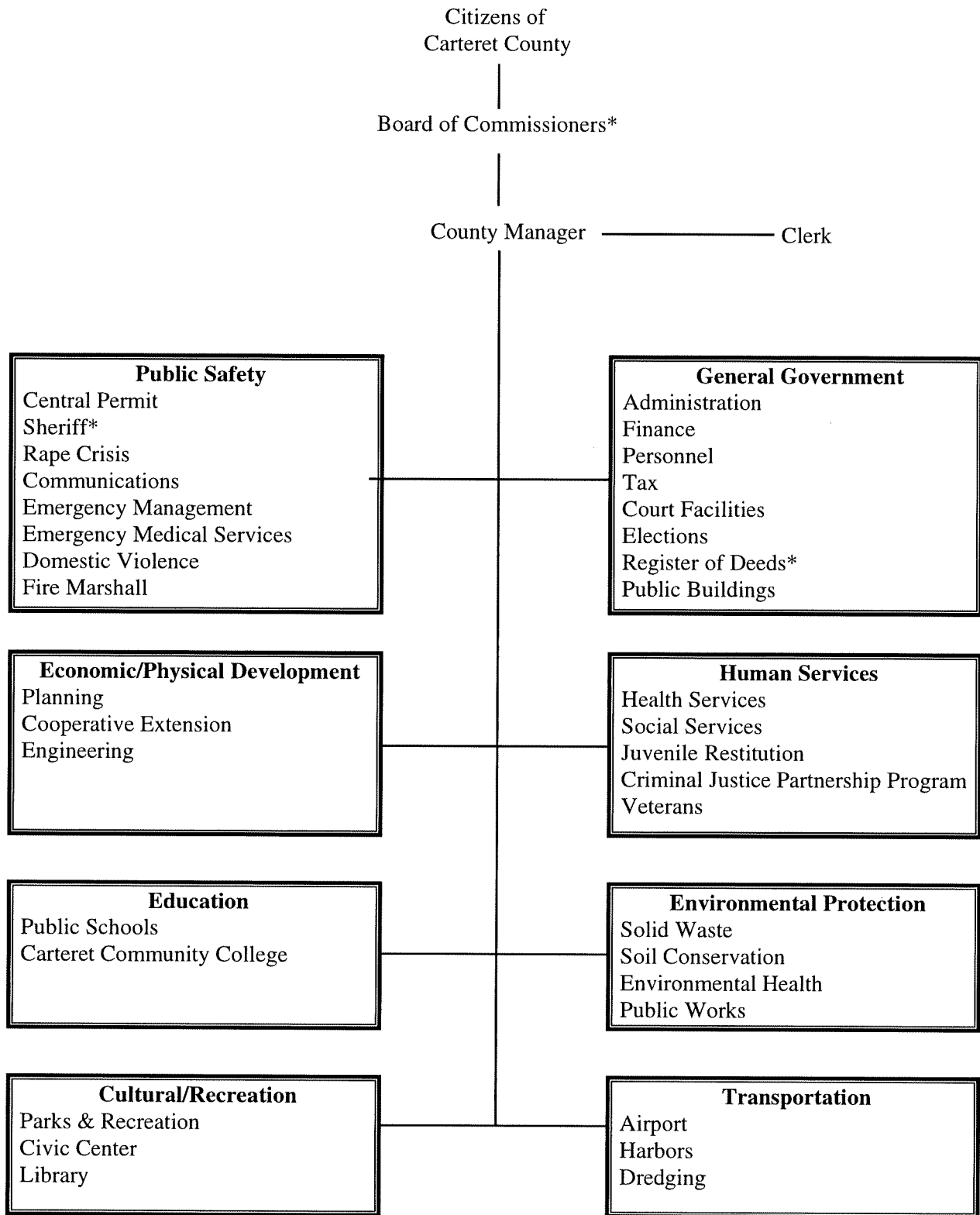
**JIMMY LASHAN**  
Newport, North Carolina

**MAC WELLS**  
Morehead City, North Carolina

**COUNTY OFFICIALS**

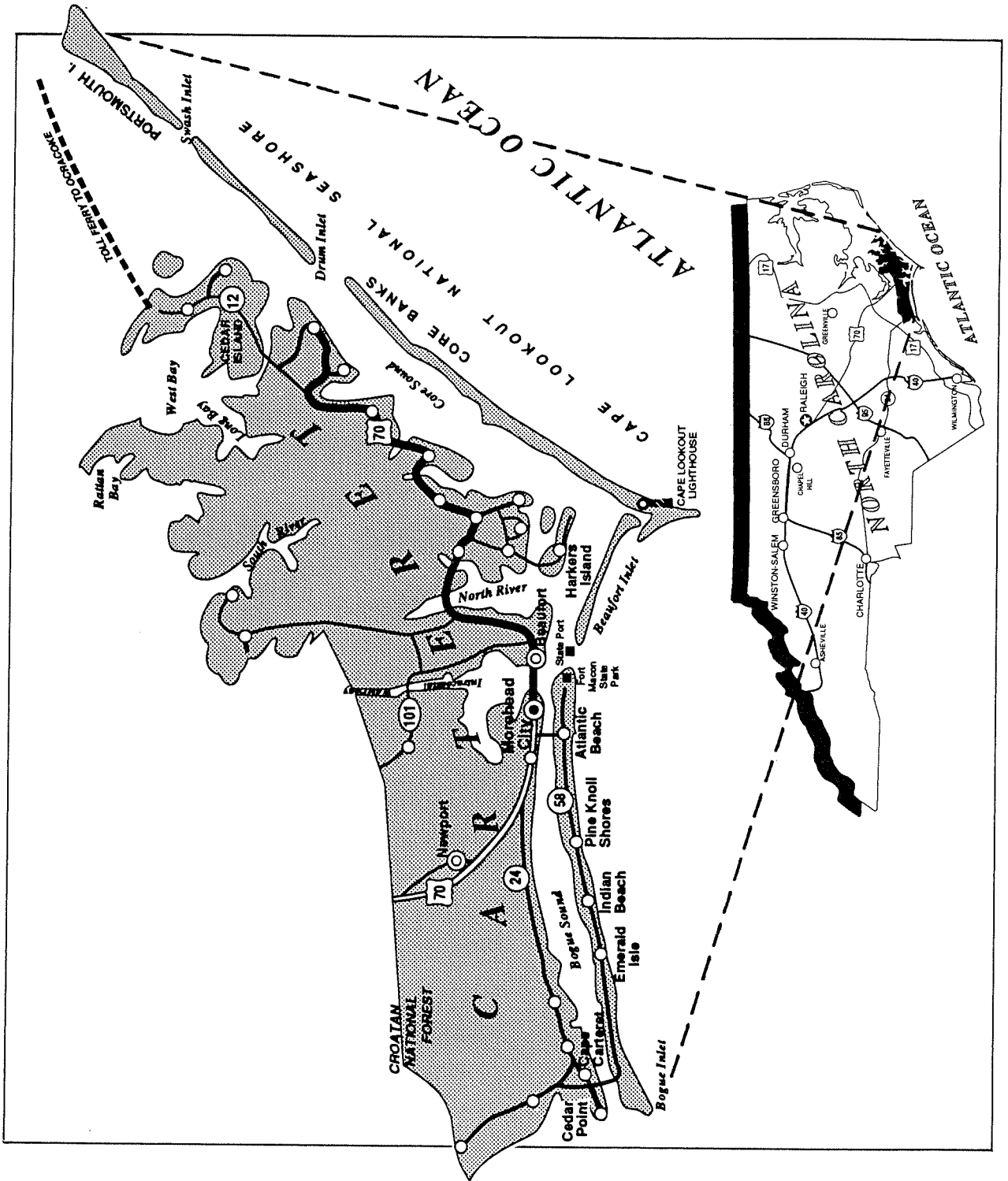
Robert Murphy ..... County Manager  
Dee Harris ..... Finance Director  
Ralph Thomas, Jr. .... Sheriff  
Sharon Piner ..... Register of Deeds  
Viki Landingham ..... Tax Assessor  
Al Hadley ..... Fire Marshall  
Mike Addertion ..... Emergency Management Director  
J.T. Garrett ..... Health Director  
Betty Fentress ..... Parks and Recreation Director  
Katrina Marshall ..... Planning & Central Permit Director  
Robert Eason ..... Social Services Director  
Ken Berry ..... County Engineer

# Carteret County, North Carolina Organizational Chart



\* Elected Officials

MAP OF  
CARTERET COUNTY, NORTH CAROLINA



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Carteret County,  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1997

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

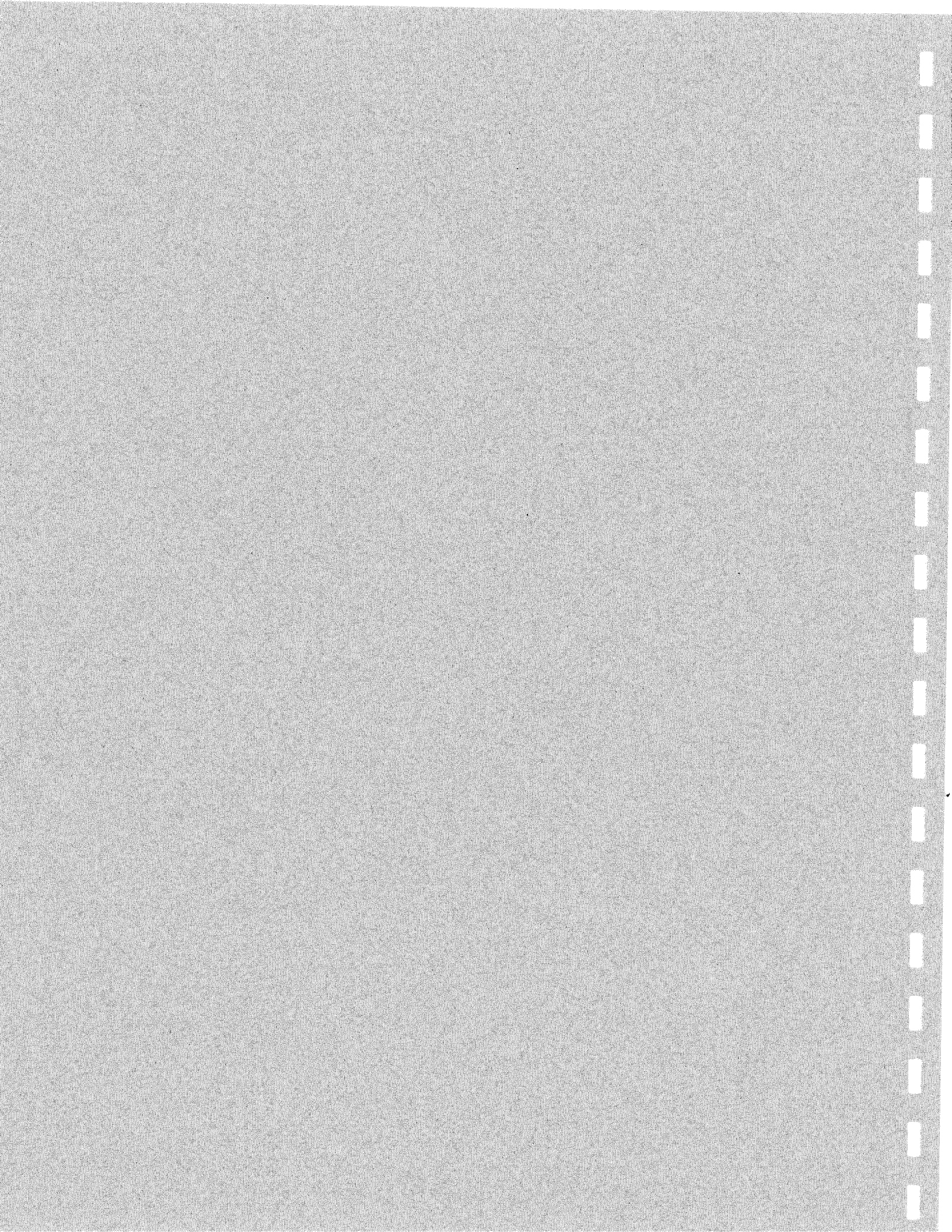


*Douglas R. Ellsworth*  
President

*Jeffrey L. Esser*  
Executive Director

# GENERAL PURPOSE FINANCIAL STATEMENTS

*The General Purpose Financial Statements provide a summary of the financial position of Carteret County. These include all funds, account groups, discretely presented component units and the operating results by fund types. These statements also serve as an introduction to the more detailed statements and schedules that follow.*





## McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

### INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners  
Carteret County  
Beaufort, North Carolina

We have audited the accompanying general purpose financial statements of Carteret County, North Carolina, as of and for the fiscal year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of Carteret County, North Carolina's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Beaufort-Morehead City Airport Authority, Carteret County Tourism Development Bureau, Carteret County Alcoholic Beverage Control (ABC) Board or Carteret General Hospital Corporation. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort-Morehead City Airport Authority, Carteret County Tourism Development Bureau, Carteret County ABC Board and Carteret General Hospital Corporation, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of Carteret County ABC Board and Carteret General Hospital Corporation were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Carteret County, North Carolina, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 11, 1998 on our consideration of Carteret County, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and other schedules, listed in the table of contents as supplementary information, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, listed in the table of contents in the Compliance Section, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Carteret County, North Carolina. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this comprehensive annual financial report, designated as "introductory section" and "statistical section" in the table of contents, have not been audited by us and, accordingly, we express no opinion on the other data.

*McGladrey & Pullen, LLP*

Morehead City, North Carolina  
September 11, 1998

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CARTERET COUNTY, NORTH CAROLINA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
AND DISCRETELY PRESENTED COMPONENT UNITS  
June 30, 1998

|  | Governmental Fund Types |                     |                     | Fiduciary<br>Fund Type |
|--|-------------------------|---------------------|---------------------|------------------------|
|  | General                 | Special<br>Revenue  | Capital<br>Projects | Agency                 |
| <b>ASSETS AND OTHER DEBITS</b>                         |                         |                     |                     |                        |
| Assets:  |                         |                     |                     |                        |
| Cash and investments                                   | \$ 11,067,369           | \$ 5,197,387        | \$ 492,769          | \$ 443,288             |
| Restricted cash and investments                        | 371,806                 | -                   | 7,455,797           | -                      |
| Receivables, net                                       | 3,935,419               | 446,294             | -                   | -                      |
| Due from component units                               | 114,259                 | -                   | -                   | -                      |
| Inventories  | -                       | -                   | -                   | -                      |
| Prepaid expenses                                       | -                       | -                   | -                   | -                      |
| Fixed assets   | -                       | -                   | -                   | -                      |
| Other assets   | -                       | -                   | -                   | -                      |
| Other Debits:  |                         |                     |                     |                        |
| Amount available for retirement of long-term debt      | -                       | -                   | -                   | -                      |
| Amount to be provided for retirement of long-term debt | -                       | -                   | -                   | -                      |
| <b>Total assets and other debits</b>                   | <b>\$ 15,488,853</b>    | <b>\$ 5,643,681</b> | <b>\$ 7,948,566</b> | <b>\$ 443,288</b>      |
| <b>LIABILITIES, EQUITY AND OTHER CREDIT</b>            |                         |                     |                     |                        |
| Liabilities:   |                         |                     |                     |                        |
| Accounts payable and accrued liabilities               | \$ 1,579,379            | \$ 354,928          | \$ 1,609,334        | \$ 34,960              |
| Due to primary government                              | -                       | -                   | -                   | -                      |
| Deferred revenue                                       | 1,003,445               | 235,796             | -                   | -                      |
| Deferred compensation benefits payable                 | -                       | -                   | -                   | 408,328                |
| Long-term debt   | -                       | -                   | -                   | -                      |
| <b>Total liabilities</b>                               | <b>2,582,824</b>        | <b>590,724</b>      | <b>1,609,334</b>    | <b>443,288</b>         |
| Equity and other credit:                               |                         |                     |                     |                        |
| Investment in general fixed assets                     | -                       | -                   | -                   | -                      |
| Retained earnings                                      | -                       | -                   | -                   | -                      |
| Fund balances:   |                         |                     |                     |                        |
| Reserved by State statute                              | 3,051,097               | 210,498             | -                   | -                      |
| Reserved for law enforcement                           | 17,961                  | -                   | -                   | -                      |
| Reserved for debt service                              | 371,806                 | -                   | 979,612             | -                      |
| Unreserved:  |                         |                     |                     |                        |
| Designated for health programs                         | 477,774                 | -                   | -                   | -                      |
| Designated for subsequent year's expenditures          | 2,178,534               | 2,207,870           | 5,356,654           | -                      |
| Undesignated   | 6,808,857               | 2,634,589           | 2,966               | -                      |
| <b>Total equity and other credit</b>                   | <b>12,906,029</b>       | <b>5,052,957</b>    | <b>6,339,232</b>    | <b>-</b>               |
| <b>Total liabilities, equity and other credit</b>      | <b>\$ 15,488,853</b>    | <b>\$ 5,643,681</b> | <b>\$ 7,948,566</b> | <b>\$ 443,288</b>      |

See Notes to Financial Statements.

| Account Groups             |                              |   | Component Units  |  |  |                                 | Totals  |
|----------------------------|------------------------------|---|--|--|--|---------------------------------|---|
| General<br>Fixed<br>Assets | General<br>Long-Term<br>Debt | Totals<br>Primary<br>Government<br>(Memorandum<br>Only) | Beaufort -<br>Morehead<br>City<br>Airport<br>Authority | Carteret<br>County<br>Tourism<br>Development<br>Bureau | Carteret<br>General<br>Hospital<br>Corporation | Carteret<br>County<br>ABC Board | Totals<br>Reporting<br>Entity<br>(Memorandum<br>Only) |
| \$ -                       | \$ -                         | \$ 17,200,813   | \$ 76,257  | \$ 314,948   | \$ 14,323,998                                  | \$ 538,888                      | \$ 32,454,904   |
| -                          | -                            | 7,827,603   | -  | -  | 7,229,392                                      | -                               | 15,056,995  |
| -                          | -                            | 4,381,713   | 11,517   | 81,854   | 7,440,538                                      | -                               | 11,915,622  |
| -                          | -                            | 114,259   | -  | -  | -  | -                               | 114,259   |
| -                          | -                            | -   | -  | -  | 1,350,474                                      | 454,092                         | 1,804,566   |
| -                          | -                            | -   | -  | -  | 195,277  | 1,633                           | 196,910   |
| 33,364,764                 | -                            | 33,364,764  | -  | 56,230   | 16,206,570                                     | 612,958                         | 50,240,522  |
| -                          | -                            | -   | -  | -  | 128,775  | 430                             | 129,205   |
| -                          | 1,351,418                    | 1,351,418   | -  | -  | -  | -                               | 1,351,418   |
| -                          | 39,176,153                   | 39,176,153  | 114,259  | 8,248  | -  | -                               | 39,298,660  |
| <u>\$ 33,364,764</u>       | <u>\$ 40,527,571</u>         | <u>\$ 103,416,723</u>                                   | <u>\$ 202,033</u>                                      | <u>\$ 461,280</u>                                      | <u>\$ 46,875,024</u>                           | <u>\$ 1,608,001</u>             | <u>\$ 152,563,061</u>                                 |
| \$ -                       | \$ -                         | \$ 3,578,601  | \$ 277   | \$ 52,103  | \$ 8,112,590                                   | \$ 365,978                      | \$ 12,109,549   |
| -                          | -                            | -   | 114,259  | -  | -  | -                               | 114,259   |
| -                          | -                            | 1,239,241   | -  | -  | -  | -                               | 1,239,241   |
| -                          | -                            | 408,328   | -  | -  | -  | -                               | 408,328   |
| -                          | 40,527,571                   | 40,527,571  | -  | 8,248  | 4,370,103                                      | -                               | 44,905,922  |
| -                          | 40,527,571                   | 45,753,741  | 114,536  | 60,351   | 12,482,693                                     | 365,978                         | 58,777,299  |
| 33,364,764                 | -                            | 33,364,764  | -  | 56,230   | -  | -                               | 33,420,994  |
| -                          | -                            | -   | -  | -  | 34,392,331                                     | 1,242,023                       | 35,634,354  |
| -                          | -                            | 3,261,595   | 11,517   | 81,854   | -  | -                               | 3,354,966   |
| -                          | -                            | 17,961  | -  | -  | -  | -                               | 17,961  |
| -                          | -                            | 1,351,418   | -  | -  | -  | -                               | 1,351,418   |
| -                          | -                            | 477,774   | -  | -  | -  | -                               | 477,774   |
| -                          | -                            | 9,743,058   | -  | 68,431   | -  | -                               | 9,811,489   |
| -                          | -                            | 9,446,412   | 75,980   | 194,414  | -  | -                               | 9,716,806   |
| 33,364,764                 | -                            | 57,662,982  | 87,497   | 400,929  | 34,392,331                                     | 1,242,023                       | 93,785,762  |
| <u>\$ 33,364,764</u>       | <u>\$ 40,527,571</u>         | <u>\$ 103,416,723</u>                                   | <u>\$ 202,033</u>                                      | <u>\$ 461,280</u>                                      | <u>\$ 46,875,024</u>                           | <u>\$ 1,608,001</u>             | <u>\$ 152,563,061</u>                                 |

CARTERET COUNTY, NORTH CAROLINA

**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES,  
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS  
For the Fiscal Year Ended June 30, 1998**

|   | Governmental Fund Types |                    |                     | Totals  |
|---|-------------------------|--------------------|---------------------|---|
|   | General                 | Special<br>Revenue | Capital<br>Projects | (Memorandum<br>Only)<br>Primary<br>Government |
| <b>REVENUE</b>  |                         |                    |                     |   |
| Ad valorem taxes  | \$ 18,391,464           | \$ 5,438,735       | \$ -                | \$ 23,830,199                                 |
| Other taxes and licenses  | 9,473,232               | 2,393,533          | -                   | 11,866,765                                    |
| Permits and fees  | 1,291,897               | -                  | -                   | 1,291,897                                     |
| Intergovernmental   | 7,009,235               | 684,886            | 2,854,741           | 10,548,862                                    |
| Sales and services  | 943,704                 | -                  | -                   | 943,704                                       |
| Interest  | 897,295                 | 204,664            | 551,757             | 1,653,716                                     |
| Miscellaneous   | 200,659                 | -                  | -                   | 200,659                                       |
| <b>Total revenue</b>  | <b>38,207,486</b>       | <b>8,721,818</b>   | <b>3,406,498</b>    | <b>50,335,802</b>                             |
| <b>EXPENDITURES</b>   |                         |                    |                     |   |
| Current:  |                         |                    |                     |   |
| General government  | 2,760,003               | 125,477            | -                   | 2,885,480                                     |
| Public safety   | 4,025,581               | 2,815,184          | -                   | 6,840,765                                     |
| Transportation  | 186,103                 | -                  | -                   | 186,103                                       |
| Environmental protection  | 3,732,955               | -                  | -                   | 3,732,955                                     |
| Economic and physical development   | 538,540                 | 443,260            | -                   | 981,800                                       |
| Human services  | 8,835,890               | -                  | -                   | 8,835,890                                     |
| Culture and recreation  | 1,733,648               | -                  | -                   | 1,733,648                                     |
| Education   | 11,485,278              | -                  | -                   | 11,485,278                                    |
| Capital outlay  | -                       | 79,265             | 17,941,327          | 18,020,592                                    |
| Debt service:   |                         |                    |                     |   |
| Principal retirement  | 2,790,550               | -                  | -                   | 2,790,550                                     |
| Interest and fees   | 2,448,645               | -                  | -                   | 2,448,645                                     |
| Lease obligation principal payments   | 94,447                  | -                  | -                   | 94,447  |
| <b>Total expenditures</b>   | <b>38,631,640</b>       | <b>3,463,186</b>   | <b>17,941,327</b>   | <b>60,036,153</b>                             |
| <b>Revenue over (under) expenditures</b>  | <b>(424,154)</b>        | <b>5,258,632</b>   | <b>(14,534,829)</b> | <b>(9,700,351)</b>                            |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |                    |                     |   |
| Operating transfers in from primary government  | -                       | -                  | -                   | -   |
| Operating transfers in from component units   | 148,130                 | -                  | -                   | 148,130                                       |
| Operating transfers out to component units  | (65,820)                | (885,101)          | -                   | (950,921)                                     |
| Operating transfers in  | 3,087,227               | 695,598            | 2,525,316           | 6,308,141                                     |
| Operating transfers out   | (1,763,316)             | (3,694,703)        | (850,122)           | (6,308,141)                                   |
| Proceeds from installments purchase   | -                       | -                  | -                   | -   |
| <b>Total other financing sources (uses)</b>   | <b>1,406,221</b>        | <b>(3,884,206)</b> | <b>1,675,194</b>    | <b>(802,791)</b>                              |
| Revenue and other financing sources over (under)<br>expenditures and other financing uses | 982,067                 | 1,374,426          | (12,859,635)        | (10,503,142)                                  |
| FUND BALANCES, beginning  | 11,923,962              | 3,678,531          | 19,198,867          | 34,801,360                                    |
| FUND BALANCES, ending   | \$ 12,906,029           | \$ 5,052,957       | \$ 6,339,232        | \$ 24,298,218                                 |

See Notes to Financial Statements.

| Component Units                                    |   | Totals                                      |
|--|---|---|
| Beaufort/<br>Morehead City<br>Airport<br>Authority | Carteret County<br>Tourism<br>Development<br>Bureau | (Memorandum<br>Only)<br>Reporting<br>Entity |
| \$ -   | \$ -  | \$ 23,830,199                               |
| -  | -   | 11,866,765                                  |
| -  | -   | 1,291,897                                   |
| -  | 75,000  | 10,623,862                                  |
| 18,382   | -   | 962,086                                     |
| 3,500  | 21,314  | 1,678,530                                   |
| 82   | 1,932   | 202,673                                     |
| <u>21,964</u>                                      | <u>98,246</u>                                       | <u>50,456,012</u>                           |
| -  | 805,587   | 3,691,067                                   |
| -  | -   | 6,840,765                                   |
| 79,537   | -   | 265,640                                     |
| -  | -   | 3,732,955                                   |
| -  | -   | 981,800                                     |
| -  | 75,000  | 8,910,890                                   |
| -  | -   | 1,733,648                                   |
| -  | -   | 11,485,278                                  |
| 144,927  | -   | 18,165,519                                  |
| 741  | -   | 2,791,291                                   |
| 479  | -   | 2,449,124                                   |
| -  | -   | 94,447                                      |
| <u>225,684</u>                                     | <u>880,587</u>                                      | <u>61,142,424</u>                           |
| <u>(203,720)</u>                                   | <u>(782,341)</u>                                    | <u>(10,686,412)</u>                         |
| 65,820   | 885,101   | 950,921                                     |
| -  | -   | 148,130                                     |
| -  | -   | (950,921)                                   |
| -  | -   | 6,308,141                                   |
| -  | -   | (6,308,141)                                 |
| 115,000  | -   | 115,000                                     |
| <u>180,820</u>                                     | <u>885,101</u>                                      | <u>263,130</u>                              |
| (22,900)   | 102,760   | (10,423,282)                                |
| <u>110,397</u>                                     | <u>241,939</u>                                      | <u>35,153,696</u>                           |
| <u>\$ 87,497</u>                                   | <u>\$ 344,699</u>                                   | <u>\$ 24,730,414</u>                        |

**CARTERET COUNTY, NORTH CAROLINA**

**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN  
FUND BALANCES, BUDGET AND ACTUAL, ALL GOVERNMENTAL FUND TYPES FOR  
WHICH ANNUAL BUDGETS HAVE BEEN ADOPTED  
For the Fiscal Year Ended June 30, 1998**

|   | General Fund       |                      |  |
|---|--------------------|----------------------|--|
|   | Budget             | Actual               | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUE</b>  |                    |                      |  |
| Ad valorem taxes  | \$ 17,623,877      | \$ 18,391,464        | \$ 767,587                             |
| Other taxes and licenses  | 8,912,000          | 9,473,232            | 561,232                                |
| Permits and fees  | 1,232,416          | 1,291,897            | 59,481                                 |
| Intergovernmental   | 7,114,923          | 7,009,235            | (105,688)                              |
| Sales and services  | 1,006,938          | 943,704              | (63,234)                               |
| Interest  | 600,001            | 897,295              | 297,294                                |
| Miscellaneous   | 224,135            | 200,659              | (23,476)                               |
| <b>Total revenue</b>  | <b>36,714,290</b>  | <b>38,207,486</b>    | <b>1,493,196</b>                       |
| <b>EXPENDITURES</b>   |                    |                      |  |
| Current:  |                    |                      |  |
| General government  | 3,191,031          | 2,760,003            | 431,028                                |
| Public safety   | 4,192,249          | 4,025,581            | 166,668                                |
| Transportation  | 573,047            | 186,103              | 386,944                                |
| Environmental protection  | 3,689,546          | 3,732,955            | (43,409)                               |
| Economic and physical development   | 708,979            | 538,540              | 170,439                                |
| Human services  | 9,453,877          | 8,835,890            | 617,987                                |
| Culture and recreation  | 1,790,543          | 1,733,648            | 56,895                                 |
| Education   | 11,855,704         | 11,485,278           | 370,426                                |
| Capital outlay  | -                  | -                    | -                                      |
| Debt service:   |                    |                      |  |
| Principal retirement  | 2,790,550          | 2,790,550            | -                                      |
| Interest and fees   | 2,467,692          | 2,448,645            | 19,047                                 |
| Lease obligation payments   | 94,447             | 94,447               | -                                      |
| <b>Total expenditures</b>   | <b>40,807,665</b>  | <b>38,631,640</b>    | <b>2,176,025</b>                       |
| <b>Revenue over (under) expenditures</b>  | <b>(4,093,375)</b> | <b>(424,154)</b>     | <b>3,669,221</b>                       |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                      |  |
| Operating transfer in from component units                                      | 175,000            | 148,130              | (26,870)                               |
| Operating transfers out to component units                                      | (195,000)          | (65,820)             | 129,180                                |
| Operating transfers in  | 3,029,508          | 3,087,227            | 57,719                                 |
| Operating transfers out   | (1,763,316)        | (1,763,316)          | -                                      |
| Appropriated fund balance   | 2,847,183          | -                    | (2,847,183)                            |
| <b>Total other financing sources (uses)</b>                                     | <b>4,093,375</b>   | <b>1,406,221</b>     | <b>(2,687,154)</b>                     |
| Revenue and other financing sources over<br>(under) expenditures and other uses | <u>\$ -</u>        | <u>982,067</u>       | <u>\$ 982,067</u>                      |
| FUND BALANCES, beginning  |                    | <u>11,923,962</u>    |  |
| FUND BALANCES, ending   |                    | <u>\$ 12,906,029</u> |  |

*See Notes to Financial Statements.*

| Special Revenue Funds |              |                                  | Capital Projects Fund |            |                                  | Total (Memorandum Only) |               |                                  |
|-----------------------|--------------|----------------------------------|-----------------------|------------|----------------------------------|-------------------------|---------------|----------------------------------|
| Budget                | Actual       | Variance Favorable (Unfavorable) | Budget                | Actual     | Variance Favorable (Unfavorable) | Budget                  | Actual        | Variance Favorable (Unfavorable) |
| \$ 5,405,142          | \$ 5,438,735 | \$ 33,593                        | \$ -                  | \$ -       | \$ -                             | \$ 23,029,019           | \$ 23,830,199 | \$ 801,180                       |
| 2,537,255             | 2,393,533    | (143,722)                        | -                     | -          | -                                | 11,449,255              | 11,866,765    | 417,510                          |
| -                     | -            | -                                | -                     | -          | -                                | 1,232,416               | 1,291,897     | 59,481                           |
| 382,500               | 667,591      | 285,091                          | -                     | -          | -                                | 7,497,423               | 7,676,826     | 179,403                          |
| -                     | -            | -                                | -                     | -          | -                                | 1,006,938               | 943,704       | (63,234)                         |
| 80,700                | 204,664      | 123,964                          | 20,000                | 45,901     | 25,901                           | 700,701                 | 1,147,860     | 447,159                          |
| -                     | -            | -                                | -                     | -          | -                                | 224,135                 | 200,659       | (23,476)                         |
| 8,405,597             | 8,704,523    | 298,926                          | 20,000                | 45,901     | 25,901                           | 45,139,887              | 46,957,910    | 1,818,023                        |
| 138,500               | 125,477      | 13,023                           | -                     | -          | -                                | 3,329,531               | 2,885,480     | 444,051                          |
| 3,316,893             | 2,815,184    | 501,709                          | -                     | -          | -                                | 7,509,142               | 6,840,765     | 668,377                          |
| -                     | -            | -                                | -                     | -          | -                                | 573,047                 | 186,103       | 386,944                          |
| -                     | -            | -                                | -                     | -          | -                                | 3,689,546               | 3,732,955     | (43,409)                         |
| 397,700               | 402,317      | (4,617)                          | -                     | -          | -                                | 1,106,679               | 940,857       | 165,822                          |
| -                     | -            | -                                | -                     | -          | -                                | 9,453,877               | 8,835,890     | 617,987                          |
| -                     | -            | -                                | -                     | -          | -                                | 1,790,543               | 1,733,648     | 56,895                           |
| 79,266                | 79,265       | 1                                | -                     | -          | -                                | 11,934,970              | 11,564,543    | 370,427                          |
| -                     | -            | -                                | 417,167               | 794        | 416,373                          | 417,167                 | 794           | 416,373                          |
| -                     | -            | -                                | -                     | -          | -                                | -                       | -             | -                                |
| -                     | -            | -                                | -                     | -          | -                                | 2,790,550               | 2,790,550     | -                                |
| -                     | -            | -                                | -                     | -          | -                                | 2,467,692               | 2,448,645     | 19,047                           |
| -                     | -            | -                                | -                     | -          | -                                | 94,447                  | 94,447        | -                                |
| 3,932,359             | 3,422,243    | 510,116                          | 417,167               | 794        | 416,373                          | 45,157,191              | 42,054,677    | 3,102,514                        |
| 4,473,238             | 5,282,280    | 809,042                          | (397,167)             | 45,107     | 442,274                          | (17,304)                | 4,903,233     | 4,920,537                        |
| -                     | -            | -                                | -                     | -          | -                                | 175,000                 | 148,130       | (26,870)                         |
| (810,000)             | (885,101)    | (75,101)                         | -                     | -          | -                                | (1,005,000)             | (950,921)     | 54,079                           |
| 138,000               | 138,000      | -                                | 350,000               | 350,000    | -                                | 3,517,508               | 3,575,227     | 57,719                           |
| (3,998,810)           | (3,694,703)  | 304,107                          | (732,598)             | (732,598)  | -                                | (6,494,724)             | (6,190,617)   | 304,107                          |
| 197,572               | -            | (197,572)                        | 779,765               | -          | (779,765)                        | 3,824,520               | -             | (3,824,520)                      |
| (4,473,238)           | (4,441,804)  | 31,434                           | 397,167               | (382,598)  | (779,765)                        | 17,304                  | (3,418,181)   | (3,435,485)                      |
| \$ -                  | 840,476      | \$ 840,476                       | \$ -                  | (337,491)  | \$ (337,491)                     | \$ -                    | 1,485,052     | \$ 1,485,052                     |
|                       | 3,678,531    |                                  |                       | 794,267    |                                  |                         | 16,396,760    |                                  |
|                       | \$ 4,519,007 |                                  |                       | \$ 456,776 |                                  |                         | \$ 17,881,812 |                                  |

**CARTERET COUNTY, NORTH CAROLINA**

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
DISCRETELY PRESENTED COMPONENT UNITS  
For the Fiscal Year Ended June 30, 1998**

|   | Component Units                                |                                 |
|---|--|---------------------------------|
|   | Carteret<br>General<br>Hospital<br>Corporation | Carteret<br>County<br>ABC Board |
| <b>OPERATING REVENUE</b>                      |  |                                 |
| Charges for services                          | \$ 48,457,344                                  | \$ -                            |
| Alcoholic beverage sales, net                 | -  | 4,357,459                       |
| <b>Total operating revenue</b>                | <b>48,457,344</b>                              | <b>4,357,459</b>                |
| <b>OPERATING EXPENSES</b>                     |  |                                 |
| Hospital operations                           | 43,793,000                                     | -                               |
| Cost of goods sold                            | -  | 2,999,156                       |
| Store and warehouse expense                   | -  | 934,410                         |
| Depreciation                                  | 2,018,466                                      | 48,439                          |
| <b>Total operating expenses</b>               | <b>45,811,466</b>                              | <b>3,982,005</b>                |
| <b>Operating income</b>                       | <b>2,645,878</b>                               | <b>375,454</b>                  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>       |  |                                 |
| Investment earnings                           | 1,020,404                                      | 23,587                          |
| Gifts and donations                           | 49,002   | -                               |
| Other expenses                                | -  | (8,228)                         |
| Distributions to other governments            | -  | (206,066)                       |
| <b>Total nonoperating revenues (expenses)</b> | <b>1,069,406</b>                               | <b>(190,707)</b>                |
| <b>Income before operating transfers</b>      | <b>3,715,284</b>                               | <b>184,747</b>                  |
| <b>OPERATING TRANSFERS</b>                    |  |                                 |
| Operating transfers to primary government     | -  | (148,130)                       |
| <b>Net income</b>                             | <b>3,715,284</b>                               | <b>36,617</b>                   |
| RETAINED EARNINGS - unrestricted, beginning   | 29,101,034                                     | 1,205,406                       |
| RETAINED EARNINGS - restricted, beginning     | 1,460,613                                      | -                               |
| Restricted gifts received                     | 115,400  | -                               |
| RETAINED EARNINGS, ending                     | <b>\$ 34,392,331</b>                           | <b>\$ 1,242,023</b>             |

*See Notes to Financial Statements.*

**CARTERET COUNTY, NORTH CAROLINA**

**COMBINED STATEMENT OF CASH FLOWS  
DISCRETELY PRESENTED COMPONENT UNITS  
For the Fiscal Year Ended June 30, 1998**

|   | Component Units                                |                                 |
|---|--|---------------------------------|
|   | Carteret<br>General<br>Hospital<br>Corporation | Carteret<br>County<br>ABC Board |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |                                 |
| Operating income  | \$ 2,645,878                                   | \$ 375,454                      |
| Adjustments to reconcile operating income to net cash provided by operating activities: |  |                                 |
| Depreciation  | 2,018,466                                      | 48,439                          |
| Provision for bad debts   | 3,979,710                                      | -                               |
| Interest expense in operating expenses  | 312,938  | -                               |
| Equity in loss of joint venture   | 140,000  | -                               |
| Change in assets and liabilities:   |  |                                 |
| Receivables   | (3,706,694)                                    | -                               |
| Inventories   | (84,473)                                       | (34,970)                        |
| Prepaid expenses  | (97,032)                                       | 833                             |
| Other assets  | -  | (87)                            |
| Settlements due to third-party payors   | 848,647  | -                               |
| Accounts payable and accrued expenses   | 926,161  | (179,528)                       |
| Net cash provided by operating activities   | <u>6,983,601</u>                               | <u>210,141</u>                  |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                                 |  |                                 |
| Unrestricted gifts and donations  | 49,002   | -                               |
| Restricted gifts  | 115,400  | -                               |
| Operating transfers to primary government   | -  | (148,130)                       |
| Operating transfers to other governments  | -  | (207,701)                       |
| Net cash provided by (used in) non-capital financing activities                         | <u>164,402</u>                                 | <u>(355,831)</u>                |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                         |  |                                 |
| Principal paid on obligations under capital leases and bonds                            | (887,301)                                      | -                               |
| Interest paid on obligations under capital leases and bonds                             | (323,924)                                      | -                               |
| Acquisition of capital assets   | (4,575,429)                                    | (19,570)                        |
| Net cash used in capital and related financing activities                               | <u>(5,786,654)</u>                             | <u>(19,570)</u>                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |                                 |
| Interest income   | 926,165  | 23,587                          |
| Decrease in assets whose use is limited   | 1,314,997                                      | -                               |
| Other investing expenses, net   | (150,000)                                      | (8,228)                         |
| Net cash provided by investing activities   | <u>2,091,162</u>                               | <u>15,359</u>                   |
| Net increase (decrease) in cash and cash equivalents                                    | 3,452,511                                      | (149,901)                       |
| <b>CASH AND CASH EQUIVALENTS</b>  |  |                                 |
| Beginning   | <u>10,871,487</u>                              | <u>688,789</u>                  |
| Ending  | <u>\$ 14,323,998</u>                           | <u>\$ 538,888</u>               |

*See Notes to Financial Statements.*

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## **NOTES TO FINANCIAL STATEMENTS**

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**These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from or cannot be included in the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.**

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# CARTERET COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

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### **Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups**

#### **Nature of operations:**

Carteret County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under General Statute 153A-10. The County is located on the coast of North Carolina, with its seat of government in the Town of Beaufort. The County is responsible for providing a full range of governmental services, including police and fire protection to residents in unincorporated areas of the County, health and social services, recreational programs, and operational and capital funding support for the public school systems.

#### **Reporting entity:**

As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. The four discretely presented component units presented below are reported in separate columns in the County's combined financial statements in order to emphasize that they are legally separate from the County.

Beaufort - Morehead City Airport Authority. The Beaufort - Morehead City Airport Authority is an entity created by resolution of the Carteret County Board of Commissioners for the purpose of management and maintenance of the airport located in Carteret County. The County appoints a majority of the Authority board members. The Authority also receives a majority of its revenue from County sources. The airport, which has a June 30 year end, is discretely presented as if it were a special revenue fund.

Carteret County Tourism Development Bureau. The Carteret County Tourism Development Bureau is an entity created by resolution of the Carteret County Board of Commissioners for the purpose of management of the promotion and development of tourism in Carteret County. The County does not have authority to designate management of the Bureau nor remove board members of the Bureau. However, the Bureau must submit its annual budget and subsequent budget amendments to the Board of County Commissioners for approval and receives substantially all its revenue from an occupancy tax implemented, and revocable, by the County Commissioners. The TDB, which has a June 30 year end, is discretely presented as if it were a special revenue fund.

Carteret General Hospital Corporation ("Hospital"). The Hospital is a public hospital operated by a non-profit corporation providing healthcare to residents of Carteret County. The Hospital leases its existing facilities and all future improvements from the County. The County appoints the Hospital's governing board and can remove board members at will. The Hospital must receive approval from the County Commissioners before issuing debt. The Hospital, which has a September 30 year-end, is discretely presented as if it were a proprietary fund.

Carteret County Alcoholic Beverage Control Board ("ABC Board"). The ABC Board is governed by a board appointed by the County Commissioners. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. The ABC Board, which has a June 30 year end, is discretely presented as if it were a proprietary fund.

## CARTERET COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)**

Complete financial statements for each of the individual component units may be obtained at the administrative offices of those entities.

- Beaufort-Morehead City Airport Authority, Highway 101 East, Beaufort, NC 28516
- Carteret County Tourism Development Bureau, Highway 70 West, Morehead City, NC 28557
- Carteret General Hospital Corporation, PO Box 1619, Morehead City, NC 28557
- Carteret County ABC Board, Highway 70 East, Beaufort, NC 28516

#### **Included within the reporting entity:**

County of Carteret Public Facilities Financing Corporation. The County of Carteret Public Facilities Financing Corporation is a non-profit corporation created solely to provide for the financing of the construction of a new law enforcement center, an addition to the Social Services building, a new public elementary school, and the acquisition of certain land for an expansion of the community college facilities in Carteret County, North Carolina. Certificates of participation were previously issued prior to July 1, 1992 to provide the funds for the other facilities. The County has entered into Construction and Repayment Contracts with the corporation. The corporation's assets, fund balance, revenue and expenditures have been included in the County Capital Improvements Fund at June 30, 1998.

#### **Summary of significant accounting policies:**

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

Fund Accounting. The accounts of the County are organized and operated on the basis of funds and account groups, each of which is considered an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds but are a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds.

## CARTERET COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)**

The County has the following fund categories (further divided by fund type) and account groups:

*Governmental Fund Types*—Governmental funds are used to account for all or most of a government's general governmental activities (general fund), collection and disbursement of earmarked monies (special revenue funds), and the acquisition or construction of general fixed assets (capital projects funds). The following are the governmental funds of the County:

- **General Fund**—The General Fund is the general operating fund of the County and accounts for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds**—Special revenue funds account for specific revenues sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains the following Special Revenue Funds: Revaluation Fund, School Special Projects Fund, Rescue Squad Fund, Fire District Fund, Emergency 911 Fund, Occupancy Tax Fund, Family Resource Center Fund, Mansfield/North River Area Revitalization Fund, School Project Reserve Fund, North River Revitalization - Phase II Fund, and the Industrial Park Fund.
- **Capital Projects Funds**—Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities. The County maintains the following Capital Projects Funds: County Capital Reserve Fund, County Capital Improvements Fund, Morehead City Elementary School Project Fund, Senior Center Project Fund, and School Projects Fund.

*Fiduciary Fund Types*—Fiduciary funds account for assets held by the County in a trustee capacity or as an agent for outside parties, including other governments, or on behalf of other funds within the government. Agency funds are custodial in nature and do not involve measurement of results of operations. The County maintains the following Agency funds: Deferred Compensation Fund, Sheriff's Department Fund, and the Social Services Trust Fund.

*Accounts Groups*—The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus as described at "Basis of Accounting" below. The two account groups are not funds. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

- *General Fixed Assets Account Group*—This account group is used to account for all fixed assets of the County other than infrastructure fixed assets.
- *General Long-Term Debt Account Group*—This account group is used to account for all long-term obligations of the County.

**Measurement Focus.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenue and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

## CARTERET COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

---

#### **Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)**

Basis of Accounting. Basis of accounting determines when the revenue and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting. The governmental fund types and agency funds are presented in the financial statements on the same basis. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it is "measurable" and "available") to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The County considers all revenues available if they are collected within 60 days after year end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Carteret County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities in the County. For those motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 1997 through February 1998 apply to the fiscal year ended June 30, 1998. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements. Those taxes for vehicles registered from March 1 through the fiscal year end apply to the fiscal year 1998-99 and are not shown as receivables at June 30, 1998. For those motor vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year end are also reflected as deferred revenues at June 30, 1998 because they are intended to finance the County's operations during the 1999 fiscal year.

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

# CARTERET COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

---

### **Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)**

The County reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Budgets and Budgetary Accounting. An annual budget is adopted for the general fund, the special revenue funds (excluding the Mansfield/North River Area Revitalization, North River Revitalization - Phase II, and Industrial Park funds), and the capital projects funds (excluding the Morehead City Elementary School Project Fund, the Senior Center Project Fund, and the School Projects Fund). All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital projects funds and the special revenue fund addressed above. Project ordinance appropriations lapse at the completion of the project. In accordance with the Local Government Budget and Fiscal Control Act, the County follows these procedures in establishing the budgetary data reflected in the financial report:

- 1) The County Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operational budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) The budget is legally enacted through passage of an ordinance by June 30 each year.

The Board of Commissioners may amend the budget ordinance at any time after its adoption as long as the amended ordinance continues to meet the requirements of North Carolina's "Local Government Budget and Fiscal Control Act". No amendment may change the property tax levy unless the Board of Commissioners is so ordered by competent authority. During the year, several supplementary appropriations to the original budget were necessary. Individual amendments to the ordinance were not material in relation to the original appropriations, and all amendments were legally made. The budget amounts shown in the combined financial statements represent the budget, as amended, at June 30, 1998.

Under State statute, actual expenditures cannot exceed budgetary appropriations at the level at which the budget ordinance is formally approved. The County's budget ordinance authorizes expenditures, by department total, for the general fund and the special revenue funds and at the object level for the capital projects funds. All budgets are fixed in nature. The County Manager is authorized to make line item transfers within a department not in excess of \$10,000. Transfers between departments that exceed \$5,000 or any transfers between funds require Board approval. For internal management purposes, the budgets are detailed by line item within each department and entered into the accounting records. Comparisons of actual expenditures to budget are made on an ongoing basis.

The budget, as authorized for the General Fund, includes certain receipts to be received for and disbursed to, or on behalf of, other entities, or individuals, by the County as fiscal agent. For financial reporting purposes, these agency receipts and disbursements are reclassified to a fiduciary fund type. In addition, the budgets authorized for the General Fund, Special Revenue funds, and Capital Project funds are prepared on a modified accrual basis.

## CARTERET COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)**

Encumbrances, which are not expenditures, represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. The County has no encumbrances outstanding at year-end.

Deposits and Investments. All deposits of the County, Carteret General Hospital Corporation, Carteret County ABC Board, Carteret County Tourism Development Bureau (TDB), and Beaufort-Morehead City Airport Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the Hospital, the ABC Board, the TDB, and Airport may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the County, the Hospital, the ABC Board, the TDB, and the Airport may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State statute (G.S. 159-30) authorizes the County and its component units to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust, an SEC registered (2a-7) mutual fund.

As required for periods beginning after June 15, 1997 by Statement 31 of the Governmental Accounting Standards Board, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the County, the Hospital, and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued based on a computerized matrix system and/or appraisals by a pricing service. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

Cash and Cash Equivalents. The County pools money from several funds, except the Deferred Compensation Fund, to facilitate disbursement and investment and maximize investment income. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of each month. Cash and cash equivalents of proprietary type component units include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Restricted Cash and Investments. Certain proceeds of bond issuances are classified as restricted cash and investments on the balance sheet because their use is limited by applicable bond covenants.

Ad Valorem Taxes Receivable. Ad valorem taxes are not accrued as revenue because they are not considered to be both "measurable and available". The receivable amount is reduced by an allowance for doubtful accounts equal to the percent of the original levy which has normally been written off based on past experience. An amount equal to the taxes receivable that was not accrued as revenue is shown as a deferred revenue on the combined balance sheet.

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)**

The property tax calendar for Carteret County, North Carolina is as follows:

|               |                   |
|---------------|-------------------|
| Lien Date     | January 1, 1997   |
| Levy Date     | July 1, 1997      |
| Due Date      | September 1, 1997 |
| Past Due Date | January 6, 1998   |

Allowances for Doubtful Accounts. Allowances for doubtful accounts are maintained on all types of receivables which historically experience uncollectible accounts.

Inventories. Inventories of the Hospital and the ABC Board are valued at the lower of cost, on a first-in, first-out (FIFO) basis, or market. The Hospital inventory consists of expendable items, including pharmaceuticals and general supplies, held for consumption. The Hospital inventories are recorded as expenses when consumed rather than when purchased. The ABC Board inventory consists of alcoholic beverages held for sale.

Fixed Assets. General fixed assets of the County are not capitalized in the governmental fund used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost, where historical records are available, or at estimated historical cost, where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Public domain or infrastructure fixed assets are not capitalized as these assets are immovable and of value only to the County. Also, the County has elected not to capitalize interest or debt issuance costs as a component of the cost of general fixed assets constructed for its own use.

The County holds title to certain Carteret County Board of Education properties which have not been included in fixed assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as fixed assets in the financial statements of the Carteret County Board of Education.

Property and equipment of the Hospital, the ABC Board and the Tourism Development Bureau are recorded at original cost at the time of acquisition. Property and equipment donated to these entities for operations are recorded at the estimated fair market value at the date of donation. Any interest incurred during the construction phase of the fixed assets of the Hospital or the ABC Board is reflected in the capitalized value of the asset constructed. Assets in the County's general fixed assets account group and the Tourism Development Bureau are not depreciated and the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Airport Authority does not own any properties or lease airport facilities from the County.

The County owns legal title to all Hospital facilities and improvements under a lease agreement which allows the Hospital unrestricted use of those facilities. The County's policy is to report these assets in the Hospital component unit.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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**Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)**

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

|                                  | <u>Useful Life</u> |
|----------------------------------|--------------------|
| Buildings and improvements       | 7 - 40 years       |
| Furniture and equipment          | 4 - 20 years       |
| Improvements other than building | 5 - 20 years       |

Compensated Absences. Vested or accumulated vacation leave and compensatory leave time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and compensatory leave time that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for these amounts. At June 30, 1998, the current portion of the accumulated vacation and compensatory leave pay is not considered to be material and, therefore, no provision has been made in the accompanying financial statements in the General Long-Term Debt Account Group. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences", no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Long-term Obligations. Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group.

Fund Equity. Reservations or restrictions of equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

State law [G.S. 159-13 (b) (16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

# CARTERET COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Description of Funds and Account Groups (Continued)

The governmental fund types classify fund balances as follows:

#### *Reserved*

- Reserved by State statute—portion of fund balance not available for appropriation after remaining reserves not available for appropriation have been segregated. This generally includes accounts receivable and amounts due from other funds, which are not offset by deferred revenues.
- Reserved for Sheriff's fund—represents amounts restricted for expenditures relating to special drug programs and concealed weapons programs.
- Reserved for debt service—represents amounts restricted to expenditures for future debt service obligations.

#### *Unreserved*

- Designated for health programs—represents amounts designated for expenditures in specific health programs.
- Designated for subsequent year's expenditures—portion of total fund balances available for appropriation which has been designated for the adopted 1998-1999 budget ordinance or designated for future capital outlay.
- Undesignated—portion of total fund balance available for appropriation which is uncommitted at June 30, 1998.

Interfund Transactions. Quasi-external transactions are accounted for as revenue or expenditures since they would be treated as such if they involved organizations external to the County. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Totals (Memorandum Only) Columns. The total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)-Primary Government" and "Totals (Memorandum Only)-Reporting Entity" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles for the primary government. Interfund eliminations have not been made in the aggregation of this data.

# CARTERET COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Stewardship, Compliance and Accountability

Excess of expenditures over appropriation in individual funds:

The County's expenditures for the year ended June 30, 1998, have exceeded amounts budgeted in the following departments for the General Fund:

General Fund:

|                        |            |
|------------------------|------------|
| Tri-County Solid Waste | \$ 133,657 |
| Nutrition              | 1,257      |
| Veteran services       | 131        |

Special Revenue Funds:

|                    |         |
|--------------------|---------|
| Occupancy Tax Fund | 100,013 |
|--------------------|---------|

Capital Projects Funds:

|  |        |
|--|--------|
| Morehead City Elementary School Project Fund |        |
| Transfer to General Fund                     | 93,396 |
| Senior Center Project Fund                   |        |
| Senior Center construction                   | 1,786  |

Deficits in Fund Balance of Individual Funds:

As of June 30, 1998, the Occupancy Tax Fund had deficit fund balance of \$234. The County will transfer funds from the General Fund to rectify the deficit fund balance.

### Note 3. Cash and Investments

#### Cash on Hand:

The County had \$1,555 in petty cash on hand at June 30, 1998.

#### Deposits:

All deposits of the County and its component units are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the units' agents in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the units, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits.

The State Treasurer does not confirm this information with the units or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the units under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

## CARTERET COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 3. Cash and Investments (Continued)**

At June 30, 1998, the County's deposits had a carrying amount of \$10,295,164 and a bank balance of \$10,961,254. Of the bank balance, \$438,856 was covered by federal depository insurance and \$10,522,398 was covered by collateral held under the Pooling Method. At June 30, 1998, \$371,806 in the General Fund is being held as restricted cash in a sinking fund, for repayment of annual principal and interest on 1991 certificates of participation. Additionally, cash and investments of \$6,291,142 in the School Projects Fund and \$1,164,655 in the Morehead Elementary School Project Fund are restricted for the renovations of an existing school building, and for future debt payments on the new elementary school.

#### Component Unit Information

At June 30, 1998, the carrying amount of deposits for Tourism and Development Bureau was \$84,865 and the bank balance was \$84,658. The bank balance of the Bureau was fully covered by federal depository insurance.

At June 30, 1998, the carrying amount of deposits for Beaufort-Morehead City Airport Authority was \$76,257 and the bank balance was \$76,257. The bank balance was fully covered by federal depository insurance.

At September 30, 1997, the carrying amount of the Hospital's deposits was \$21,553,390 and the bank balance was \$20,705,970. Of the bank balance, \$400,000 was covered by federal depository insurance and \$20,305,970 is collateralized by an escrow account in the name of the State Treasurer.

At June 30, 1998, the carrying amount of deposits for Carteret County ABC Board was \$538,888 and the bank balance was \$521,318. All of the bank balance was covered by federal depository insurance.

#### **Investments:**

State of North Carolina General Statutes authorize the County and its component units to invest in obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of principal and interest of such obligations is fully guaranteed by the United States; certain quasi-federal agencies; commercial paper bearing the highest credit ratings available; bankers acceptances of accepting banks or holding companies either (i) incorporated in the State of North Carolina or (ii) the highest available long-term debt rating; and the North Carolina Capital Management Trust, an SEC registered (2a-7) mutual fund.

The investments of the County and its component units are categorized to give an indication of the level of custodial risk assumed by each entity at year end. Column A includes investments that are insured or registered, or for which the securities are held by the unit or its agent in the unit's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the unit's name. Column C includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the entity's name. Investments of the Deferred Compensation Agency Fund are held by third-party custodians who take delivery of the investment securities on behalf of the County. Investments in the North Carolina Capital Management Trust and the County's investments of the Deferred Compensation Agency Fund are exempt from risk categorization because the entity does not own any identifiable securities, but is a shareholder of a percentage of the fund.

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3. Cash and Investments (Continued)**

At June 30, 1998, the County's investment balances were as follows:

|   | Category |              |      | Reported<br>Value | Fair<br>Value |
|---|----------|--------------|------|-------------------|---------------|
|   | A        | B            | C    |                   |               |
| US Treasury Notes                           | \$ -     | \$ 1,164,655 | \$ - | \$ 1,164,655      | \$ 1,164,655  |
| North Carolina<br>Capital Management Trust* |          |              |      | 13,158,714        | 13,158,714    |
| Deferred Compensation**                     |          |              |      | 408,328           | 408,328       |
| Less:                                       |          |              |      | 14,731,697        | 14,731,697    |
| Restricted investments                      |          |              |      | 7,455,797         | 7,455,797     |
| Unrestricted investments                    |          |              |      | \$ 7,275,900      | \$ 7,275,900  |

\* Is not categorized because the County does not own any identifiable securities, but is a shareholder of a percentage of the fund.

\*\* Is not categorized because third-party custodians take delivery of the investment securities on behalf of the County.

At June 30, 1998, the County's cash and investments are comprised of the following:

|                                   |                   |
|-----------------------------------|-------------------|
| Cash on hand                      | Total             |
| Carrying value of deposits        | \$ 1,555          |
| Investments                       | 10,295,164        |
|                                   | <u>14,731,697</u> |
| Total                             | \$ 25,028,416     |
| Balance Sheet Reconciliation:     |                   |
| Unrestricted cash and investments | \$ 17,200,813     |
| Restricted cash and investments   | <u>7,827,603</u>  |
| Total                             | \$ 25,028,416     |

Component Unit Information

At June 30, 1998, the Tourism and Development Bureau had investments in the North Carolina Capital Management Trust and are exempt from risk categorization because the Bureau does not own any identifiable security but is a shareholder of a percentage of the fund.

|   | Reported<br>Value | Fair Value        |
|---|-------------------|-------------------|
| North Carolina Capital Management Trust | <u>\$ 230,083</u> | <u>\$ 230,083</u> |

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 4. Budget to GAAP Reconciliation**

The combined statement of revenue, expenditures, and changes in fund balances, budget and actual compares the budget and actual data by fund type for those governmental funds that adopt annual budgets. Therefore, only those special revenue and capital project funds that adopt annual budgets are included therein, while all special revenue and capital projects funds are reflected on the combined statement. A reconciliation of the revenue and other financing sources over (under) expenditures and other financing uses follows:

|  | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds |
|--|-----------------------------|------------------------------|
| Excess of revenues and other financing sources over (under) expenditures and other financing uses, budgetary basis (page 22 and 23)                                | \$ 840,476                  | \$ (337,491)                 |
| To record excess of revenues and other financing sources over (under) expenditures and other financing uses for the following funds which have multi-year budgets: |                             |                              |
| North River Area Revitalization - Phase II Fund  | 43,468                      | -                            |
| Industrial Park Fund   | 490,482                     | 31,668                       |
| Senior Center Project Fund   | -                           | (253,327)                    |
| School Project Fund  | -                           | (12,300,485)                 |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses, GAAP basis (page 20)  | <u>\$ 1,374,426</u>         | <u>\$(12,859,635)</u>        |

**Note 5. Receivables**

Receivables are comprised of the following major categories as of June 30, 1998:

|                        | Property<br>Taxes   | Allowance<br>For<br>Uncollectible<br>Accounts | Other<br>Governments | Other<br>Sources  | Total               |
|------------------------|---------------------|---|----------------------|-------------------|---------------------|
| General Fund           |                     |   |                      |                   |                     |
| Local option sales tax | \$ -                | \$ -  | \$ 2,258,499         | \$ -              | \$ 2,258,499        |
| Other                  | 1,418,952           | (582,922)                                     | 453,738              | 387,152           | 1,676,920           |
|                        | <u>1,418,952</u>    | <u>(582,922)</u>                              | <u>2,712,237</u>     | <u>387,152</u>    | <u>3,935,419</u>    |
| Special Revenue Funds  | 368,594             | (135,520)                                     | 194,509              | 18,711            | 446,294             |
| Totals                 | <u>\$ 1,787,546</u> | <u>\$ (718,442)</u>                           | <u>\$ 2,906,746</u>  | <u>\$ 405,863</u> | <u>\$ 4,381,713</u> |

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Receivables (Continued)**

Property Tax—Use-Value Assessment on Certain Lands. In accordance with North Carolina general statutes, agriculture, horticulture, and forest land may be taxed as present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years along with accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

| Year Levied | Tax        | Interest  | Total      |
|-------------|------------|-----------|------------|
| 1994        | \$ 80,750  | \$ 26,441 | \$ 107,191 |
| 1995        | 86,151     | 20,453    | 106,604    |
| 1996        | 85,762     | 12,655    | 98,417     |
| 1997        | 125,759    | 6,920     | 132,679    |
| Total       | \$ 378,422 | \$ 66,469 | \$ 444,891 |

Component Unit Information

The Carteret General Hospital Corporation receivables are net of an allowance for doubtful accounts in the amount of \$6,830,255.

**Note 6. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year:

|                          | General<br>Fixed<br>Assets<br>July 1, 1997 | Additions    | Retirements  | Adjustments<br>and<br>Transfers | General<br>Fixed<br>Assets<br>June 30, 1998 |
|--------------------------|--|--------------|--------------|---------------------------------|---|
| <u>By Asset Type:</u>    |  |              |              |                                 |   |
| Land, Airport            | \$ 391,973                                 | \$ -         | \$ -         | \$ -                            | \$ 391,973                                  |
| Land, other              | 2,069,219                                  | -            | -            | -                               | 2,069,219                                   |
| Buildings                | 18,090,994                                 | -            | -            | 1,827,668                       | 19,918,662                                  |
| Vehicles                 | 1,193,463                                  | 295,243      | (143,845)    | -                               | 1,344,861                                   |
| Equipment                | 3,435,796                                  | 268,893      | (20,979)     | -                               | 3,683,710                                   |
| Airport facilities       | 1,342,148                                  | 144,927      | -            | -                               | 1,487,075                                   |
| Other improvements       | 4,125,929                                  | 343,335      | -            | -                               | 4,469,264                                   |
| Construction in progress | 1,557,705                                  | 269,963      | -            | (1,827,668)                     | -   |
| Total                    | \$ 32,207,227                              | \$ 1,322,361 | \$ (164,824) | \$ -                            | \$ 33,364,764                               |

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6. Fixed Assets (Continued)**

|                                  | General<br>Fixed<br>Assets |                     | Adjustments<br>and<br>Transfers |             | General<br>Fixed<br>Assets |
|----------------------------------|----------------------------|---------------------|---------------------------------|-------------|----------------------------|
|                                  | July 1, 1997               | Additions           | Retirements                     |             | June 30, 1998              |
| <u>By Function:</u>              |                            |                     |                                 |             |                            |
| General government               | \$ 9,502,505               | \$ 180,178          | \$ (30,460)                     | \$ 8,264    | \$ 9,660,487               |
| Public safety                    | 10,343,039                 | 182,246             | (83,550)                        | (14,286)    | 10,427,449                 |
| Human services                   | 4,543,071                  | 220,481             | (50,814)                        | 1,818,453   | 6,531,191                  |
| Environmental protection         | 1,354,024                  | -                   | -                               | -           | 1,354,024                  |
| Culture/recreation               | 2,964,683                  | 258,872             | -                               | 560         | 3,224,115                  |
| Economic/physical<br>development | 68,786                     | 8,267               | -                               | 14,677      | 91,730                     |
| Transportation                   | 1,873,414                  | 202,354             | -                               | -           | 2,075,768                  |
| Construction in progress         | 1,557,705                  | 269,963             | -                               | (1,827,668) | -                          |
| <b>Totals</b>                    | <b>\$ 32,207,227</b>       | <b>\$ 1,322,361</b> | <b>\$ (164,824)</b>             | <b>\$ -</b> | <b>\$ 33,364,764</b>       |

Investment in general fixed assets by source:

|                        |                      |
|------------------------|----------------------|
| Prior to June 30, 1992 | \$ 20,437,536        |
| General Fund           | 45,070,020           |
| Capital Projects Funds | <u>8,420,208</u>     |
|                        | <u>\$ 73,927,764</u> |

Component Unit Information

The following is a summary of the Hospital fixed assets (excluding other assets totaling \$128,775) at June 30, 1998:

|                               |                      |
|-------------------------------|----------------------|
| Land                          | \$ 101,582           |
| Land improvements             | 624,329              |
| Buildings and improvements    | 12,936,692           |
| Furniture and equipment       | 20,646,646           |
| Construction in progress      | <u>100,954</u>       |
|                               | 34,410,203           |
| Less accumulated depreciation | <u>18,203,633</u>    |
|                               | <u>\$ 16,206,570</u> |

Legal title to the Hospital's property and equipment, except equipment purchased by the Hospital from unrestricted funds, is held by Carteret County. The facilities are leased to the Hospital for an annual rent of \$1. In the event of dissolution of the Hospital or its failure to function as a Hospital or to operate as required in the lease, all of its monies, properties and assets shall revert to Carteret County.

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 6. Fixed Assets (Continued)**

The following is a summary of the ABC Board fixed assets at June 30, 1998:

|                                  |                   |
|----------------------------------|-------------------|
| Land                             | \$ 202,424        |
| Buildings and improvements       | 520,524           |
| Furniture and equipment          | 376,466           |
| Improvements other than building | 90,340            |
|                                  | <u>1,189,754</u>  |
| Less accumulated depreciation    | 576,796           |
|                                  | <u>\$ 612,958</u> |

The following is a summary of the Carteret County TDB fixed assets at June 30, 1998:

|                         |                  |
|-------------------------|------------------|
| Furniture and equipment | <u>\$ 56,230</u> |
|-------------------------|------------------|

**Note 7. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County is a participant in an insurance pool administered by the North Carolina Association of County Commissioners, which provides workers' compensation coverage. The workers' compensation pool provides statutory limits of coverage as required by the North Carolina Workers' Compensation Act. All losses in excess of a specified retained limit is reinsured through commercial insurance. The pool is self-sustaining through member premiums and the County has transferred its risk of loss to the pool.

The County carries commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All of the component units are exposed to similar risks as described above for the County and each maintains sufficient insurance policies in effect that would preclude any claims adversely affecting the financial position of the component units.

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8. Deferred Revenue**

As discussed in the Summary of Significant Accounting Policies (Note 1), ad valorem taxes receivable are not accrued as a revenue because they are not considered to be both "measurable and available." Property taxes which are measurable, but not available, are recorded as deferred revenue. In addition, property taxes collected in advance of the fiscal year to which they apply are also recorded as deferred revenue. The balance of deferred revenue at June 30, 1998 is comprised of the following:

|                               | General<br>Fund     | Special<br>Revenue<br>Fund | Total               |
|-------------------------------|---------------------|----------------------------|---------------------|
| Net property taxes receivable | \$ 836,030          | \$ 233,074                 | \$ 1,069,104        |
| Prepaid taxes and licenses    | 4,864               | -                          | 4,864               |
| Other receivables             | 162,551             | 2,722                      | 165,273             |
|                               | <u>\$ 1,003,445</u> | <u>\$ 235,796</u>          | <u>\$ 1,239,241</u> |

**Note 9. Capital Leases**

The County has entered into agreements to lease equipment. These agreements (capital leases) are, in substance, installment purchases and are included in the General Long-Term Debt Account Group. The following is an analysis of the assets recorded under capital leases in the General Fixed Assets Account Group at June 30, 1998:

|                            |                   |
|----------------------------|-------------------|
| <u>Classes of Property</u> |                   |
| Equipment                  | <u>\$ 754,524</u> |

The following is a schedule of the future minimum lease payments of the capital leases accounted for in the General Long-Term Debt Account Group and the present value of the net minimum lease payments at June 30, 1998:

|  |                  |
|--|------------------|
| Fiscal Year Ending June 30, 1999             | \$ 97,164        |
| Less amount representing interest            | 3,710            |
| Present values of net minimum lease payments | <u>\$ 93,454</u> |

The County has entered into various operating leases, the amounts of future lease payments of which are not material.

**Note 10. Long-Term Obligations**

The County's general obligation bonds, certificates of participation, capital leases, and accrued vacation pay and compensatory time are accounted for in the General Long-Term Debt Account Group. The general obligation bonds are backed by the faith, credit, and taxing power of the County. All County debt is being retired with General Fund revenues. Principal and interest requirements are appropriated when due.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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**Note 10. Long-Term Obligations (Continued)**

Long-term debt obligations at June 30, 1998 are comprised of the following individual issues which are to be serviced by the General Fund:

**General obligation bonds:**

1978 school building, due on June 1 in installments of \$200,000 through June 1, 2000 and a final payment of \$75,000 due on June 1, 2001; interest at 6% \$ 475,000

1979 school building, due on June 1 in installments of \$200,000 through June 1, 2000 and a final payment of \$325,000 due on June 1, 2001; interest at 6.97% 725,000

1995 public improvement, including \$2,000,000 for the construction of the Senior Citizens Center, 8,000,000 for computer upgrades and technology for the County schools, renovations, and upfront costs for two new school buildings. Due on May 1 in varying installment amounts through May 1, 2013; interest at 5.25% through May 1, 1998, 5.30% through May 1, 2008, and 5.4% through May 1, 2013. 9,100,000

1996 school buildings, due on May 1 in varying installments through May 1, 2017; interest at 5.40% through May 1, 2016, and 5.50% through May 1, 2017. 20,450,000

1991 Certificates of participation due on March 1 in varying installment amounts through March 1, 2001; interest at 5.9% through March 1, 1996 and 6.4% through March 1, 2001 collateralized by the Jail and Department of Social Services buildings. \$ 2,720,000

1992 Certificates of participation due on February 1 in varying installment amounts through February 1, 2007; interest at 6.5% collateralized by the Morehead City Elementary School. 6,430,000

**Capital leases:**

Purchase of voting equipment; provides for 3 consecutive annual installments of \$97,164 beginning in fiscal year 1996-1997, including interest at 3.97%. 93,454

**Accrued vacation pay and compensatory time:**

Accrued vacation pay included in the long-term debt at June 30, 1998 458,460

Accrued compensatory time included in the long-term debt at June 30, 1998 75,657

\$ 40,527,571

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 10. Long-Term Obligations (Continued)**

Annual maturity and sinking fund requirements on long-term debt (except accrued vacation and compensatory times) with related interest as of June 30, 1998 are as follows:

|            | General Obligation<br>Bonds and Certificates<br>of Participation |                      | Capitalized<br>Leases |                 | Total Debt Due       |                      |
|------------|--|----------------------|-----------------------|-----------------|----------------------|----------------------|
|            | Principal  | Interest             | Principal             | Interest        | Principal            | Interest             |
| 1998-1999  | \$ 2,865,000   | \$ 2,262,118         | \$ 93,454             | \$ 3,710        | \$ 2,958,454         | \$ 2,265,828         |
| 1999-2000  | 2,920,000  | 2,086,943            | -                     | -               | 2,920,000            | 2,086,943            |
| 2000-2001  | 2,980,000  | 1,908,248            | -                     | -               | 2,980,000            | 1,908,248            |
| 2001-2002  | 2,415,000  | 1,725,025            | -                     | -               | 2,415,000            | 1,725,025            |
| 2002-2003  | 2,415,000  | 1,587,450            | -                     | -               | 2,415,000            | 1,587,450            |
| Thereafter | 26,305,000   | 9,716,050            | -                     | -               | 26,305,000           | 9,716,050            |
|            | <u>\$ 39,900,000</u>   | <u>\$ 19,285,834</u> | <u>\$ 93,454</u>      | <u>\$ 3,710</u> | <u>\$ 39,993,454</u> | <u>\$ 19,289,544</u> |

The following changes in liabilities reported in the general long-term debt account group:

|   | General<br>Long-Term<br>Debt |                 |                     | General<br>Long-Term<br>Debt |  |
|---|------------------------------|-----------------|---------------------|------------------------------|--|
|   | July 1, 1997                 | Additions       | Retirements         | June 30, 1998                |  |
| <u>By Debt:</u>   |                              |                 |                     |                              |  |
| General obligation bonds and<br>Certificates of participation | \$ 42,665,000                | \$ -            | \$ 2,765,000        | \$ 39,900,000                |  |
| Literary Notes  | 25,550                       | -               | 25,550              | -                            |  |
| Capitalized leases (Note 9)                                   | 187,901                      | -               | 94,447              | 93,454                       |  |
| Vacation pay and compensatory time                            | 531,566                      | 2,551           | -                   | 534,117                      |  |
| Total   | <u>\$ 43,410,017</u>         | <u>\$ 2,551</u> | <u>\$ 2,884,997</u> | <u>\$ 40,527,571</u>         |  |

By Purpose:

|                                    |                      |                 |                     |                      |  |
|------------------------------------|----------------------|-----------------|---------------------|----------------------|--|
| General government:                |                      |                 |                     |                      |  |
| Land and buildings                 | \$ 36,862,550        | \$ -            | \$ 2,604,550        | \$ 34,258,000        |  |
| Equipment                          | 6,015,901            | -               | 280,447             | 5,735,454            |  |
| Vacation pay and compensatory time | 531,566              | 2,551           | -                   | 534,117              |  |
| Total                              | <u>\$ 43,410,017</u> | <u>\$ 2,551</u> | <u>\$ 2,884,997</u> | <u>\$ 40,527,571</u> |  |

Interest paid on the above obligations during 1998 totaled \$2,440,092.

State statute provides for a legal debt limit of 8 percent of the County's appraised valuation. The County's legal debt margin as of June 30, 1998 amounts to \$379,867,184.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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**Note 10. Long-Term Obligations (Continued)**

**Component unit information:**

The Hospital entered into a \$4,200,000 note payable agreement with a bank during the year ended September 30, 1993. The note is payable in 20 consecutive equal semi-annual payments of \$271,969 including interest at 5.2%. The note is collateralized by a deed of trust on property and equipment with a net book value of approximately \$3,279,000 at September 30, 1997. At September 30, 1997 the outstanding balance on the note was \$2,772,983 with future principal maturities as of September 30, 1997 are as follows:

| <u>Year Ending September 30,</u> |                     |
|----------------------------------|---------------------|
| 1998                             | \$ 404,942          |
| 1999                             | 426,271             |
| 2000                             | 448,725             |
| 2001                             | 472,363             |
| 2002                             | 497,245             |
| Thereafter                       | 523,437             |
|                                  | <u>\$ 2,772,983</u> |

The Hospital's capital leases expire on various dates extending to 2001 with effective interest rates varying from 8% to 13%. The following is a schedule by years of future minimum lease payments under capital leases as of September 30, 1997:

| <u>Year Ending September 30,</u>             | <u>Capital Leases</u> |
|--|-----------------------|
| 1998   | \$ 644,913            |
| 1999   | 635,584               |
| 2000   | 448,125               |
| 2001   | 65,220                |
| Total minimum lease payments                 | 1,793,842             |
| Amounts representing interest                | (196,722)             |
| Present values of net minimum lease payments | <u>\$ 1,597,120</u>   |

The Tourism and Development Bureau had accrued compensated absences as a long term debt at June 30, 1998 in the amount of \$8,248.

# CARTERET COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Retirement Systems

#### **North Carolina Local Governmental Employees' Retirement System:**

*Plan Description.* Carteret County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute 6% of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 5% and 4.47%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees is 5.4% of annual covered payroll. The contribution requirements of members and of Carteret County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contribution to LGERS for the years ended June 30, 1998, 1997, and 1996 were \$342,789, \$339,700, and \$323,357, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 1998, 1997, and 1996 were \$25,294, \$23,534, and \$24,360, respectively. The contribution made by the County and the ABC Board equaled the required contributions for each year.

#### **Carteret General Hospital Corporation Pension Plan:**

The Hospital provides pension benefits for substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan requires that the Hospital contributed an amount equal to 7% of the employee's base salary at the end of each plan year. The Hospital's contributions for each employee (and plan earnings allocated to the employee's account) are fully vested after five years' continuous service. Hospital contributions for, and plan earnings forfeited by, employees who leave employment before five years of service are used to reduce the Hospital's current-period contribution requirement.

The Hospital's total payroll for the year ended September 30, 1997 was \$17,054,202. The Hospital's contributions were calculated using the total salary amounts of eligible participants, which were \$14,299,931 in 1997. Pension plan expense for 1997 was \$1,000,995.

#### **Carteret County Tourism Development Bureau Retirement Plan:**

The Bureau has set up a simplified employee pension - Individual Retirement Account for each of its full-time employees who have worked eight months of the immediately preceding five years. The contribution is four percent of salary for qualifying employees. The Bureau's payroll for employees covered by this plan for the fiscal year ended June 30, 1998 was \$76,966, and the contribution amount for the fiscal year ended June 30, 1998 was \$3,079.

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 11. Retirement Systems (Continued)**

**Law Enforcement Officers Special Separation Allowance:**

*1. Plan Description.*

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

The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the System. At June 30, 1998 the System's membership consisted of:

|  |           |
|--|-----------|
| Retirees receiving benefits  | 0         |
| Terminated plan members entitled to but not yet receiving benefits | 0         |
| Active plan members  | 31        |
| Total  | <u>31</u> |

*2. Summary of Significant Accounting Policies:*

*Basis of Accounting.* The County has chosen to fund the separation allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*3. Contributions.*

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 1997 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.7% to 8.5% per year. Both (a) and (b) included an inflation component of 4.0%. The assumptions did not include postretirement benefit increases.

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 11. Retirement Systems (Continued)**

*Annual Pension Cost and Net Pension Obligation.* The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

|  |                         |
|--|-------------------------|
| Annual Required Contribution                                     | \$ 10,915               |
| Interest on Net Pension Obligation                               | 1,467                   |
| Adjustment to Annual Required Contribution                       | <u>(1,781)</u>          |
| Annual Pension Cost  | 10,601                  |
| Employer Contributions made for fiscal year ending June 30, 1998 | <u>-</u>                |
| Increase in Net Pension Obligation                               | 10,601                  |
| Net Pension Obligation, beginning of fiscal year                 | <u>19,560</u>           |
| Net Pension Obligation, end of fiscal year                       | <u><u>\$ 30,161</u></u> |

**TREND INFORMATION**

| Fiscal Year<br><u>Ended</u> | Annual Pension<br><u>Cost (APC)</u> | Percentage of<br><u>APC Contribution</u> | Net Pension<br><u>Obligation</u> |
|-----------------------------|-------------------------------------|--|----------------------------------|
| 6/30/98                     | \$10,601                            | 0.00%                                    | \$30,161                         |
| 6/30/97                     | \$10,139                            | 0.00%                                    | \$19,560                         |

**SCHEDULE OF FUNDING PROGRESS**

| Actuarial<br>Valuation<br>Date | Actuarial<br>value of<br>assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)-<br>Proj Unit<br>Credit<br>(b) | Unfunded<br>AAL (UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll for<br>Year Ending<br>on Valuation<br>Date<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|---|---------------------------------|--------------------------|--|---|
| 12/31/94                       | \$ -                                   | \$ 50,744   | \$ 50,744                       | 0.00%                    | \$ 636,565   | 7.97%   |
| 12/31/95                       | -                                      | 52,650  | 52,650                          | 0.00%                    | 718,677  | 7.33%   |
| 12/31/96                       | -                                      | 56,427  | 56,427                          | 0.00%                    | 699,373  | 8.07%   |
| 12/31/97                       | -                                      | 60,852  | 60,852                          | 0.00%                    | 747,833  | 8.14%   |

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 11. Retirement Systems (Continued)**

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows.

|                               |                       |
|-------------------------------|-----------------------|
| Valuation date                | 12/31/97              |
| Actuarial cost method         | Projected unit credit |
| Amortization method           | Level dollar closed   |
| Remaining amortization period | 22 years              |
| Asset valuation method        | Market value          |
| Actuarial assumptions:        |                       |
| Investment rate of return     | 7.5%                  |
| Projected salary increases    | 4.7% to 8.5%          |
| Includes inflation at         | 4.0%                  |
| Cost-of-living adjustments    | None                  |

**Supplemental Retirement Income Plan for Law Enforcement Officers:**

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 1998 were \$53,021, which consisted of \$42,644 from the County and \$10,377 from law enforcement officers.

**Supplemental Retirement Income Plan for General Employees:**

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

*Funding Policy.* The County has elected to contribute each month an amount equal to four percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 1998 were \$265,545, which consisted of \$134,750 from the Country and \$130,795 from the employees.

## CARTERET COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Retirement Systems (Continued)

##### **Registers of Deeds' Supplemental Pension Fund:**

*Plan Description.* Carteret County also contributes to the Registers of Deeds' Supplemental Pension Fund ("Fund"), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding Policy.* On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 4.5% of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the state Treasurer in administering the Fund. For the fiscal year ended June 30, 1998, the County's required and actual contributions were \$17,451.

#### Note 12. Post-Employment Health Care Benefits

Employees have the option to continue group coverage at their expense for a maximum of 18 months after employment if terminated or hours worked are reduced causing an employee to be ineligible for coverage. Covered dependents have the option to continue group coverage for a maximum of 36 months if their coverage is terminated due to employee's death, divorce or legal separation, employee's entitlement to Medicare or a dependent child ceases to be a dependent under the terms of the group's coverage.

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multi-employer, State administered, cost-sharing plan funded on a one-year term cost basis. Lump sum death benefits are provided to beneficiaries of those employees: 1) who die in active service after one year of contributing membership in the System, or 2) who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the 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 employees' death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions.

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. Because the benefit payments are made by the death benefit plan and not by the County, the County does not determine the number of eligible participants. For the year ended June 30, 1998 the County made contributions to the State for death benefits of \$9,251. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .12% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 13. Deferred Compensation Plan**

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County (without being restricted to the provisions of benefits under the plan), subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the County's legal counsel that the County has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**Note 14. Additional Social Welfare Expenditures**

The benefit payments listed below were issued directly from the state to recipients of the County on its behalf. These amounts represent additional federal and State financial assistance to the residents of the County but are not reflected in the financial statements because the County has no primary responsibilities beyond making eligibility determinations.

|                    | Federal              | State                |
|--------------------|----------------------|----------------------|
| Food Stamps        | \$ 2,284,496         | \$ -                 |
| Medicaid           | 19,565,922           | 9,626,553            |
| TANF               | 1,606,236            | 387,038              |
| WIC                | 670,750              | -                    |
| Special Assistance | -                    | 308,878              |
|                    | <u>\$ 24,127,404</u> | <u>\$ 10,322,469</u> |

**Note 15. Joint Ventures**

The County, in conjunction with Craven County and Pamlico County, participates in the Coastal Regional Solid Waste Management Authority. Carteret County appoints two members of the seven-member board. The Authority is a joint venture established to provide solid waste management within these counties. The County has an ongoing financial responsibility for the Authority because it and the other counties are legally obligated under the intergovernmental agreement that created the Authority to honor any deficiencies in the event that proceeds from other sources are insufficient. The County did not contribute any funds to the Authority during the fiscal year ended June 30, 1998. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 1998. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 7400 Old Highway 70 West, Cove City, NC 28523.

## CARTERET COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 15. Joint Ventures (Continued)**

The County, in conjunction with Jones, Pamlico and Craven Counties, participates in a joint venture to operate Neuse Center for Mental Health, Developmental Disabilities, and Substance Abuse Services. One commissioner from each County serves on the board of twenty members. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' funding in conjunction with funding from the State of North Carolina. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 1998. The County appropriated \$173,180 to the Center during the fiscal year ended June 30, 1998 which included money received from the ABC Board designated for alcohol education. Complete financial statements for the Center can be obtained from the Center's administrative offices at 405 Middle Street, New Bern, NC 28560.

The County, in conjunction with the State of North Carolina and the Carteret County Board of Education, participates in a joint venture to operate Carteret Community College. The County appoints four members of the twelve-member board of trustees of the community college. The college is included as a component unit of the State of North Carolina. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,039,295 to the Community College during the fiscal year ended June 30, 1998. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the financial statements at June 30, 1998. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 3505 Arendell Street, Morehead City, NC 28557.

#### **Note 16. Jointly Governed Organizations**

The County, in conjunction with two other counties, governs the operations of the Craven-Pamlico-Carteret Regional Library. Each participating government appoints three board members to the nine-member board. The County has no ongoing financial responsibility for the joint venture because the library's continued existence depends on the State of North Carolina's continued funding. None of the participating governments have any equity interest in the library, so no equity interest has been reflected in the financial statements at June 30, 1998. During the year ended June 30, 1998, the County appropriated \$416,380 to the library in Carteret County.

#### **Global TransPark Development Commission:**

The Global TransPark Development Commission is a corporate body created on November 29, 1993. Its purpose is to allow the 13 participating counties, including Carteret County, which have the potential to derive direct economic benefits from the North Carolina Global TransPark, to create a special economic development district, known as the Global TransPark Development Zone. The Commission's primary responsibility is to promote and encourage economic development within the territorial jurisdiction of the Zone by fostering development projects to provide land, buildings, facilities, programs, information and data systems, and infrastructure requirements for business and industry in the Global TransPark Development Zone.

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 16. Jointly Governed Organizations (Continued)**

The Commission is governed by 42 voting members, consisting of three members from Carteret County and each of the 12 other participating counties, and three members appointed by the Global TransPark Authority. The voting members from each of the counties are appointed by the Board of County Commissioners of the respective counties.

The Commission is responsible for a nonexpendable trust fund consisting of an initial State appropriation of \$7.5 million and 85% of the quarterly distributions of the \$5 motor vehicle license fees collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and will be collected for a period of five years. The principal balance of the trust funds are nonexpendable and will revolve as loans are made and repaid to the Commission. At June 30, 1998, the portion of the trust available to be loaned exclusively to Carteret County was \$1,477,152.

**Note 17. School Facilities Finance Act of 1987**

The General Assembly passed the School Facilities Finance Act of 1987 (Act) to assist County governments in meeting their public school facility capital needs. The Act created two new State-funded programs for the construction and renewal of school facilities: the Public School Building Capital Fund administered by the Office of State Budget and Management and the Critical School Facilities Needs Fund administered by the State Board of Education. The Public School Building Capital Fund may also be used to finance equipment needs under the local school unit's technology plan.

**Public School Building Capital Fund:**

This program is funded using a portion of the corporate income taxes of 7.75%, which are imposed on corporations doing business in the State. Each calendar quarter, the Department of Revenue makes quarterly deposits into the fund of two thirty-firsts (2/31) of the net collections of corporate income taxes received during the previous quarter minus \$2.5 million, which it deposits into the Critical School Facilities Needs Fund.

| <u>Period</u>      | <u>Fraction</u>          |
|--------------------|--------------------------|
| Prior to 10/1/97   | Two thirty-firsts (2/31) |
| 10/1/97 to 9/30/98 | One-fifteenth (1/15)     |
| 10/1/98 to 9/30/99 | Two twenty-ninths (2/29) |
| 10/1/99 to 9/30/00 | One-fourteenth (1/14)    |
| After 9/30/00      | Five sixty-ninths (5/69) |

Monies in the fund are allocated to Carteret County on the basis of the average daily membership (ADM) for Carteret County Board of Education as determined and certified by the State Board of Education. The Office of State Budget and Management establishes and maintains an ADM allocation account for the County. At June 30, 1998, the balance of the County's ADM allocation account was \$959,637. The County must match this balance on the basis of one dollar for every three dollars of State funds for financing the school unit's facilities capital needs. The local school technology plan does not require a County match.

After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At June 30, 1998, the County did not have any funds in its disbursing account.

## CARTERET COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 17. School Facilities Finance Act of 1987 (Continued)**

Funds in the allocation and disbursing accounts are considered State monies until the County issues warrants to disburse them. At that time, they are recognized in the General Fund as intergovernmental revenue.

#### **Critical School Facilities Needs Fund:**

This program is funded by the net collections of State income taxes imposed on corporations and received by the Department of Revenue. Each quarter, the Department of Revenue deposits \$2.5 million into the fund.

The Commission on School Facilities Needs established a priority list of the counties receiving grants. The Commission on School Facilities Needs has since been established. Grants are awarded by the Commission on School Facility Needs based on the County's critical needs. A joint application must be made by the Carteret County Board of Commissioners and the Carteret County Board of Education. At June 30, 1998, the Boards had not submitted a grant application to the Office of State Budget and Management.

#### **Note 18. Public School Building Bond Act of 1996**

The General Assembly passed the Public School Building Bond Act of 1996 to provide for the issuance of \$1.8 billion in State bonds to be used for making grants to counties for qualified public school capital outlay projects. The Department of Public Instruction is responsible for project approval and the distribution of funds. The principal amounts of bonds or notes issued by the State in any twelve month period may not exceed \$450 million.

Of the total \$1.8 billion authorized, \$30 million will be allocated as grants to counties that have small county school systems, after considering whether the counties demonstrate both greater than average school construction needs and high property tax rates. The primary allocation of \$1.77 billion will be distributed to all counties based on the average daily membership, the ability to pay, and the growth rate of the school administrative units located within each county.

The distribution of the primary allocation is subject to the satisfaction of certain match requirements by the counties. Match requirements may be satisfied by non-State expenditures for public school facilities made on or after January 1, 1992. Carteret County's matching requirement of \$.50 for each dollar of allocated bond proceeds has been fulfilled.

Because the County has met its matching requirement, the County recognized revenues equal to the liabilities incurred for approved project expenditures. Carteret County requests bond funds by project to be transferred to an account established by Carteret County Board of Education for payment of invoices. To date, the County has expended \$2,748,297 of their total allocation of \$6,919,845.

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 19. Commitments and Contingencies**

**Litigation:**

The County is named defendant in several lawsuits, related to carrying out its functions. Based upon its consultations with the County's attorneys, the County believes its ultimate liability, if any, will not be significant.

**Construction contracts:**

At June 30, 1998, the County was party to various contracts for the construction or purchase of various fixed assets. Contractual commitments relative to construction projects at June 30, 1998 are as follows:

|                        |                     |
|------------------------|---------------------|
| Capital project funds  | \$ 498,313          |
| School capital outlays | <u>4,764,972</u>    |
|                        | <u>\$ 5,263,285</u> |

**Year 2000:**

Proposed guidelines have been issued related to disclosures about potential problems in the year 2000 with processing of electronic data and/or the operation of certain electronic devices. The Year 2000 issue is the result of elimination of the first two digits from a year in software programs and/or in microchips of certain electronic devices. Some programs and/or devices may not be able to distinguish between the year 2000 and the year 1900, which might cause the programs and/or devices to process data incorrectly or stop processing data altogether. The proposed guidelines identify five stages of work needed to achieve compliance; awareness, assessment, remediation, validation/testing, and implementation. The County is aware of this potential issue and has begun the process of addressing it.

**Federal and State Assisted Programs:**

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. County administrators 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 20. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 1998 is as follows:

Due to/from primary government and component units:

| <u>Receivable entity</u> | <u>Payable entity</u>                    | <u>Amount</u>     |
|--------------------------|--|-------------------|
| Primary government:      | Component unit:                          |                   |
| General Fund             | Beaufort-Morehead City Airport Authority | <u>\$ 114,259</u> |

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 21. Interfund Assets/Liabilities and Transfers**

Interfund transfers during the year ended June 30, 1998, can be summarized as follows:

**Primary Government:**

From General Fund to:

|  |                  |
|--|------------------|
| Revaluation Fund                           | \$ 100,000       |
| County Capital Reserve Fund                | 350,000          |
| Rescue Squad Fund                          | 15,000           |
| Fire District Fund                         | 23,000           |
| School Projects Fund                       | 1,225,316        |
| North River Revitalization - Phase II Fund | 50,000           |
|  | <u>1,763,316</u> |

From Occupancy Room Tax Fund to:

|              |                |
|--------------|----------------|
| General Fund | <u>320,295</u> |
|--------------|----------------|

From School Projects Reserve Fund to:

|                      |                  |
|----------------------|------------------|
| General Fund         | 2,386,723        |
| School Projects Fund | 950,000          |
|                      | <u>3,336,723</u> |

From Senior Center Fund to:

|              |               |
|--------------|---------------|
| General Fund | <u>80,100</u> |
|--------------|---------------|

From County Capital Reserve Fund to:

|                      |                |
|----------------------|----------------|
| Industrial Park Fund | <u>507,598</u> |
|----------------------|----------------|

From County Capital Improvement Fund to:

|              |                   |
|--------------|-------------------|
| General Fund | <u>\$ 225,000</u> |
|--------------|-------------------|

From Morehead City Elementary School Project Fund to:

|              |               |
|--------------|---------------|
| General Fund | <u>37,424</u> |
|--------------|---------------|

From School Special Project Fund to:

|              |               |
|--------------|---------------|
| General Fund | <u>37,685</u> |
|--------------|---------------|

|                             |                     |
|-----------------------------|---------------------|
| Totals - Primary Government | <u>\$ 6,308,141</u> |
|-----------------------------|---------------------|

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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**Note 21. Interfund Assets/Liabilities and Transfers (Continued)**

**Component Units**

Operating Transfers In:

From General Fund to:

Beaufort-Morehead City Airport Authority \$ 65,820

From Occupancy Room Tax Fund to:

Carteret County Tourism Development Bureau 885,101

\$ 950,921

Operating Transfers Out:

From ABC Board to:

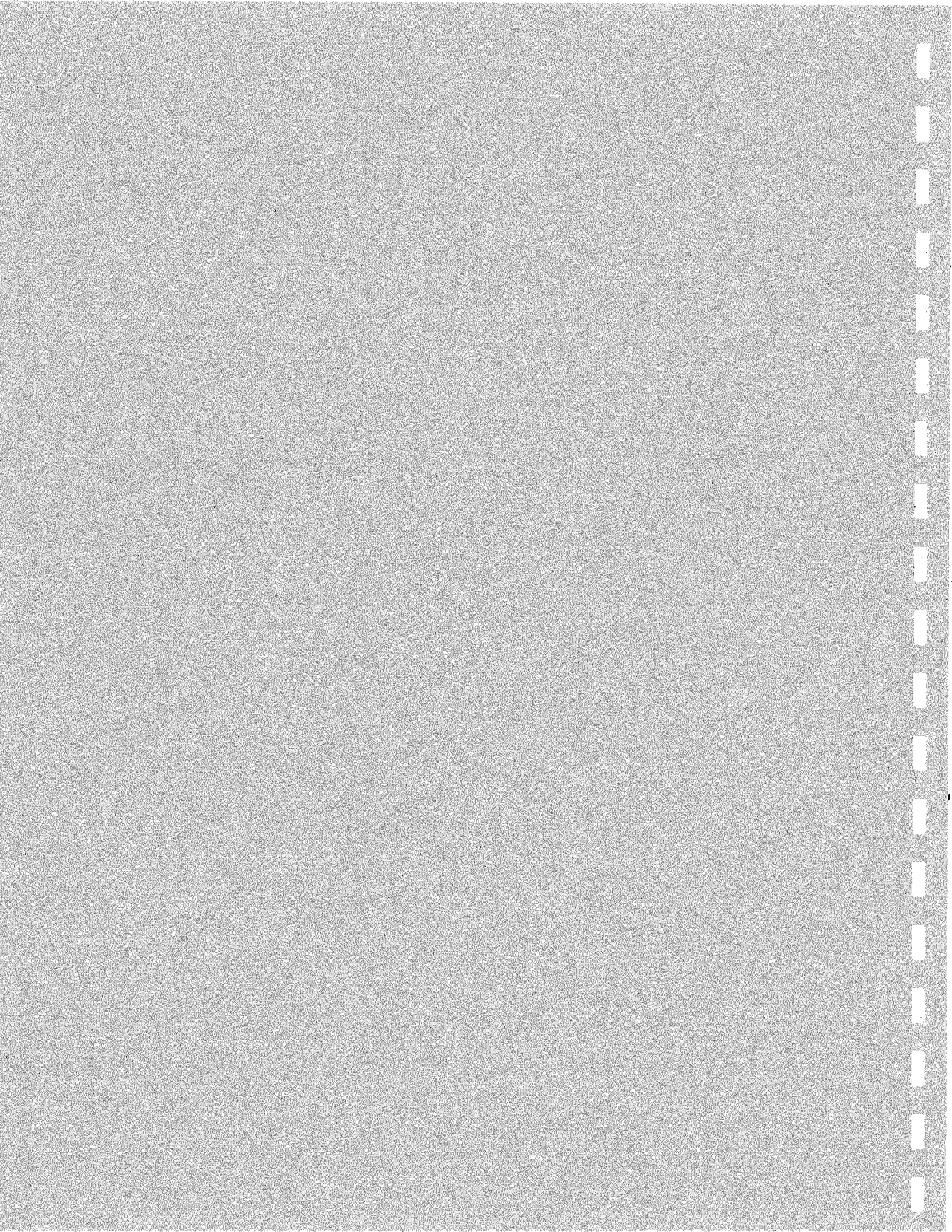
General Fund \$ 148,130

**Note 23. Pronouncements Issued and Not Yet Adopted**

In October, 1997, the Governmental Accounting Standards Board issued Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Sections 457 Deferred Compensation Plans*. This Statement requires that all assets and income of the plan are to be held in trust for the exclusive benefit of the participants and their beneficiaries. For the current fiscal year, the undistributed amounts which had been deferred by the plan participants are reported as assets of the County, however, upon adoption of GASB Statement 32, the County's Deferred Compensation plan will no longer be reported within the County's Agency Funds. Implementation is required by January 1, 1999.

# GENERAL FUND

*The General Fund accounts for all services provided by Carteret County, except for those activities which require specialized treatment and are thus presented elsewhere in the Report.*



**CARTERET COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 1998**

(Page 1 of 9)

|                                       | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|-------------------|-------------------|--|
| <b>REVENUE</b>                        |                   |                   |  |
| Ad valorem taxes:                     |                   |                   |  |
| Current period                        | \$ 16,667,877     | \$ 17,665,304     | \$ 997,427                             |
| Prior years                           | 581,000           | 487,527           | (93,473)                               |
| Interest and penalties                | 375,000           | 238,633           | (136,367)                              |
|                                       | <u>17,623,877</u> | <u>18,391,464</u> | <u>767,587</u>                         |
| Other taxes and licenses:             |                   |                   |  |
| Intangible taxes                      | 700,000           | 696,253           | (3,747)                                |
| ABC local bottle tax                  | 25,000            | 22,361            | (2,639)                                |
| Local option sales tax                | 8,105,400         | 8,672,692         | 567,292                                |
| Animal tax                            | -                 | 21                | 21                                     |
| Scrap tire disposal tax               | 50,000            | 50,264            | 264                                    |
| Food stamp tax                        | 31,600            | 31,641            | 41                                     |
|                                       | <u>8,912,000</u>  | <u>9,473,232</u>  | <u>561,232</u>                         |
| Permits and fees:                     |                   |                   |  |
| Building permits and inspections fees | 350,000           | 333,796           | (16,204)                               |
| Sheriff fees                          | 16,000            | 21,434            | 5,434                                  |
| Register of deeds                     | 650,000           | 740,298           | 90,298                                 |
| Privilege licenses                    | 12,000            | 14,097            | 2,097                                  |
| Franchise fees                        | 120,000           | 100,907           | (19,093)                               |
| Other fees                            | 84,416            | 81,365            | (3,051)                                |
|                                       | <u>1,232,416</u>  | <u>1,291,897</u>  | <u>59,481</u>                          |
| Intergovernmental:                    |                   |                   |  |
| Restricted:                           |                   |                   |  |
| Federal and State grants              | 6,347,923         | 6,150,834         | (197,089)                              |
| Court facilities fees                 | 130,000           | 182,070           | 52,070                                 |
| Unrestricted:                         |                   |                   |  |
| Payments in lieu of taxes             | 5,000             | 2,101             | (2,899)                                |
| Inventory tax reimbursements          | 420,000           | 424,339           | 4,339                                  |
| Beer and wine tax                     | 140,000           | 141,353           | 1,353                                  |
| Sales and gas tax refunds             | 22,000            | 18,970            | (3,030)                                |
| Reimbursement for homestead exemption | 30,000            | 43,569            | 13,569                                 |
| Croatan National Forest               | 20,000            | 45,999            | 25,999                                 |
|                                       | <u>7,114,923</u>  | <u>7,009,235</u>  | <u>(105,688)</u>                       |
| Sales and services:                   |                   |                   |  |
| Mapping                               | 7,200             | 3,834             | (3,366)                                |
| Solid waste                           | 695,000           | 681,374           | (13,626)                               |
| Civic center fees                     | 115,000           | 111,743           | (3,257)                                |
| Health center fees                    | 2,613             | 350               | (2,263)                                |
| Other                                 | 187,125           | 146,403           | (40,722)                               |
|                                       | <u>1,006,938</u>  | <u>943,704</u>    | <u>(63,234)</u>                        |
| Interest                              | <u>600,001</u>    | <u>897,295</u>    | <u>297,294</u>                         |
| Miscellaneous:                        |                   |                   |  |
| Proceeds from sale of fixed assets    | 20,000            | 27,250            | 7,250                                  |
| Other                                 | 204,135           | 173,409           | (30,726)                               |
|                                       | <u>224,135</u>    | <u>200,659</u>    | <u>(23,476)</u>                        |
| <b>Total revenue</b>                  | <u>36,714,290</u> | <u>38,207,486</u> | <u>1,493,196</u>                       |

Continued

**CARTERET COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 1998**

(Page 2 of 9)

|                                 | Budget              | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------|---------------------|---------------------|--|
| <b>EXPENDITURES</b>             |                     |                     |  |
| General government:             |                     |                     |  |
| Governing body:                 |                     |                     |  |
| Salaries and employee benefits  | \$ 45,142           | \$ 35,100           | \$ 10,042                              |
| Operating expenses              | 132,754             | 124,547             | 8,207                                  |
| Professional services           | 70,000              | 69,721              | 279                                    |
|                                 | <u>247,896</u>      | <u>229,368</u>      | <u>18,528</u>                          |
| Administration:                 |                     |                     |  |
| Salaries and employee benefits  | 205,374             | 162,305             | 43,069                                 |
| Operating expenses              | 23,750              | 20,776              | 2,974                                  |
| Capital outlay                  | 2,500               | 2,451               | 49                                     |
|                                 | <u>231,624</u>      | <u>185,532</u>      | <u>46,092</u>                          |
| Finance:                        |                     |                     |  |
| Salaries and employee benefits  | 200,329             | 192,090             | 8,239                                  |
| Operating expenses              | 62,205              | 41,568              | 20,637                                 |
| Capital outlay                  | 5,876               | 5,535               | 341                                    |
|                                 | <u>268,410</u>      | <u>239,193</u>      | <u>29,217</u>                          |
| Taxes:                          |                     |                     |  |
| Salaries and employee benefits  | 584,802             | 581,248             | 3,554                                  |
| Operating expenses              | 246,443             | 224,510             | 21,933                                 |
| Contract services               | 4,000               | 3,887               | 113                                    |
| Capital outlay                  | 27,400              | 26,015              | 1,385                                  |
|                                 | <u>862,645</u>      | <u>835,660</u>      | <u>26,985</u>                          |
| Legal:                          |                     |                     |  |
| Professional services           | 100,000             | 52,756              | 47,244                                 |
| Court facilities:               |                     |                     |  |
| Operating expenses              | 27,642              | 24,729              | 2,913                                  |
| Capital outlay                  | 6,258               | 3,546               | 2,712                                  |
|                                 | <u>33,900</u>       | <u>28,275</u>       | <u>5,625</u>                           |
| Elections:                      |                     |                     |  |
| Salaries and employee benefits  | 74,943              | 78,506              | (3,563)                                |
| Operating expenses              | 83,602              | 75,452              | 8,150                                  |
| Capital outlay                  | 2,000               | 1,708               | 292                                    |
|                                 | <u>160,545</u>      | <u>155,666</u>      | <u>4,879</u>                           |
| Register of deeds:              |                     |                     |  |
| Salaries and employee benefits  | 185,396             | 182,393             | 3,003                                  |
| Operating expenses              | 154,342             | 132,189             | 22,153                                 |
| Capital outlay                  | 4,200               | 3,278               | 922                                    |
|                                 | <u>343,938</u>      | <u>317,860</u>      | <u>26,078</u>                          |
| Public buildings:               |                     |                     |  |
| Salaries and employee benefits  | 230,113             | 220,329             | 9,784                                  |
| Operating expenses              | 387,090             | 368,720             | 18,370                                 |
| Capital outlay                  | 174,800             | 115,046             | 59,754                                 |
|                                 | <u>792,003</u>      | <u>704,095</u>      | <u>87,908</u>                          |
| Contingency                     | 150,070             | 11,598              | 138,472                                |
| <b>Total general government</b> | <u>\$ 3,191,031</u> | <u>\$ 2,760,003</u> | <u>\$ 431,028</u>                      |

Continued

**CARTERET COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 1998**

(Page 3 of 9)

|                                | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------------|------------------|------------------|--|
| Public safety:                 |                  |                  |  |
| Sheriff:                       |                  |                  |  |
| Salaries and employee benefits | \$ 2,031,849     | \$ 2,014,394     | \$ 17,455                              |
| Operating expenses             | 799,493          | 777,056          | 22,437                                 |
| Contract services              | 186,500          | 185,700          | 800                                    |
| Capital outlay                 | 6,360            | 6,352            | 8                                      |
|                                | <u>3,024,202</u> | <u>2,983,502</u> | <u>40,700</u>                          |
| Communications:                |                  |                  |  |
| Salaries and employee benefits | 254,031          | 249,543          | 4,488                                  |
| Operating expenses             | 55,590           | 58,448           | (2,858)                                |
| Capital outlay                 | 23,015           | -                | 23,015                                 |
|                                | <u>332,636</u>   | <u>307,991</u>   | <u>24,645</u>                          |
| Emergency medical service:     |                  |                  |  |
| Salaries and employee benefits | 41,118           | 40,531           | 587                                    |
| Operating expenses             | 12,870           | 9,862            | 3,008                                  |
| Contracted services            | 12,000           | 12,000           | -                                      |
| Capital outlay                 | 605              | 605              | -                                      |
|                                | <u>66,593</u>    | <u>62,998</u>    | <u>3,595</u>                           |
| Emergency management:          |                  |                  |  |
| Salaries and employee benefits | 24,658           | 23,264           | 1,394                                  |
| Operating expenses             | 23,797           | 3,742            | 20,055                                 |
| Capital Outlay                 | 4,137            | 4,141            | (4)                                    |
|                                | <u>52,592</u>    | <u>31,147</u>    | <u>21,445</u>                          |
| Rape crisis program:           |                  |                  |  |
| Salaries and employee benefits | 39,581           | 40,183           | (602)                                  |
| Operating expenses             | 16,544           | 14,507           | 2,037                                  |
| Contracted services            | 11,400           | 10,285           | 1,115                                  |
| Capital outlay                 | 5,295            | 4,380            | 915                                    |
|                                | <u>72,820</u>    | <u>69,355</u>    | <u>3,465</u>                           |
| Criminal Justice Partner:      |                  |                  |  |
| Salaries and employee benefits | 57,496           | 53,268           | 4,228                                  |
| Operating expenses             | 81,869           | 39,469           | 42,400                                 |
| Capital outlay                 | 1,505            | 1,227            | 278                                    |
|                                | <u>140,870</u>   | <u>93,964</u>    | <u>46,906</u>                          |
| Domestic violence program:     |                  |                  |  |
| Operating expenses             | 90,425           | 90,425           | -                                      |
| Fire:                          |                  |                  |  |
| Salaries and employee benefits | 45,264           | 43,067           | 2,197                                  |
| Operating expenses             | 9,754            | 7,466            | 2,288                                  |
| Capital outlay                 | 4,079            | 3,535            | 544                                    |
|                                | <u>59,097</u>    | <u>54,068</u>    | <u>5,029</u>                           |
| Central permit:                |                  |                  |  |
| Salaries and employee benefits | 282,729          | 274,796          | 7,933                                  |
| Operating expenses             | 49,728           | 40,871           | 8,857                                  |
| Capital outlay                 | 5,557            | 3,139            | 2,418                                  |
|                                | <u>338,014</u>   | <u>318,806</u>   | <u>19,208</u>                          |
| Medical examiner:              |                  |                  |  |
| Professional services          | 15,000           | 13,325           | 1,675                                  |
|                                | <u>15,000</u>    | <u>13,325</u>    | <u>1,675</u>                           |
| <b>Total public safety</b>     | <u>4,192,249</u> | <u>4,025,581</u> | <u>166,668</u>                         |

Continued

**CARTERET COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 1998**

(Page 4 of 9)

|                                       | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|------------------|------------------|--|
| Transportation:                       |                  |                  |  |
| Harbors:                              |                  |                  |  |
| Operating expenses                    | \$ 190,100       | \$ 15,567        | \$ 174,533                             |
| CCATS:                                |                  |                  |  |
| Salaries and employee benefits        | 118,721          | -                | 118,721                                |
| Operating expenses                    | 190,929          | 114,589          | 76,340                                 |
| Contracted services                   | 1,150            | -                | 1,150                                  |
| Capital outlay                        | 5,000            | -                | 5,000                                  |
|                                       | <u>315,800</u>   | <u>114,589</u>   | <u>201,211</u>                         |
| General transportation:               |                  |                  |  |
| Salaries and employee benefits        | 16,589           | 10,563           | 6,026                                  |
| Operating expenses                    | 40,766           | 29,078           | 11,688                                 |
| Contracted services                   | 7,973            | 14,901           | (6,928)                                |
|                                       | <u>65,328</u>    | <u>54,542</u>    | <u>10,786</u>                          |
| Medical transportation:               |                  |                  |  |
| Salaries and employee benefits        | 1,355            | 834              | 521                                    |
| Operating expenses                    | 437              | 455              | (18)                                   |
| Contracted services                   | 27               | 116              | (89)                                   |
|                                       | <u>1,819</u>     | <u>1,405</u>     | <u>414</u>                             |
| <b>Total transportation</b>           | <u>573,047</u>   | <u>186,103</u>   | <u>386,944</u>                         |
| Environmental protection:             |                  |                  |  |
| Forest fire control                   | 75,790           | 71,008           | 4,782                                  |
| Landfill closure                      | 48,000           | 18,191           | 29,809                                 |
| Tri-County solid waste:               |                  |                  |  |
| Contract services                     | 2,214,800        | 2,348,457        | (133,657)                              |
| Soil conservation:                    |                  |                  |  |
| Salaries and employee benefits        | 49,339           | 48,593           | 746                                    |
| Operating expenses                    | 12,626           | 11,306           | 1,320                                  |
|                                       | <u>61,965</u>    | <u>59,899</u>    | <u>2,066</u>                           |
| Environmental Health:                 |                  |                  |  |
| Salaries and employee benefits        | 565,988          | 556,452          | 9,536                                  |
| Operating expenses                    | 79,844           | 85,430           | (5,586)                                |
| Capital outlay                        | 4,625            | 3,208            | 1,417                                  |
|                                       | <u>650,457</u>   | <u>645,090</u>   | <u>5,367</u>                           |
| Public works:                         |                  |                  |  |
| Salaries and employee benefits        | 275,321          | 260,967          | 14,354                                 |
| Operating expenses                    | 211,283          | 190,082          | 21,201                                 |
| Professional services                 | 3,090            | 2,372            | 718                                    |
| Contracted services                   | 76,880           | 69,891           | 6,989                                  |
| Capital outlay                        | 71,960           | 66,998           | 4,962                                  |
|                                       | <u>638,534</u>   | <u>590,310</u>   | <u>48,224</u>                          |
| <b>Total environmental protection</b> | <u>3,689,546</u> | <u>3,732,955</u> | <u>(43,409)</u>                        |

Continued

**CARTERET COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 1998**

(Page 5 of 9)

|  | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|--|----------------|----------------|--|
| Economic and physical development:             |                |                |  |
| Special appropriations:                        |                |                |  |
| Economic Development Council                   | \$ 150,000     | \$ 150,000     | \$ -                                   |
| Marshallberg boat ramp                         | 100,000        | 395            | 99,605                                 |
|  | <u>250,000</u> | <u>150,395</u> | <u>99,605</u>                          |
| Planning and zoning:                           |                |                |  |
| Salaries and employee benefits                 | 137,799        | 121,103        | 16,696                                 |
| Operating expenses                             | 22,331         | 17,558         | 4,773                                  |
|  | <u>160,130</u> | <u>138,661</u> | <u>21,469</u>                          |
| Engineering:                                   |                |                |  |
| Salaries and employee benefits                 | 55,967         | 45,936         | 10,031                                 |
| Operating expenses                             | 11,000         | 6,517          | 4,483                                  |
| Capital outlay                                 | 5,000          | 2,898          | 2,102                                  |
|  | <u>71,967</u>  | <u>55,351</u>  | <u>16,616</u>                          |
| Agricultural extension:                        |                |                |  |
| Salaries and employee benefits                 | 192,125        | 161,698        | 30,427                                 |
| Operating expenses                             | 29,257         | 27,686         | 1,571                                  |
| Capital outlay                                 | 5,500          | 4,749          | 751                                    |
|  | <u>226,882</u> | <u>194,133</u> | <u>32,749</u>                          |
| <b>Total economic and physical development</b> | <u>708,979</u> | <u>538,540</u> | <u>170,439</u>                         |
| Human services:                                |                |                |  |
| Health center:                                 |                |                |  |
| Salaries and employee benefits                 | 508,908        | 508,420        | 488                                    |
| Operating expenses                             | 165,719        | 137,657        | 28,062                                 |
| Capital outlay                                 | 16,245         | 7,819          | 8,426                                  |
|  | <u>690,872</u> | <u>653,896</u> | <u>36,976</u>                          |
| Health promotion:                              |                |                |  |
| Salaries and employee benefits                 | 14,794         | 15,162         | (368)                                  |
| Operating expenses                             | 6,705          | 6,179          | 526                                    |
|  | <u>21,499</u>  | <u>21,341</u>  | <u>158</u>                             |
| Clinical services, cancer, glaucoma, diabetes: |                |                |  |
| Salaries and employee benefits                 | 42,686         | 42,722         | (36)                                   |
| Operating expenses                             | 9,436          | 8,577          | 859                                    |
|  | <u>52,122</u>  | <u>51,299</u>  | <u>823</u>                             |
| Tuberculosis control program:                  |                |                |  |
| Salaries and employee benefits                 | 13,413         | 13,360         | 53                                     |
| Operating expenses                             | 625            | 325            | 300                                    |
|  | <u>14,038</u>  | <u>13,685</u>  | <u>353</u>                             |
| Aids Control:                                  |                |                |  |
| Salaries and employee benefits                 | 16,439         | 16,773         | (334)                                  |
| Operating expenses                             | 750            | 104            | 646                                    |
|  | <u>17,189</u>  | <u>16,877</u>  | <u>312</u>                             |
| Health assurance:                              |                |                |  |
| Hypertension:                                  |                |                |  |
| Salaries and employee benefits                 | 33,875         | 33,313         | 562                                    |
| Kidney:  |                |                |  |
| Salaries and employee benefits                 | 7,311          | 6,365          | 946                                    |
| Operating expenses                             | 2,996          | 2,799          | 197                                    |
|  | <u>10,307</u>  | <u>9,164</u>   | <u>1,143</u>                           |

Continued

**CARTERET COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 1998**

(Page 6 of 9)

|                                  | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|----------------------------------|----------------|----------------|--|
| Women, infants, and children:    |                |                |  |
| Administration:                  |                |                |  |
| Salaries and employee benefits   | \$ 111,965     | \$ 112,040     | \$ (75)                                |
| Operating expenses               | 4,488          | 4,094          | 394                                    |
| Contracted services              | 2,507          | 2,371          | 136                                    |
|                                  | <u>118,960</u> | <u>118,505</u> | <u>455</u>                             |
| Nutrition:                       |                |                |  |
| Salaries and employee benefits   | 32,942         | 34,350         | (1,408)                                |
| Operating expenses               | 700            | 549            | 151                                    |
|                                  | <u>33,642</u>  | <u>34,899</u>  | <u>(1,257)</u>                         |
| Child care coordination:         |                |                |  |
| Salaries and employee benefits   | 122,634        | 118,245        | 4,389                                  |
| Operating expenses               | 10,100         | 9,908          | 192                                    |
| Contracted services              | 8,980          | 9,430          | (450)                                  |
| Capital outlay                   | 700            | -              | 700                                    |
|                                  | <u>142,414</u> | <u>137,583</u> | <u>4,831</u>                           |
| Teen Pregnancy:                  |                |                |  |
| Salaries and employee benefits   | 45,657         | 45,576         | 81                                     |
| Operating expenses               | 3,254          | 1,503          | 1,751                                  |
| Contracted services              | 400            | -              | 400                                    |
|                                  | <u>49,311</u>  | <u>47,079</u>  | <u>2,232</u>                           |
| Family planning                  |                |                |  |
| Salaries and employee benefits   | 58,164         | -              | 58,164                                 |
| Operating expenses               | 12,424         | -              | 12,424                                 |
| Contracted services              | 6,000          | -              | 6,000                                  |
|                                  | <u>76,588</u>  | <u>-</u>       | <u>76,588</u>                          |
| Maternal adult and child health: |                |                |  |
| Salaries and employee benefits   | 202,240        | 201,611        | 629                                    |
| Operating expenses               | 36,787         | 23,654         | 13,133                                 |
| Capital outlay                   | 8,761          | 8,412          | 349                                    |
|                                  | <u>247,788</u> | <u>233,677</u> | <u>14,111</u>                          |
| Crippled children's clinic:      |                |                |  |
| Operating expenses               | 5,055          | 2,786          | 2,269                                  |
| Professional services            | 1,700          | 675            | 1,025                                  |
| Contracted services              | 6,200          | 1,423          | 4,777                                  |
|                                  | <u>12,955</u>  | <u>4,884</u>   | <u>8,071</u>                           |
| Mental health:                   |                |                |  |
| Mental health                    | 378,455        | 334,378        | 44,077                                 |
| Mental health, ABC               | 16,500         | 16,500         | -                                      |
|                                  | <u>394,955</u> | <u>350,878</u> | <u>44,077</u>                          |
| In Home Aide                     | <u>33,551</u>  | <u>33,473</u>  | <u>78</u>                              |
| Congregate nutrition:            |                |                |  |
| Salaries and employee benefits   | 14,834         | 8,269          | 6,565                                  |
| Operating expenses               | 7,591          | 3,938          | 3,653                                  |
| Contracted services              | 41,250         | 43,255         | (2,005)                                |
| Capital outlay                   | 2,400          | 1,687          | 713                                    |
|                                  | <u>66,075</u>  | <u>57,149</u>  | <u>8,926</u>                           |

Continued

**CARTERET COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 1998**

(Page 7 of 9)

|                                   | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|-----------------------------------|------------------|------------------|--|
| Home delivered meals:             |                  |                  |  |
| Salaries and employee benefits    | \$ 12,456        | \$ 7,566         | \$ 4,890                               |
| Operating expenses                | 18,475           | 17,545           | 930                                    |
|                                   | <u>30,931</u>    | <u>25,111</u>    | <u>5,820</u>                           |
| Senior center outreach:           |                  |                  |  |
| Salaries and employee benefits    | 2,298            | 1,831            | 467                                    |
| Operating expenses                | 320              | 320              | -                                      |
|                                   | <u>2,618</u>     | <u>2,151</u>     | <u>467</u>                             |
| DSS Administration:               |                  |                  |  |
| Salaries and employee benefits    | 2,160,921        | 2,160,195        | 726                                    |
| Operating expenses                | 299,610          | 278,580          | 21,030                                 |
| Professional services             | 27,000           | 29,625           | (2,625)                                |
| Capital outlay                    | 85,407           | 76,677           | 8,730                                  |
|                                   | <u>2,572,938</u> | <u>2,545,077</u> | <u>27,861</u>                          |
| General assistance:               |                  |                  |  |
| Boarding home                     | 95,000           | 84,165           | 10,835                                 |
| Clothing and medical expense      | 25,000           | 21,773           | 3,227                                  |
| Miscellaneous                     | 13,500           | 9,835            | 3,665                                  |
|                                   | <u>133,500</u>   | <u>115,773</u>   | <u>17,727</u>                          |
| DSS special assistance            | <u>3,799,246</u> | <u>3,561,132</u> | <u>238,114</u>                         |
| Special projects                  | <u>163,467</u>   | <u>119,058</u>   | <u>44,409</u>                          |
| Other human services              | <u>124,650</u>   | <u>119,346</u>   | <u>5,304</u>                           |
| CBA juvenile restitution program: |                  |                  |  |
| Salaries and employee benefits    | 24,738           | 24,519           | 219                                    |
| Operating expenses                | 5,337            | 5,023            | 314                                    |
| Professional services             | 5,574            | 5,525            | 49                                     |
| Contracted services               | 2,747            | 2,744            | 3                                      |
|                                   | <u>38,396</u>    | <u>37,811</u>    | <u>585</u>                             |
| Title V grant:                    |                  |                  |  |
| Salaries and employee benefits    | 48,759           | 31,658           | 17,101                                 |
| Operating expenses                | 5,023            | 528              | 4,495                                  |
| Contracted services               | 700              | 330              | 370                                    |
|                                   | <u>54,482</u>    | <u>32,516</u>    | <u>21,966</u>                          |
| Title III F grant:                |                  |                  |  |
| Salaries and employee benefits    | 2,912            | 1,980            | 932                                    |
| Operating expenses                | 4,628            | 3,140            | 1,488                                  |
|                                   | <u>7,540</u>     | <u>5,120</u>     | <u>2,420</u>                           |
| Work first:                       |                  |                  |  |
| Salaries and employee benefits    | 268,434          | 266,898          | 1,536                                  |
| Operating expenses                | 25,750           | 19,323           | 6,427                                  |
| Contracted services               | 120,000          | 73,750           | 46,250                                 |
| Capital outlay                    | 9,816            | 9,023            | 793                                    |
|                                   | <u>424,000</u>   | <u>368,994</u>   | <u>55,006</u>                          |

Continued

**CARTERET COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 1998**

(Page 8 of 9)

|                                     | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------------|-------------------|-------------------|--|
| Veteran services:                   |                   |                   |  |
| Salaries and employee benefits      | \$ 65,279         | \$ 65,636         | \$ (357)                               |
| Operating expenses                  | 20,689            | 20,463            | 226                                    |
|                                     | 85,968            | 86,099            | (131)                                  |
| <b>Total human services</b>         | <b>9,453,877</b>  | <b>8,835,890</b>  | <b>617,987</b>                         |
| Culture and recreation:             |                   |                   |  |
| Parks and recreation:               |                   |                   |  |
| Salaries and employee benefits      | 447,941           | 448,755           | (814)                                  |
| Operating expenses                  | 195,973           | 194,167           | 1,806                                  |
| Contracted services                 | 38,450            | 41,076            | (2,626)                                |
| Capital outlay                      | 256,571           | 236,598           | 19,973                                 |
|                                     | 938,935           | 920,596           | 18,339                                 |
| Senior center:                      |                   |                   |  |
| Salaries and employee benefits      | 71,576            | 64,740            | 6,836                                  |
| Operating expenses                  | 68,948            | 54,995            | 13,953                                 |
| Contracted services                 | 24,877            | 23,717            | 1,160                                  |
| Capital outlay                      | 29,571            | 13,300            | 16,271                                 |
|                                     | 194,972           | 156,752           | 38,220                                 |
| Civic center:                       |                   |                   |  |
| Salaries and employee benefits      | 109,738           | 111,671           | (1,933)                                |
| Operating expenses                  | 101,016           | 97,790            | 3,226                                  |
| Contracted services                 | 1,000             | 1,937             | (937)                                  |
| Capital outlay                      | 28,502            | 28,522            | (20)                                   |
|                                     | 240,256           | 239,920           | 336                                    |
| Carteret County Library:            |                   |                   |  |
| Appropriations                      | 416,380           | 416,380           | -                                      |
| <b>Total culture and recreation</b> | <b>1,790,543</b>  | <b>1,733,648</b>  | <b>56,895</b>                          |
| Education:                          |                   |                   |  |
| Public schools, current expense     | 9,204,515         | 9,204,515         | -                                      |
| Public schools, capital outlay      | 1,611,894         | 1,241,468         | 370,426                                |
| Community college, current expense  | 839,295           | 839,295           | -                                      |
| Community college, capital outlay   | 200,000           | 200,000           | -                                      |
| <b>Total education</b>              | <b>11,855,704</b> | <b>11,485,278</b> | <b>370,426</b>                         |
| Debt service:                       |                   |                   |  |
| Principal retirement                | 2,790,550         | 2,790,550         | -                                      |
| Interest and fees                   | 2,467,692         | 2,448,645         | 19,047                                 |
| Lease obligation payments           | 94,447            | 94,447            | -                                      |
| <b>Total debt service</b>           | <b>5,352,689</b>  | <b>5,333,642</b>  | <b>19,047</b>                          |
| <b>Total expenditures</b>           | <b>40,807,665</b> | <b>38,631,640</b> | <b>2,176,025</b>                       |
| Revenue under expenditures          | (4,093,375)       | (424,154)         | 3,669,221                              |

Continued

**CARTERET COUNTY, NORTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 1998**

(Page 9 of 9)

|   | Budget               | Actual                   | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------|--------------------------|--|
| <b>OTHER FINANCING SOURCES (USES)</b>                                     |                      |                          |  |
| Operating transfer (to) from component units:                             |                      |                          |  |
| From Carteret County ABC Board  | \$ 175,000           | \$ 148,130               | \$ (26,870)                            |
| To Airport Fund   | (195,000)            | (65,820)                 | 129,180                                |
| Operating transfers in (out):   |                      |                          |  |
| From Occupancy Tax Fund   | 300,000              | 320,295                  | 20,295                                 |
| From School Project Reserve Fund  | 60,143               | 60,143                   | -                                      |
| From School Special Projects Fund   | 37,685               | 37,685                   | -                                      |
| From Senior Center Fund   | 80,100               | 80,100                   | -                                      |
| From Capital Improvements Fund  | 225,000              | 225,000                  | -                                      |
| From School Project Reserve Fund  | 2,326,580            | 2,326,580                | -                                      |
| From Morehead Elementary School Fund                                      | -                    | 37,424                   | 37,424                                 |
| To Rescue Squad Fund  | (15,000)             | (15,000)                 | -                                      |
| To Fire District Fund   | (23,000)             | (23,000)                 | -                                      |
| To Revaluation Fund   | (100,000)            | (100,000)                | -                                      |
| To County Capital Reserve Fund  | (350,000)            | (350,000)                | -                                      |
| To Community Development Block Grant Fund                                 | (50,000)             | (50,000)                 | -                                      |
| To School Projects Fund   | (1,225,316)          | (1,225,316)              | -                                      |
| Appropriated fund balance   | <u>2,847,183</u>     | <u>-</u>                 | <u>(2,847,183)</u>                     |
| <br>Total other financing sources (uses)                                  | <br><u>4,093,375</u> | <br><u>1,406,221</u>     | <br><u>(2,687,154)</u>                 |
| <br>Revenue and other sources over (under)<br>expenditures and other uses | <br><u>\$ -</u>      | <br>982,067              | <br><u>\$ 982,067</u>                  |
| <br>FUND BALANCE, beginning   |                      | <br><u>11,923,962</u>    |  |
| <br>FUND BALANCE, ending  |                      | <br><u>\$ 12,906,029</u> |  |

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# SPECIAL REVENUE FUNDS

*The Special Revenue Funds account for proceeds of revenue sources that are restricted to expenditures for specific purposes. These funds are established under the provisions of the North Carolina General Statutes. (Individual fund descriptions are on the next page.)*

The following comprise the County's Special Revenue Funds:

**Revaluation Fund** - This fund is used to account for the government's cost to revalue the County's real property in order to adjust the taxable values to more closely align with current market.

**School Special Projects Fund** - This fund is used to account for pay as you go Capital Outlay needs for the County's school system.

**Rescue Squad Fund** - This fund is used to account for the special rescue tax assessed on rural areas of the County and subsequent disbursements of that tax to the various rescue squad districts.

**Fire District Fund** - This fund is used to account for the special fire tax assessed on rural areas of the County and subsequent disbursements of that tax to the various fire districts.

**Emergency 911 Fund** - This fund accounts for the special tax assessed to the County's taxpayers in order to provide the 911 service.

**Occupancy Tax Fund** - This fund is used to account for the tax collected on hotel and motel room rentals within the County that is used to help promote tourism.

**Family Resource Center Fund** - This fund is used to account for the Family Resource Center grant in order to provide a family resource center to the County's taxpayers.

**Mansfield/North River Area Revitalization** - This fund is used to account for the community development block grant that is funding the revitalization project for substandard housing in the government's jurisdiction.

**School Projects Reserve Fund** - This fund is used to account for accumulation of reserves to fund the debt service and operating costs of the new County schools under construction.

**North River Revitalization - Phase II Fund** - This fund is used to account for the community development block grant that is funding the revitalization project for substandard housing in Carteret County water and sewer improvements, and rehabilitation of privately owned dwellings.

**Industrial Park Fund** - This fund is used to account for construction at the County's industrial park location.

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**CARTERET COUNTY, NORTH CAROLINA  
SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET  
June 30, 1998**

|  | Revaluation<br>Fund | School<br>Special<br>Projects<br>Fund | Rescue<br>Squad<br>Fund | Fire<br>District<br>Fund | Emergency<br>911<br>Fund |
|--|---------------------|---------------------------------------|-------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                                    |                     |                                       |                         |                          |                          |
| Cash and investments                             | \$ 137,565          | \$ 57,675                             | \$ 16,617               | \$ 16,764                | \$ 830,062               |
| Receivables:                                     |                     |                                       |                         |                          |                          |
| Property taxes receivable                        | -                   | -                                     | 37,636                  | 87,790                   | -                        |
| Accounts receivable                              | -                   | -                                     | 57,530                  | 136,979                  | 15,989                   |
| <b>Total assets</b>                              | <b>\$ 137,565</b>   | <b>\$ 57,675</b>                      | <b>\$ 111,783</b>       | <b>\$ 241,533</b>        | <b>\$ 846,051</b>        |
| <b>LIABILITIES AND EQUITY</b>                    |                     |                                       |                         |                          |                          |
| Liabilities:                                     |                     |                                       |                         |                          |                          |
| Accounts payable                                 | \$ 2,577            | \$ -                                  | \$ 74,147               | \$ 153,743               | \$ 10,952                |
| Deferred revenue                                 | -                   | -                                     | 37,636                  | 87,790                   | -                        |
| <b>Total liabilities</b>                         | <b>2,577</b>        | <b>-</b>                              | <b>111,783</b>          | <b>241,533</b>           | <b>10,952</b>            |
| Equity (Deficit):                                |                     |                                       |                         |                          |                          |
| Reserved by State statute                        | -                   | -                                     | 57,530                  | 136,979                  | 15,989                   |
| Unreserved:                                      |                     |                                       |                         |                          |                          |
| Designated for subsequent<br>year's expenditures | 54,889              | -                                     | -                       | -                        | 248,472                  |
| Undesignated                                     | 80,099              | 57,675                                | (57,530)                | (136,979)                | 570,638                  |
| Total equity (deficit)                           | 134,988             | 57,675                                | -                       | -                        | 835,099                  |
| <b>Total liabilities and equity</b>              | <b>\$ 137,565</b>   | <b>\$ 57,675</b>                      | <b>\$ 111,783</b>       | <b>\$ 241,533</b>        | <b>\$ 846,051</b>        |

| Occupancy<br>Tax<br>Fund | Family<br>Resource<br>Center<br>Fund | Mansfield/<br>North River<br>Area<br>Revitalization<br>Fund | School<br>Projects<br>Reserve<br>Fund | North River<br>Revitalization<br>Phase<br>II<br>Fund | Industrial<br>Park<br>Fund | Totals              |
|--------------------------|--------------------------------------|---|---------------------------------------|--|----------------------------|---------------------|
| \$ 108,009               | \$ 5,431                             | \$ 5,266  | \$ 3,486,048                          | \$ 43,468  | \$ 490,482                 | \$ 5,197,387        |
| -                        | -                                    | -   | 107,648                               | -  | -                          | 233,074             |
| 2,722                    | -                                    | -   | -                                     | -  | -                          | 213,220             |
| <u>\$ 110,731</u>        | <u>\$ 5,431</u>                      | <u>\$ 5,266</u>   | <u>\$ 3,593,696</u>                   | <u>\$ 43,468</u>                                     | <u>\$ 490,482</u>          | <u>\$ 5,643,681</u> |
| \$ 108,243               | \$ -                                 | \$ 5,266  | \$ -                                  | \$ -   | \$ -                       | \$ 354,928          |
| 2,722                    | -                                    | -   | 107,648                               | -  | -                          | 235,796             |
| <u>110,965</u>           | <u>-</u>                             | <u>5,266</u>  | <u>107,648</u>                        | <u>-</u>   | <u>-</u>                   | <u>590,724</u>      |
| -                        | -                                    | -   | -                                     | -  | -                          | 210,498             |
| -                        | -                                    | -   | 1,370,559                             | 43,468   | 490,482                    | 2,207,870           |
| (234)                    | 5,431                                | -   | 2,115,489                             | -  | -                          | 2,634,589           |
| <u>(234)</u>             | <u>5,431</u>                         | <u>-</u>  | <u>3,486,048</u>                      | <u>43,468</u>  | <u>490,482</u>             | <u>5,052,957</u>    |
| <u>\$ 110,731</u>        | <u>\$ 5,431</u>                      | <u>\$ 5,266</u>   | <u>\$ 3,593,696</u>                   | <u>\$ 43,468</u>                                     | <u>\$ 490,482</u>          | <u>\$ 5,643,681</u> |

**CARTERET COUNTY, NORTH CAROLINA  
SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICIT)**

**For the Fiscal Year Ended June 30, 1998**

|   | Revaluation<br>Fund | School<br>Special<br>Projects<br>Fund | Rescue<br>Squad<br>Fund | Fire<br>District<br>Fund | Emergency<br>911<br>Fund |
|---|---------------------|---------------------------------------|-------------------------|--------------------------|--------------------------|
| <b>REVENUES</b>   |                     |                                       |                         |                          |                          |
| Ad valorem taxes  | \$ -                | \$ -                                  | \$ 613,224              | \$ 1,297,336             | \$ -                     |
| Other taxes and licenses  | -                   | -                                     | 168,312                 | 434,460                  | 189,041                  |
| Intergovernmental   | -                   | -                                     | -                       | -                        | -                        |
| Interest  | 10,204              | 6,519                                 | 3,890                   | 7,019                    | 49,629                   |
| Total revenue   | 10,204              | 6,519                                 | 785,426                 | 1,738,815                | 238,670                  |
| <b>EXPENDITURES</b>   |                     |                                       |                         |                          |                          |
| General Government  | 87,998              | -                                     | -                       | -                        | -                        |
| Public safety   | -                   | -                                     | 800,426                 | 1,761,815                | 252,943                  |
| Economic and physical<br>development  | -                   | -                                     | -                       | -                        | -                        |
| Capital Outlay, Board of Education  | -                   | 79,265                                | -                       | -                        | -                        |
| Total expenditures  | 87,998              | 79,265                                | 800,426                 | 1,761,815                | 252,943                  |
| Revenue over (under)<br>expenditures  | (77,794)            | (72,746)                              | (15,000)                | (23,000)                 | (14,273)                 |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                                       |                         |                          |                          |
| Operating transfers out to<br>component units   | -                   | -                                     | -                       | -                        | -                        |
| Operating transfers in  | 100,000             | -                                     | 15,000                  | 23,000                   | -                        |
| Operating transfers out   | -                   | (37,685)                              | -                       | -                        | -                        |
| Total other financing<br>sources (uses)   | 100,000             | (37,685)                              | 15,000                  | 23,000                   | -                        |
| Revenue and other financing<br>sources over (under)<br>expenditures and other<br>financing uses | 22,206              | (110,431)                             | -                       | -                        | (14,273)                 |
| <b>FUND BALANCES (DEFICIT),<br/>beginning</b>   | 112,782             | 168,106                               | -                       | -                        | 849,372                  |
| <b>FUND BALANCES (DEFICIT),<br/>ending</b>  | \$ 134,988          | \$ 57,675                             | \$ -                    | \$ -                     | \$ 835,099               |

| Occupancy<br>Tax<br>Fund | Family<br>Resource<br>Fund | Mansfield/<br>North River<br>Area<br>Revitalization<br>Fund | School<br>Projects<br>Reserve<br>Fund | North<br>River<br>Revitalization<br>Phase II<br>Fund | Industrial<br>Park<br>Fund | Totals       |
|--------------------------|----------------------------|---|---------------------------------------|--|----------------------------|--------------|
| \$ -                     | \$ -                       | \$ -  | \$ 3,528,175                          | \$ -   | \$ -                       | \$ 5,438,735 |
| 1,601,720                | -                          | -   | -                                     | -  | -                          | 2,393,533    |
| -                        | 38,625                     | -   | 628,966                               | 17,295   | -                          | 684,886      |
| 6,241                    | -                          | -   | 121,162                               | -  | -                          | 204,664      |
| 1,607,961                | 38,625                     | -   | 4,278,303                             | 17,295   | -                          | 8,721,818    |
| -                        | 37,479                     | -   | -                                     | -  | -                          | 125,477      |
| -                        | -                          | -   | -                                     | -  | -                          | 2,815,184    |
| 402,317                  | -                          | -   | -                                     | 23,827   | 17,116                     | 443,260      |
| -                        | -                          | -   | -                                     | -  | -                          | 79,265       |
| 402,317                  | 37,479                     | -   | -                                     | 23,827   | 17,116                     | 3,463,186    |
| 1,205,644                | 1,146                      | -   | 4,278,303                             | (6,532)  | (17,116)                   | 5,258,632    |
| (885,101)                | -                          | -   | -                                     | -  | -                          | (885,101)    |
| -                        | -                          | -   | -                                     | 50,000   | 507,598                    | 695,598      |
| (320,295)                | -                          | -   | (3,336,723)                           | -  | -                          | (3,694,703)  |
| (1,205,396)              | -                          | -   | (3,336,723)                           | 50,000   | 507,598                    | (3,884,206)  |
| 248                      | 1,146                      | -   | 941,580                               | 43,468   | 490,482                    | 1,374,426    |
| (482)                    | 4,285                      | -   | 2,544,468                             | -  | -                          | 3,678,531    |
| \$ (234)                 | \$ 5,431                   | \$ -  | \$ 3,486,048                          | \$ 43,468  | \$ 490,482                 | \$ 5,052,957 |

**CARTERET COUNTY, NORTH CAROLINA  
REVALUATION FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 1998**

|  | Budget         | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|--|----------------|-------------------|--|
| REVENUE  |                |                   |  |
| Interest   | \$ 1,000       | \$ 10,204         | \$ 9,204                               |
| EXPENDITURES   |                |                   |  |
| General Government:                                      |                |                   |  |
| Salaries   | 42,878         | 42,989            | (111)                                  |
| Part time salaries                                       | 10,000         | 7,009             | 2,991                                  |
| Board member expense                                     | 10,000         | 4,140             | 5,860                                  |
| FICA expense   | 4,020          | 3,754             | 266                                    |
| Retirement   | 2,110          | 2,115             | (5)                                    |
| Hospitalization  | 3,455          | 3,902             | (447)                                  |
| Unemployment   | 569            | -                 | 569                                    |
| Worker's compensation                                    | 529            | 123               | 406                                    |
| 401(K) plan  | 852            | 858               | (6)                                    |
| Revaluation services                                     | 97             | 97                | -                                      |
| Supplies/materials                                       | 4,000          | 4,487             | (487)                                  |
| Uniforms   | 500            | 444               | 56                                     |
| Motor fuel   | 1,000          | -                 | 1,000                                  |
| Travel   | 500            | 489               | 11                                     |
| Telephone  | 300            | 184               | 116                                    |
| Postage  | 1,000          | 529               | 471                                    |
| Commercial Printing                                      | 445            | -                 | 445                                    |
| Maint/repair - equipment                                 | -              | 335               | (335)                                  |
| Maint/repair - vehicle                                   | -              | 335               | (335)                                  |
| Meetings CINF training                                   | 3,250          | 3,031             | 219                                    |
| Lease  | 6,600          | 5,751             | 849                                    |
| Dues and subscriptions                                   | 365            | 206               | 159                                    |
| Capital outlay   | 8,530          | 7,555             | 975                                    |
| Total expenditures                                       | <u>101,000</u> | <u>87,998</u>     | <u>13,002</u>                          |
| Revenue over (under) expenditures                        | (100,000)      | (77,794)          | 22,206                                 |
| OTHER FINANCING SOURCES                                  |                |                   |  |
| Operating transfer from General Fund                     | <u>100,000</u> | <u>100,000</u>    | <u>-</u>                               |
| Revenue and other financing<br>sources over expenditures | <u>\$ -</u>    | 22,206            | <u>\$ 22,206</u>                       |
| FUND BALANCE, beginning                                  |                | <u>112,782</u>    |  |
| FUND BALANCE, ending                                     |                | <u>\$ 134,988</u> |  |

**CARTERET COUNTY, NORTH CAROLINA  
SCHOOL SPECIAL PROJECTS FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 1998**

|  | Budget   | Actual    | Variance<br>Favorable<br>(Unfavorable) |
|--|----------|-----------|--|
| <b>REVENUE</b>   |          |           |  |
| Interest   | \$ -     | \$ 6,519  | \$ 6,519                               |
| <b>EXPENDITURES</b>  |          |           |  |
| Capital outlay, Board of Education                               | 79,266   | 79,265    | 1                                      |
| Revenue over (under) expenditures                                | (79,266) | (72,746)  | 6,520                                  |
| <b>OTHER FINANCING SOURCES</b>                                   |          |           |  |
| Operating transfer to General Fund                               | (37,685) | (37,685)  | -                                      |
| Fund balance appropriated  | 116,951  | -         | (116,951)                              |
| Total other financing sources                                    | 79,266   | (37,685)  | (116,951)                              |
| Revenue and other financing sources over<br>(under) expenditures | \$ -     | (110,431) | \$ (110,431)                           |
| FUND BALANCE, beginning  |          | 168,106   |  |
| FUND BALANCE, ending   |          | \$ 57,675 |  |

**CARTERET COUNTY, NORTH CAROLINA  
RESCUE SQUAD FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 1998**

|   | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------|----------------|--|
| <b>REVENUE</b>  |                |                |  |
| Ad valorem taxes                                      | \$ 674,328     | \$ 613,224     | \$ (61,104)                            |
| Other taxes and licenses:                             |                |                |  |
| Local option sales tax                                | 251,128        | 163,387        | (87,741)                               |
| Payments in lieu of taxes                             | 3,000          | 4,925          | 1,925                                  |
| Interest  | 4,500          | 3,890          | (610)                                  |
| Total revenue   | <u>932,956</u> | <u>785,426</u> | <u>(147,530)</u>                       |
| <b>EXPENDITURES</b>                                   |                |                |  |
| Public safety:  |                |                |  |
| County allocation                                     | 15,000         | 15,000         | -                                      |
| Beaufort  | 228,000        | 221,600        | 6,400                                  |
| Broad and Gales Creek                                 | 40,000         | 36,853         | 3,147                                  |
| Cape Carteret   | 104,328        | 97,590         | 6,738                                  |
| Sea Level   | 108,000        | 101,599        | 6,401                                  |
| Mitchell Village                                      | 125,000        | 100,408        | 24,592                                 |
| Onway   | 69,000         | 55,173         | 13,827                                 |
| Operating expenses                                    | 3,000          | 4,925          | (1,925)                                |
| Local sales tax and inventory reimbursement           | 255,628        | 167,278        | 88,350                                 |
| Total expenditures                                    | <u>947,956</u> | <u>800,426</u> | <u>147,530</u>                         |
| <b>OTHER FINANCING SOURCES</b>                        |                |                |  |
| Operating transfers from General Fund                 | <u>15,000</u>  | <u>15,000</u>  | -                                      |
| Revenue and other financing sources over expenditures | <u>\$ -</u>    | <u>-</u>       | <u>\$ -</u>                            |
| FUND BALANCE, beginning                               |                | <u>-</u>       |  |
| FUND BALANCE, ending                                  |                | <u>\$ -</u>    |  |

**CARTERET COUNTY, NORTH CAROLINA  
FIRE DISTRICT FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 1998**

|   | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------|------------------|--|
| <b>REVENUE</b>  |                  |                  |  |
| Ad valorem taxes                                      | \$ 1,399,689     | \$ 1,297,336     | \$ (102,353)                           |
| Other taxes and licenses:                             |                  |                  |  |
| Local option sales tax                                | 607,027          | 389,024          | (218,003)                              |
| Payments in lieu of taxes                             | 42,000           | 45,436           | 3,436                                  |
| Interest  | 9,000            | 7,019            | (1,981)                                |
| Total revenue   | <u>2,057,716</u> | <u>1,738,815</u> | <u>(318,901)</u>                       |
| <b>EXPENDITURES</b>                                   |                  |                  |  |
| Public safety:  |                  |                  |  |
| Fire Districts:                                       |                  |                  |  |
| County allocations                                    | 23,000           | 23,000           | -                                      |
| Atlantic  | 25,000           | 22,044           | 2,956                                  |
| Broad and Gales Creek                                 | 96,935           | 93,323           | 3,612                                  |
| Mill Creek  | 15,000           | 13,237           | 1,763                                  |
| Newport   | 144,000          | 121,832          | 22,168                                 |
| Atlantic Beach  | 4,500            | 2,822            | 1,678                                  |
| Mitchell Village, Crab Point                          | 212,368          | 201,269          | 11,099                                 |
| Davis   | 39,500           | 33,096           | 6,404                                  |
| Harlowe   | 21,634           | 20,350           | 1,284                                  |
| Marshallberg  | 57,199           | 55,586           | 1,613                                  |
| Cape Carteret   | 142,764          | 137,143          | 5,621                                  |
| Onway   | 40,500           | 35,618           | 4,882                                  |
| Wildwood  | 155,000          | 152,398          | 2,602                                  |
| Salter Path   | 83,396           | 73,945           | 9,451                                  |
| North River   | 19,566           | 16,535           | 3,031                                  |
| Beaufort  | 163,000          | 152,455          | 10,545                                 |
| Stacy   | 11,024           | 10,472           | 552                                    |
| Stella  | 24,000           | 22,439           | 1,561                                  |
| Sea Level   | 23,350           | 21,514           | 1,836                                  |
| Cedar Island  | 20,470           | 18,271           | 2,199                                  |
| South River   | 51,895           | 50,275           | 1,620                                  |
| Harkers Island  | 48,588           | 42,712           | 5,876                                  |
| Operating expenses                                    | 9,000            | 7,019            | 1,981                                  |
| Local sales tax and inventory reimbursements          | 649,027          | 434,460          | 214,567                                |
| Total expenditures                                    | <u>2,080,716</u> | <u>1,761,815</u> | <u>318,901</u>                         |
| Other Financing Sources                               |                  |                  |  |
| Operating transfers from General Fund                 | 23,000           | 23,000           | -                                      |
| Revenue and other financing sources over expenditures | <u>\$ -</u>      | <u>-</u>         | <u>\$ -</u>                            |
| FUND BALANCE, beginning                               |                  | -                |  |
| FUND BALANCE, ending                                  |                  | <u>\$ -</u>      |  |

**CARTERET COUNTY, NORTH CAROLINA  
EMERGENCY 911 FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 1998**

|  | Budget         | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|--|----------------|-------------------|--|
| <b>REVENUE</b>   |                |                   |  |
| Other taxes and licenses:  |                |                   |  |
| Emergency 911 telephone assessment                               | \$ 176,400     | \$ 189,041        | \$ 12,641                              |
| Interest   | 31,200         | 49,629            | 18,429                                 |
| Total revenue  | <u>207,600</u> | <u>238,670</u>    | <u>31,070</u>                          |
| <b>EXPENDITURES</b>  |                |                   |  |
| Public safety:   |                |                   |  |
| Salaries and fringe benefits                                     | 18,182         | 18,504            | (322)                                  |
| FICA expense   | 1,391          | 1,055             | 336                                    |
| Retirement   | 905            | 910               | (5)                                    |
| Hospitalization  | 1,620          | 1,974             | (354)                                  |
| Unemployment compensation  | 273            | -                 | 273                                    |
| Worker's compensation  | 636            | 522               | 114                                    |
| 401(K) plan  | 364            | 368               | (4)                                    |
| Meeting conference and training                                  | 3,000          | -                 | 3,000                                  |
| Contracted services  | 65,000         | 50,905            | 14,095                                 |
| Professional services  | 1,000          | -                 | 1,000                                  |
| Supplies   | 4,500          | 3,979             | 521                                    |
| Maintenance  | 40,500         | 22,768            | 17,732                                 |
| Insurance  | 350            | -                 | 350                                    |
| Postage  | 500            | 90                | 410                                    |
| Telephone service  | 120,000        | 132,015           | (12,015)                               |
| Capital outlay - equipment                                       | 20,000         | 11,653            | 8,347                                  |
| Capital outlay - signs   | 10,000         | 8,200             | 1,800                                  |
| Total expenditures   | <u>288,221</u> | <u>252,943</u>    | <u>35,278</u>                          |
| <b>OTHER FINANCING SOURCES</b>                                   |                |                   |  |
| Fund balance appropriated  | 80,621         | -                 | (80,621)                               |
| Revenue and other financing<br>sources over (under) expenditures | <u>\$ -</u>    | (14,273)          | <u>\$ (14,273)</u>                     |
| <b>FUND BALANCE, beginning</b>                                   |                | <u>849,372</u>    |  |
| <b>FUND BALANCE, ending</b>                                      |                | <u>\$ 835,099</u> |  |

**CARTERET COUNTY, NORTH CAROLINA  
OCCUPANCY TAX FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
(DEFICIT),  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 1998**

|   | Budget             | Actual             | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|--------------------|--|
| <b>REVENUE</b>  |                    |                    |  |
| Other taxes and licenses:                             |                    |                    |  |
| Occupancy taxes                                       | \$ 1,500,000       | \$ 1,594,830       | \$ 94,830                              |
| Occupancy taxes penalties and interest                | 2,700              | 6,890              | 4,190                                  |
| Interest  | 5,000              | 6,241              | 1,241                                  |
| Total revenue   | <u>1,507,700</u>   | <u>1,607,961</u>   | <u>100,261</u>                         |
| <b>EXPENDITURES</b>                                   |                    |                    |  |
| Economic and physical development:                    |                    |                    |  |
| Tourism:  |                    |                    |  |
| Morehead  | 96,000             | 106,075            | (10,075)                               |
| Atlantic Beach  | 94,000             | 97,071             | (3,071)                                |
| Pine Knoll Shores                                     | 34,000             | 34,260             | (260)                                  |
| Indian Beach  | 8,000              | 7,607              | 393                                    |
| Emerald Isle  | 79,000             | 79,060             | (60)                                   |
| Cape Carteret   | 15,000             | 16,053             | (1,053)                                |
| Beaufort  | 44,700             | 39,278             | 5,422                                  |
| Newport   | 20,000             | 18,545             | 1,455                                  |
| Cedar Point   | 2,000              | 1,854              | 146                                    |
| Bogue   | -                  | 398                | (398)                                  |
| Operating expenses                                    | 5,000              | 1,950              | 3,050                                  |
| Peletier  | -                  | 166                | (166)                                  |
| Total expenditures                                    | <u>397,700</u>     | <u>402,317</u>     | <u>(4,617)</u>                         |
| Revenue over expenditures                             | <u>1,110,000</u>   | <u>1,205,644</u>   | <u>(95,644)</u>                        |
| <b>OTHER FINANCING USES</b>                           |                    |                    |  |
| Operating transfer out to component unit              | (810,000)          | (885,101)          | (75,101)                               |
| Operating transfer out to General Fund                | (300,000)          | (320,295)          | (20,295)                               |
| Total other financing uses                            | <u>(1,110,000)</u> | <u>(1,205,396)</u> | <u>(95,396)</u>                        |
| Revenue over expenditures<br>and other financing uses | <u>\$ -</u>        | 248                | <u>\$ 248</u>                          |
| FUND BALANCE (DEFICIT), beginning                     |                    | <u>(482)</u>       |  |
| FUND BALANCE (DEFICIT), ending                        |                    | <u>\$ (234)</u>    |  |

**CARTERET COUNTY, NORTH CAROLINA  
FAMILY RESOURCE CENTER FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 1998**

|                           | Budget        | Actual          | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------|---------------|-----------------|--|
| REVENUE                   |               |                 |  |
| Intergovernmental:        |               |                 |  |
| Grants                    | \$ 37,500     | \$ 38,625       | \$ 1,125                               |
| EXPENDITURES              |               |                 |  |
| General Government:       |               |                 |  |
| Salaries                  | 13,062        | 18,829          | (5,767)                                |
| Part time salaries        | 8,861         | 5,932           | 2,929                                  |
| FICA                      | 1,669         | 1,735           | (66)                                   |
| Retirement                | 650           | 1,078           | (428)                                  |
| Hospitalization           | 810           | 1,743           | (933)                                  |
| Unemployment              | 829           | -               | 829                                    |
| Worker's compensation     | 767           | 512             | 255                                    |
| 401(K) plan               | 261           | 436             | (175)                                  |
| Supplies                  | 10,591        | 7,214           | 3,377                                  |
| Total expenditures        | <u>37,500</u> | <u>37,479</u>   | <u>21</u>                              |
| Revenue over expenditures | <u>\$ -</u>   | 1,146           | <u>\$ 1,104</u>                        |
| FUND BALANCE, beginning   |               | <u>4,285</u>    |  |
| FUND BALANCE, ending      |               | <u>\$ 5,431</u> |  |

**CARTERET COUNTY, NORTH CAROLINA  
MANSFIELD/NORTH RIVER AREA REVITALIZATION**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**From Inception and for the Fiscal Year Ended June 30, 1998**

|   | Total<br>Project<br>Estimates | Prior<br>Years   | Actual<br>Current<br>Year | Total<br>To Date |
|---|-------------------------------|------------------|---------------------------|------------------|
| <b>REVENUE</b>  |                               |                  |                           |                  |
| Intergovernmental:  |                               |                  |                           |                  |
| Community Block Grant   | \$ 1,000,000                  | \$ 1,000,000     | \$ -                      | \$ 1,000,000     |
| Other Grants  | 75,000                        | 75,000           | -                         | 75,000           |
| Contribution from Town of Morehead                                  | 122,970                       | 111,447          | -                         | 111,447          |
| Contribution from Carteret County<br>Board of Education             | 80,000                        | 79,276           | -                         | 79,276           |
| Miscellaneous   | 183,772                       | -                | -                         | -                |
| Total revenue   | <u>1,461,742</u>              | <u>1,265,723</u> | -                         | <u>1,265,723</u> |
| <b>EXPENDITURES</b>   |                               |                  |                           |                  |
| Economic and physical development:                                  |                               |                  |                           |                  |
| Water and sewer improvements  | 926,632                       | 894,974          | -                         | 894,974          |
| Acquisition   | 6,000                         | -                | -                         | -                |
| Disposition   | 300                           | -                | -                         | -                |
| Relocation  | 105,000                       | 24,408           | -                         | 24,408           |
| Clearance   | 7,500                         | 2,590            | -                         | 2,590            |
| Administration  | 153,000                       | 82,227           | -                         | 82,227           |
| Rehabilitation  | 321,000                       | 319,214          | -                         | 319,214          |
| Total expenditures  | <u>1,519,432</u>              | <u>1,323,413</u> | -                         | <u>1,323,413</u> |
| Revenue over (under) expenditures                                   | (57,690)                      | (57,690)         | -                         | (57,690)         |
| <b>OTHER FINANCING SOURCES</b>                                      |                               |                  |                           |                  |
| Operating transfers from General Fund                               | 57,690                        | 57,690           | -                         | 57,690           |
| Revenue and other financing<br>sources over (under)<br>expenditures | <u>\$ -</u>                   | <u>\$ -</u>      | -                         | <u>\$ -</u>      |
| FUND BALANCE, beginning   |                               |                  | -                         |                  |
| FUND BALANCE, ending  |                               |                  | <u>\$ -</u>               |                  |

**CARTERET COUNTY, NORTH CAROLINA  
SCHOOL PROJECTS RESERVE FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 1998**

|  | Budget             | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------|---------------------|--|
| REVENUE                                    |                    |                     |  |
| Ad valorem taxes                           | \$ 3,331,125       | \$ 3,528,176        | \$ 197,051                             |
| Intergovernmental                          | 300,000            | 628,965             | 328,965                                |
| Interest on investments                    | 30,000             | 121,162             | 91,162                                 |
| Total revenue                              | <u>3,661,125</u>   | <u>4,278,303</u>    | <u>617,178</u>                         |
| OTHER FINANCING SOURCES (USES)             |                    |                     |  |
| Operating transfer to General Fund         | (2,386,723)        | (2,386,723)         | -                                      |
| Operating transfer to School Projects Fund | (1,274,402)        | (950,000)           | 324,402                                |
| Total other financing uses                 | <u>(3,661,125)</u> | <u>(3,336,723)</u>  | <u>324,402</u>                         |
| Revenue over other financing uses          | <u>\$ -</u>        | 941,580             | <u>\$ 941,580</u>                      |
| FUND BALANCE, beginning                    |                    | <u>2,544,468</u>    |  |
| FUND BALANCE, ending                       |                    | <u>\$ 3,486,048</u> |  |

**CARTERET COUNTY, NORTH CAROLINA  
NORTH RIVER REVITALIZATION - PHASE II FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**From Inception and For the Fiscal Year Ended June 30, 1998**

|  | Total<br>Project<br>Estimate | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date |
|--|------------------------------|----------------|---------------------------|------------------|
| <b>Revenue</b>   |                              |                |                           |                  |
| Intergovernmental:                                       |                              |                |                           |                  |
| Community Development Block Grant                        | \$ 750,000                   | \$ -           | \$ 17,295                 | \$ 17,295        |
| <b>Expenditures</b>                                      |                              |                |                           |                  |
| Economic and physical development                        |                              |                |                           |                  |
| Capital outlay:  |                              |                |                           |                  |
| Acquisition  | 22,500                       | -              | -                         | -                |
| Disposition  | 1,000                        | -              | -                         | -                |
| Clearance activities                                     | 24,700                       | -              | -                         | -                |
| Relocation assistance                                    | 251,000                      | -              | -                         | -                |
| C1 Rehab of dwellings                                    | 274,600                      | -              | -                         | -                |
| L1 Rehab of dwellings                                    | 112,500                      | -              | 18,195                    | 18,195           |
| Administration   | 113,700                      | -              | 5,632                     | 5,632            |
| Total expenditures                                       | 800,000                      | -              | 23,827                    | 23,827           |
| Revenue over (under) expenditures                        | (50,000)                     | -              | (6,532)                   | (6,532)          |
| <b>Other Financing Sources</b>                           |                              |                |                           |                  |
| Operating transfer from General Fund                     | 50,000                       | -              | 50,000                    | 50,000           |
| Revenue and other financing<br>sources over expenditures | \$ -                         | \$ -           | 43,468                    | \$ 43,468        |
| Fund balance, beginning                                  |                              |                | -                         |                  |
| Fund balance, ending                                     |                              |                | \$ 43,468                 |                  |

**CARTERET COUNTY, NORTH CAROLINA  
INDUSTRIAL PARK FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**From Inception and For the Fiscal Year Ended June 30, 1998**

|   | Total<br>Project<br>Estimate | Actual         |                 |                  |
|---|------------------------------|----------------|-----------------|------------------|
|   |                              | Prior<br>Years | Current<br>Year | Total<br>to Date |
| <b>Revenue</b>  |                              |                |                 |                  |
| Sales tax refund  | \$ 12,000                    | \$ -           | \$ -            | \$ -             |
| EDA grant   | 237,327                      | -              | -               | -                |
| Contribution - Morehead City  | 64,532                       | -              | -               | -                |
| Total revenue   | 313,859                      | -              | -               | -                |
| <b>Expenditures</b>   |                              |                |                 |                  |
| Economic and physical development                                   |                              |                |                 |                  |
| Engineering   | 45,150                       | -              | -               | -                |
| Administration  | 10,000                       | -              | -               | -                |
| Surveying   | 5,000                        | -              | -               | -                |
| Surveying   | 10,000                       | -              | -               | -                |
| Inspection  | 34,500                       | -              | -               | -                |
| Construction section I - sewer lines                                | 186,190                      | -              | -               | -                |
| Construction section II - pump force                                | 244,830                      | -              | -               | -                |
| Construction section III - water line                               | 111,201                      | -              | -               | -                |
| Construction section IV - streets                                   | 174,586                      | -              | 17,116          | 17,116           |
| Total expenditures  | 821,457                      | -              | 17,116          | 17,116           |
| Revenue over (under) expenditures                                   | (507,598)                    | -              | (17,116)        | (17,116)         |
| <b>Other Financing Sources</b>                                      |                              |                |                 |                  |
| Contribution from County<br>Capital Reserve                         | 507,598                      | -              | 507,598         | 507,598          |
| Revenue and other financing<br>sources over (under)<br>expenditures | \$ -                         | \$ -           | 490,482         | \$ 490,482       |
| Fund balance, beginning   |                              |                | -               |                  |
| Fund balance, ending  |                              |                | \$ 490,482      |                  |

# CAPITAL PROJECTS FUND

*The Capital Projects Fund accounts for the proceeds of bond issues and all other resources used for the purpose of constructing, reconstructing or acquiring permanent or semipermanent capital improvements. These funds are used to provide a formal mechanism to ensure that designated revenues are applied only to their intended purposes. (Individual fund descriptions are on the next page.)*

## CAPITAL PROJECTS FUNDS

The following comprise the County's Capital Project Funds:

**County Capital Reserve Fund** - This fund is used to account for future major capital outlays for the benefit of the County.

**County Capital Improvements Fund** - This fund is used to account for the construction of the County's new jail and various other construction projects.

**Morehead City Elementary School Project Fund** - This fund is used to account for the construction project involving the new elementary school in Morehead City.

**Senior Center Project Fund** - This fund is used to account for the construction of a new senior citizens center.

**School Projects Fund** - This fund is to account for the construction of two new school within the western part of the County as well as for various other projects at existing schools.

**CARTERET COUNTY, NORTH CAROLINA  
CAPITAL PROJECTS FUND**

**COMBINING BALANCE SHEET  
June 30, 1998**

|  | County<br>Capital<br>Reserve<br>Fund | County<br>Capital<br>Improvements<br>Fund | Morehead<br>City<br>Elementary<br>School<br>Project<br>Fund | Senior<br>Center<br>Project<br>Fund | School<br>Projects<br>Fund | Total               |
|--|--------------------------------------|---|---|-------------------------------------|----------------------------|---------------------|
| <b>ASSETS</b>                              |                                      |   |   |                                     |                            |                     |
| Cash and investments                       | \$ 405,810                           | \$ 50,966                                 | \$ 30,708   | \$ 5,285                            | \$ -                       | \$ 492,769          |
| Restricted cash and investments            | -                                    | -   | 1,164,655   | -                                   | 6,291,142                  | 7,455,797           |
| <b>Total assets</b>                        | <b>\$ 405,810</b>                    | <b>50,966</b>                             | <b>\$ 1,195,363</b>   | <b>\$ 5,285</b>                     | <b>\$ 6,291,142</b>        | <b>\$ 7,948,566</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                      |   |   |                                     |                            |                     |
| <b>Liabilities:</b>                        |                                      |   |   |                                     |                            |                     |
| Accounts payable and accrued liabilities   | \$ -                                 | \$ -                                      | \$ -  | \$ -                                | \$ 1,609,334               | \$ 1,609,334        |
| <b>Total liabilities</b>                   | <b>-</b>                             | <b>-</b>                                  | <b>-</b>  | <b>-</b>                            | <b>1,609,334</b>           | <b>1,609,334</b>    |
| <b>Fund Balances:</b>                      |                                      |   |   |                                     |                            |                     |
| Reserved for debt service                  | -                                    | -   | 979,612   | -                                   | -                          | 979,612             |
| Unreserved:                                |                                      |   |   |                                     |                            |                     |
| Designated for subsequent expenditures     | 405,810                              | 48,000                                    | 215,751   | 5,285                               | 4,681,808                  | 5,356,654           |
| Undesignated                               | -                                    | 2,966                                     | -   | -                                   | -                          | 2,966               |
| <b>Total fund balances</b>                 | <b>405,810</b>                       | <b>50,966</b>                             | <b>1,195,363</b>  | <b>5,285</b>                        | <b>4,681,808</b>           | <b>6,339,232</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 405,810</b>                    | <b>\$ 50,966</b>                          | <b>\$ 1,195,363</b>   | <b>\$ 5,285</b>                     | <b>\$ 6,291,142</b>        | <b>\$ 7,948,566</b> |

**CARTERET COUNTY, NORTH CAROLINA  
CAPITAL PROJECTS FUND**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**For the Fiscal Year Ended June 30, 1998**

|   | County<br>Capital<br>Reserve<br>Fund | County<br>Capital<br>Improvements<br>Fund | Morehead<br>City<br>Elementary<br>School<br>Project<br>Fund | Senior<br>Center<br>Project<br>Fund | School<br>Projects<br>Fund | Total        |
|---|--------------------------------------|---|---|-------------------------------------|----------------------------|--------------|
| <b>REVENUE</b>  |                                      |   |   |                                     |                            |              |
| Interest  | \$ 42,946                            | \$ 2,955                                  | \$ 69,092   | \$ 4,475                            | \$ 432,289                 | \$ 551,757   |
| Intergovernmental   | -                                    | -   | -   | 17,019                              | 2,837,722                  | 2,854,741    |
| Total revenue   | 42,946                               | 2,955                                     | 69,092  | 21,494                              | 3,270,011                  | 3,406,498    |
| <b>EXPENDITURES</b>   |                                      |   |   |                                     |                            |              |
| Capital outlay  | 794                                  | -   | -   | 194,721                             | 17,745,812                 | 17,941,327   |
| Revenue over (under)<br>expenditures  | 42,152                               | 2,955                                     | 69,092  | (173,227)                           | (14,475,801)               | (14,534,829) |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                                      |   |   |                                     |                            |              |
| Operating transfers in  | 350,000                              | -   | -   | -                                   | 2,175,316                  | 2,525,316    |
| Operating transfers out   | (507,598)                            | (225,000)                                 | (37,424)  | (80,100)                            | -                          | (850,122)    |
| Total other financing sources (uses)  | (157,598)                            | (225,000)                                 | (37,424)  | (80,100)                            | 2,175,316                  | 1,675,194    |
| Revenue and other financing<br>sources under expenditures<br>and other financing uses | (115,446)                            | (222,045)                                 | 31,668  | (253,327)                           | (12,300,485)               | (12,859,635) |
| FUND BALANCES, beginning  | 521,256                              | 273,011                                   | 1,163,695   | 258,612                             | 16,982,293                 | 19,198,867   |
| FUND BALANCES, ending   | \$ 405,810                           | \$ 50,966                                 | \$ 1,195,363  | \$ 5,285                            | \$ 4,681,808               | \$ 6,339,232 |

**CARTERET COUNTY, NORTH CAROLINA  
COUNTY CAPITAL RESERVE FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 1998**

|   | Budget           | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------|-------------------|--|
| <b>REVENUE</b>  |                  |                   |  |
| Interest  | \$ 20,000        | \$ 42,946         | \$ 22,946                              |
| <b>EXPENDITURES</b>   |                  |                   |  |
| Capital outlay:   |                  |                   |  |
| Emerald Isle Beach Access   | 200,000          | -                 | 200,000                                |
| GTP Grant   | 217,167          | 794               | 216,373                                |
| Total expenditures  | <u>417,167</u>   | <u>794</u>        | <u>416,373</u>                         |
| Revenues over (under) expenditures  | <u>(397,167)</u> | 42,152            | 439,319                                |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                  |                   |  |
| Operating transfer in from General Fund   | 350,000          | 350,000           | -                                      |
| Operating transfer to Industrial Park Fund  | (507,598)        | (507,598)         | -                                      |
| Fund balance appropriated   | 554,765          | -                 | 554,765                                |
| Total other financing sources (uses)  | <u>397,167</u>   | <u>(157,598)</u>  | <u>554,765</u>                         |
| Revenue and other financing sources<br>over expenditures and other financing uses | <u>\$ -</u>      | (115,446)         | <u>\$ (115,446)</u>                    |
| FUND BALANCE, beginning   |                  | <u>521,256</u>    |  |
| FUND BALANCE, ending  |                  | <u>\$ 405,810</u> |  |

**CARTERET COUNTY, NORTH CAROLINA  
COUNTY CAPITAL IMPROVEMENTS FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 1998**

|   | Budget      | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------|------------------|--|
| REVENUE   |             |                  |  |
| Interest  | \$ -        | \$ 2,955         | \$ 2,955                               |
|   |             |                  |  |
| Revenue over expenditures   | -           | 2,955            | 2,955                                  |
|   |             |                  |  |
| OTHER FINANCING SOURCES (USES)  |             |                  |  |
| Operating transfer to General Fund for debt service                               | (225,000)   | (225,000)        | -                                      |
| Fund balance appropriated   | 225,000     | -                | 225,000                                |
| Total other financing sources   | -           | (225,000)        | 225,000                                |
|   |             |                  |  |
| Revenue and other financing sources<br>over expenditures and other financing uses | <u>\$ -</u> | (222,045)        | <u>\$ (222,045)</u>                    |
|   |             |                  |  |
| FUND BALANCE, beginning   |             | <u>273,011</u>   |  |
|   |             |                  |  |
| FUND BALANCE, ending  |             | <u>\$ 50,966</u> |  |

**CARTERET COUNTY, NORTH CAROLINA  
 MOREHEAD CITY ELEMENTARY SCHOOL PROJECT FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
 BUDGET AND ACTUAL**

**From Inception and for the Fiscal Year Ended June 30, 1998**

|  | Total<br>Project<br>Estimates | Prior<br>Years | Actual<br>Current<br>Year | Total<br>To Date |
|--|-------------------------------|----------------|---------------------------|------------------|
| REVENUE  |                               |                |                           |                  |
| Interest   | \$ 240,000                    | \$ 561,513     | \$ 69,092                 | \$ 630,605       |
| EXPENDITURES   |                               |                |                           |                  |
| Capital outlay:  |                               |                |                           |                  |
| Morehead Elementary School<br>construction   | 9,147,000                     | 8,299,741      | -                         | 8,299,741        |
| Debt service:  |                               |                |                           |                  |
| Original issue costs   | 470,000                       | 419,105        | -                         | 419,105          |
| Total expenditures   | 9,617,000                     | 8,718,846      | -                         | 8,718,846        |
| Revenue over (under)<br>expenditures   | (9,377,000)                   | (8,157,333)    | 69,092                    | (8,088,241)      |
| OTHER FINANCING SOURCES (USES)   |                               |                |                           |                  |
| Operating transfers out to General Fund  | (240,000)                     | (295,972)      | (37,424)                  | (333,396)        |
| Operating transfers from General Fund  | 617,000                       | 617,000        | -                         | 617,000          |
| Proceeds from Certificate of<br>Participation bonds                                  | 9,000,000                     | 9,000,000      | -                         | 9,000,000        |
| Total financing sources (uses)   | 9,377,000                     | 9,321,028      | (37,424)                  | 9,283,604        |
| Revenue and other financing<br>sources over expenditures<br>and other financing uses | \$ -                          | \$ 1,163,695   | 31,668                    | \$ 1,195,363     |
| FUND BALANCE, beginning  |                               |                | 1,163,695                 |                  |
| FUND BALANCE, ending   |                               |                | \$ 1,195,363              |                  |

**CARTERET COUNTY, NORTH CAROLINA  
SENIOR CENTER PROJECT FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL  
From Inception and for the Fiscal Year Ended June 30, 1998**

|  | Total<br>Project<br>Estimates | Prior<br>Years    | Actual<br>Current<br>Year | Total<br>To Date |
|--|-------------------------------|-------------------|---------------------------|------------------|
| <b>REVENUE</b>   |                               |                   |                           |                  |
| Interest   | \$ 150,500                    | \$ 149,697        | \$ 4,475                  | \$ 154,172       |
| Intergovernmental sales tax refund   | 18,100                        | -                 | 17,019                    | 17,019           |
| Miscellaneous  | 98,100                        | 44,480            | -                         | 44,480           |
| Total revenues   | <u>266,700</u>                | <u>194,177</u>    | <u>21,494</u>             | <u>215,671</u>   |
| <b>EXPENDITURES</b>  |                               |                   |                           |                  |
| Capital outlay:  |                               |                   |                           |                  |
| Senior Center construction   | <u>2,128,500</u>              | <u>1,935,565</u>  | <u>194,721</u>            | <u>2,130,286</u> |
| Revenue over (under)<br>expenditures   | (1,861,800)                   | (1,741,388)       | (173,227)                 | (1,914,615)      |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                               |                   |                           |                  |
| Bond proceeds  | 2,000,000                     | 2,000,000         | -                         | 2,000,000        |
| Operating transfer out to General Fund   | (80,100)                      | -                 | (80,100)                  | (80,100)         |
|  | <u>1,919,900</u>              | <u>2,000,000</u>  | <u>(80,100)</u>           | <u>1,919,900</u> |
| Revenue and other financing<br>sources over (under) expenditures<br>and other financing uses | <u>\$ -</u>                   | <u>\$ 258,612</u> | <u>(253,327)</u>          | <u>\$ 5,285</u>  |
| FUND BALANCE, beginning  |                               |                   | <u>258,612</u>            |                  |
| FUND BALANCE, ending   |                               |                   | <u>\$ 5,285</u>           |                  |

**CARTERET COUNTY, NORTH CAROLINA  
SCHOOL PROJECTS FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**From Inception and for the Fiscal Year Ended June 30, 1998**

|   | Total                | Actual               |                     |                     |
|---|----------------------|----------------------|---------------------|---------------------|
|   | Project<br>Estimates | Prior<br>Years       | Current<br>Year     | Total<br>To Date    |
| <b>REVENUE</b>  |                      |                      |                     |                     |
| Interest  | \$ 1,300,000         | \$ 1,122,317         | \$ 432,289          | \$ 1,554,606        |
| Intergovernmental:  |                      |                      |                     |                     |
| Sales tax refund  | 480,955              | -                    | 89,425              | 89,425              |
| Public School Building Bond Act of 1996                             | 6,919,845            | -                    | 2,748,297           | 2,748,297           |
|   | <u>8,700,800</u>     | <u>1,122,317</u>     | <u>3,270,011</u>    | <u>4,392,328</u>    |
| <b>EXPENDITURES</b>   |                      |                      |                     |                     |
| Capital outlay:   |                      |                      |                     |                     |
| Western High School   | 16,743,186           | 5,106,109            | 10,769,251          | 15,875,360          |
| Western Elementary  | 7,098,027            | 2,489,562            | 4,317,428           | 6,806,990           |
| Beaufort Elementary renovation                                      | 1,470,000            | 253,002              | 736,962             | 989,964             |
| Smyrna Elementary renovation  | 2,293,247            | 1,154,312            | 1,098,637           | 2,252,949           |
| White Oak Renovation  | 219,805              | 219,805              | -                   | 219,805             |
| Technology  | 6,381,600            | 5,047,359            | 396,852             | 5,444,211           |
| Auditorium  | 250,000              | -                    | 90,748              | 90,748              |
| Newport Middle School   | 1,450,000            | -                    | 86,426              | 86,426              |
| Athletic Facilities   | 900,000              | -                    | 103,345             | 103,345             |
| Equipment Needs   | 3,250,484            | -                    | 105,660             | 105,660             |
| Equipment Needs   | -                    | -                    | 40,503              | 40,503              |
| Issuance costs  | 95,083               | 95,191               | -                   | 95,191              |
| Total expenditures  | <u>40,151,432</u>    | <u>14,365,340</u>    | <u>17,745,812</u>   | <u>32,111,152</u>   |
| Revenue over (under)<br>expenditures                                | (31,450,632)         | (13,243,023)         | (14,475,801)        | (27,718,824)        |
| <b>OTHER FINANCING SOURCES</b>                                      |                      |                      |                     |                     |
| Operating transfers from General Fund                               | 2,450,632            | 1,225,316            | 1,225,316           | 2,450,632           |
| Operating transfers from School Project                             | -                    | -                    | 950,000             | 950,000             |
| Bond proceeds   | 29,000,000           | 29,000,000           | -                   | 29,000,000          |
| Total other financing sources                                       | <u>31,450,632</u>    | <u>30,225,316</u>    | <u>2,175,316</u>    | <u>32,400,632</u>   |
| Revenue and other financing<br>sources over (under)<br>expenditures | <u>\$ -</u>          | <u>\$ 16,982,293</u> | <u>(12,300,485)</u> | <u>\$ 4,681,808</u> |
| FUND BALANCE, beginning   |                      |                      | <u>16,982,293</u>   |                     |
| FUND BALANCE, ending  |                      |                      | <u>\$ 4,681,808</u> |                     |

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# AGENCY FUND

*Agency Funds serve primarily as clearing mechanisms for cash resources which are collected by a governmental unit, held as such for a brief period and then distributed to authorized recipients. (Individual fund descriptions are on the next page.)*

## AGENCY FUNDS

The following comprise the County's Agency Funds:

**Deferred Compensation Fund** - This fund is used to account for assets held for employees in accordance with the provisions of Internal Revenue Code Section 457.

**Sheriff's Department Fund** - This fund is used to account for the collection and distribution of assets in conjunction with the clerk of court for judgments and claims that have been assessed.

**Social Services Trust Fund** - This fund is used to account for the receipt and distribution of funds received specifically for the benefit of various clients of the social services department caseworkers.

**CARTERET COUNTY, NORTH CAROLINA  
ALL AGENCY FUNDS**

**COMBINING BALANCE SHEET  
June 30, 1998**

|  | Deferred<br>Compensation<br>Fund | Sheriff's<br>Department<br>Fund | Social<br>Services<br>Trust Fund | Totals     |
|--|----------------------------------|---------------------------------|----------------------------------|------------|
| <b>ASSETS</b>                            |                                  |                                 |                                  |            |
| Cash and investments                     | \$ 408,328                       | \$ 5,146                        | \$ 29,814                        | \$ 443,288 |
| <b>LIABILITIES</b>                       |                                  |                                 |                                  |            |
| Accounts payable and accrued liabilities | \$ -                             | \$ 5,146                        | \$ 29,814                        | \$ 34,960  |
| Deferred compensation payable            | 408,328                          | -                               | -                                | 408,328    |
| Total liabilities                        | \$ 408,328                       | \$ 5,146                        | \$ 29,814                        | \$ 443,288 |

**CARTERET COUNTY, NORTH CAROLINA  
ALL AGENCY FUNDS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 1998**

|   | Balance<br>July 1,<br>1997 | Additions  | Deletions  | Balance<br>June 30,<br>1998 |
|---|----------------------------|------------|------------|-----------------------------|
| <u>Deferred Compensation Fund:</u>                  |                            |            |            |                             |
| Assets, cash and investments                        | \$ 354,276                 | \$ 69,433  | \$ 15,381  | \$ 408,328                  |
| Liabilities, deferred compensation benefits payable | \$ 354,276                 | \$ 69,433  | \$ 15,381  | \$ 408,328                  |
| <u>Sheriff's Department Fund:</u>                   |                            |            |            |                             |
| Assets, cash and investments                        | \$ 1,542                   | \$ 82,781  | \$ 79,177  | \$ 5,146                    |
| Liabilities, deferred compensation benefits payable | \$ 1,542                   | \$ 82,781  | \$ 79,177  | \$ 5,146                    |
| <u>Social Services Trust Fund:</u>                  |                            |            |            |                             |
| Assets, cash and investments                        | \$ 28,816                  | \$ 101,601 | \$ 100,603 | \$ 29,814                   |
| Liabilities, deferred compensation benefits payable | \$ 28,816                  | \$ 101,601 | \$ 100,603 | \$ 29,814                   |
| <u>Totals - All Agency Funds:</u>                   |                            |            |            |                             |
| Assets, cash and investments                        | \$ 384,634                 | \$ 253,815 | \$ 195,161 | \$ 443,288                  |
| Liabilities:  |                            |            |            |                             |
| Accounts payable and accrued liabilities            | 30,358                     | 184,382    | 179,780    | 34,960                      |
| Deferred compensated benefits payable               | 354,276                    | 69,433     | 15,381     | 408,328                     |
| Total liabilities                                   | \$ 384,634                 | \$ 253,815 | \$ 195,161 | \$ 443,288                  |

## **OTHER FINANCIAL INFORMATION**

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**Other financial information includes additional detailed analysis of particular aspects of the County's financial position or results of operations.**

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**CARTERET COUNTY, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

**June 30, 1998**

| <u>Fiscal Year</u>                                      | Uncollected<br>Balance<br>June 30,<br>1997 | Additions            | Collections          | Adjustments         | Uncollected<br>Balance<br>June 30,<br>1998 |
|---|--|----------------------|----------------------|---------------------|--|
| 1997-1998   | \$ -                                       | \$ 24,157,582        | \$ 23,070,030        | \$ (123,832)        | \$ 963,720                                 |
| 1996-1997   | 726,122                                    | 16,983               | 452,189              | (5,010)             | 285,906                                    |
| 1995-1996   | 196,212                                    | 3,038                | 72,600               | (680)               | 125,970                                    |
| 1994-1995   | 120,661                                    | 2,333                | 39,276               | 34                  | 83,752                                     |
| 1993-1994   | 112,899                                    | 110                  | 23,464               | 868                 | 90,413                                     |
| 1992-1993   | 53,621                                     | 44                   | 11,673               | (52)                | 41,940                                     |
| 1991-1991   | 58,141                                     | -                    | 7,574                | (16)                | 50,551                                     |
| 1990-1991   | 53,589                                     | -                    | 6,256                | (152)               | 47,181                                     |
| 1989-1990   | 56,953                                     | -                    | 3,281                | (21)                | 53,651                                     |
| 1988-1989   | 46,442                                     | -                    | 1,823                | (157)               | 44,462                                     |
| 1987-1988   | 53,953                                     | -                    | 1,768                | (52,185)            | -  |
|   | <u>\$ 1,478,593</u>                        | <u>\$ 24,180,090</u> | <u>\$ 23,689,934</u> | <u>\$ (181,203)</u> | 1,787,546                                  |
| Less allowance for uncollectible taxes:                 |  |                      |                      |                     |  |
| General Fund  |  |                      |                      | \$ 582,922          |  |
| Fire District Fund                                      |  |                      |                      | 53,279              |  |
| Rescue Squad Fund                                       |  |                      |                      | 21,305              |  |
| School Projects Reserve Fund                            |  |                      |                      | 60,936              | 718,442                                    |
| Ad valorem taxes receivable - net                       |  |                      |                      |                     | <u>\$ 1,069,104</u>                        |
| Reconciliation with revenue:                            |  |                      |                      |                     |  |
| Taxes - General Fund excluding interest of \$140,265    |  |                      |                      |                     | \$ 18,251,199                              |
| Taxes - Fire District Fund                              |  |                      |                      |                     | 1,297,336                                  |
| Taxes - Rescue Squad Fund                               |  |                      |                      |                     | 613,224                                    |
| School Projects Reserve Fund                            |  |                      |                      |                     | 3,528,175                                  |
|   |  |                      |                      |                     | <u>\$ 23,689,934</u>                       |
| Reconciliation of uncollected balance at June 30, 1998: |  |                      |                      |                     |  |
| General Fund  |  |                      |                      |                     | \$ 1,418,952                               |
| Fire District Fund                                      |  |                      |                      |                     | 141,069                                    |
| Rescue Squad Fund                                       |  |                      |                      |                     | 58,941                                     |
| School Projects Reserve Fund                            |  |                      |                      |                     | 168,584                                    |
|   |  |                      |                      |                     | <u>1,787,546</u>                           |
| Less allowance for uncollectible taxes                  |  |                      |                      |                     | <u>718,442</u>                             |
|   |  |                      |                      |                     | <u>\$ 1,069,104</u>                        |

**CARTERET COUNTY, NORTH CAROLINA**

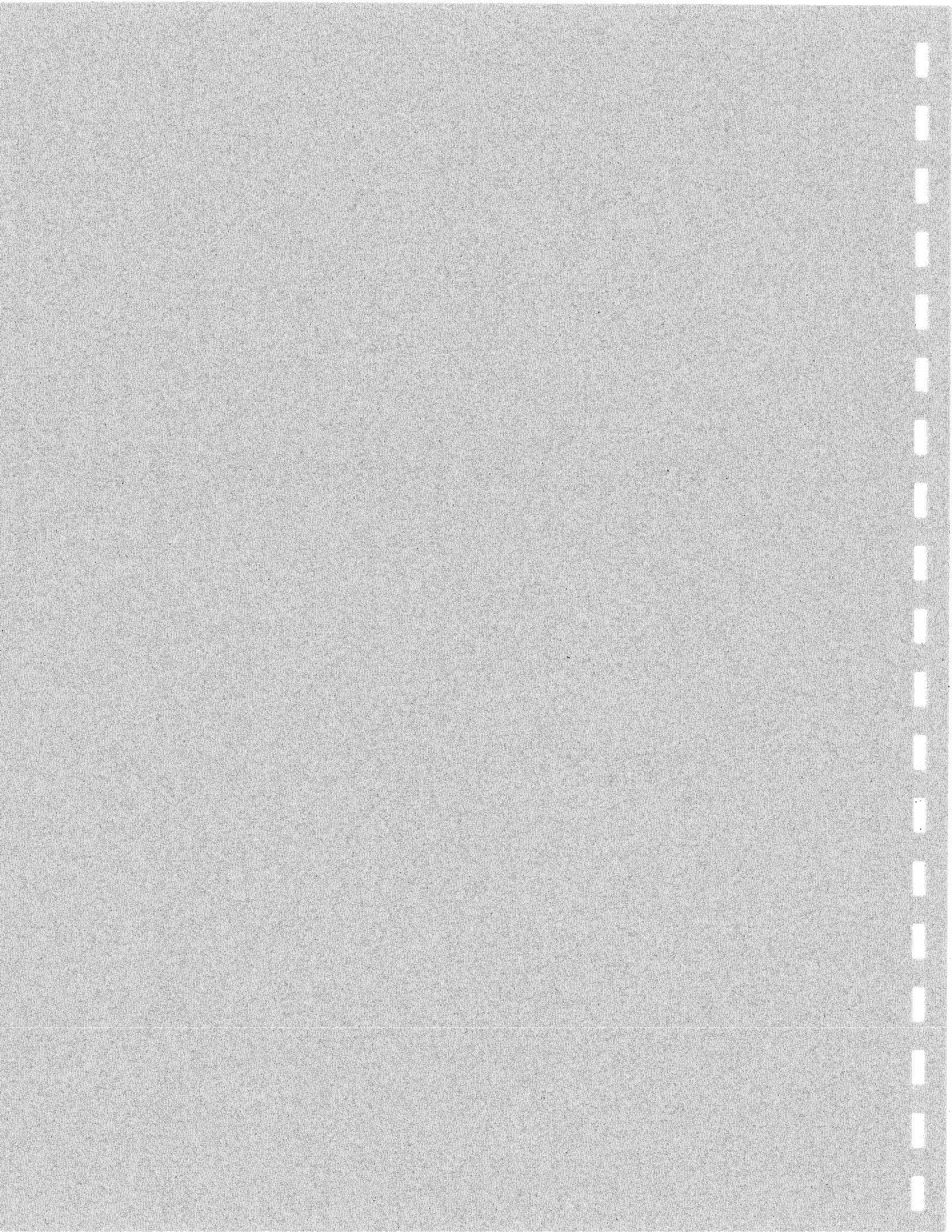
**ANALYSIS OF CURRENT YEAR'S TAX LEVY  
For the Fiscal Year Ended June 30, 1998**

|   | County wide             |           |                      | Total Levy                                   |                           |
|---|-------------------------|-----------|----------------------|--|---------------------------|
|   | Property Valuation      | Rate      | Total Levy           | Property excluding registered motor vehicles | Registered motor vehicles |
| Original levy:                            |                         |           |                      |  |                           |
| Property taxed at current year's rate     | \$ 5,110,905,238        | \$ 0.42 * | \$ 21,465,802        | \$ 20,249,201                                | \$ 1,216,601              |
| Fire District                             |                         |           | 1,299,003            | 1,299,003                                    | -                         |
| Rescue District                           |                         |           | 619,842              | 619,842                                      | -                         |
| Motor vehicles taxes at prior year's rate | 43,661,782              | 0.505     | 220,492              | -  | 220,492                   |
| Penalties                                 |                         |           | 10,562               | 10,562                                       | -                         |
| <b>Total</b>                              | <b>5,154,567,020</b>    |           | <b>23,615,701</b>    | <b>22,178,608</b>                            | <b>1,437,093</b>          |
| Discoveries:                              |                         |           |                      |  |                           |
| Current year taxes                        | 123,174,524             | 0.42      | 529,933              | 499,429                                      | 30,504                    |
| Refunds                                   |                         |           | 11,947               | 11,947                                       | -                         |
| <b>Total</b>                              | <b>123,174,524</b>      |           | <b>541,880</b>       | <b>511,376</b>                               | <b>30,504</b>             |
| Abatements                                | (29,483,571)            | 0.42      | (123,831)            | (58,447)                                     | (65,384)                  |
| <b>Total property valuation</b>           | <b>\$ 5,248,257,973</b> |           |                      |  |                           |
| Net levy                                  |                         |           | 24,033,750           | 22,631,537                                   | 1,402,213                 |
| Uncollected taxes at June 30, 1998        |                         |           | 963,720              | 764,610                                      | 199,110                   |
| Current year's taxes collected            |                         |           | <b>\$ 23,070,030</b> | <b>\$ 21,866,927</b>                         | <b>\$ 1,203,103</b>       |
| Current levy collection percentage        |                         |           | <b>95.99%</b>        | <b>96.62%</b>                                | <b>85.80%</b>             |

\* The .42 rate is comprised of .35 that is recorded and utilized in the General Fund, and .07 that is recorded and utilized in the School Projects Reserve Fund.

# STATISTICAL

*The tables in this section provide trends, statistical and demographic information*



**Carteret County, North Carolina**  
**General Governmental Expenditures by Function<sup>(1)</sup>**  
*Last Ten Fiscal Years*

**Table 1**

| <u>Fiscal Year Ended June 30,</u> | <u>General Government</u> | <u>Public Safety</u> | <u>Transportation</u> | <u>Economic &amp; Physical Development</u> | <u>Human Services</u> | <u>Environmental Protection<sup>(2)</sup></u> | <u>Cultural &amp; Recreation</u> | <u>Education</u> | <u>Capital Projects</u> | <u>Debt Service<sup>(3)</sup></u> | <u>Total Expenditures</u> |
|-----------------------------------|---------------------------|----------------------|-----------------------|--|-----------------------|---|----------------------------------|------------------|-------------------------|-----------------------------------|---------------------------|
| 1989                              | \$1,591,411               | \$2,919,924          | \$326,449             | \$307,631                                  | \$3,683,789           | \$1,320,654                                   | \$640,923                        | \$7,182,138      | \$1,863,027             | \$1,480,285                       | \$21,316,231              |
| 1990                              | 2,072,571                 | 3,382,411            | 401,889               | 420,558                                    | 4,187,232             | 1,466,433                                     | 707,882                          | 6,777,669        | 2,424,272               | 1,460,527                         | 23,301,444                |
| 1991                              | 2,631,506                 | 3,734,973            | 104,299               | 517,226                                    | 4,867,358             | 1,912,255                                     | 709,011                          | 8,992,296        | 1,223,206               | 1,982,478                         | 26,674,608                |
| 1992                              | 2,783,323                 | 4,100,593            | 130,595               | 551,233                                    | 5,652,600             | 2,006,072                                     | 778,910                          | 12,959,984       | 3,575,942               | 2,456,385                         | 34,995,637                |
| 1993                              | 1,989,707                 | 4,743,134            | 407,724               | 1,546,697                                  | 7,548,401             | 1,988,961                                     | 866,821                          | 9,398,963        | 7,902,715               | 3,262,108                         | 39,655,231                |
| 1994                              | 2,074,890                 | 4,869,061            | 424,535               | 1,475,208                                  | 7,602,778             | 2,864,177                                     | 834,247                          | 8,958,336        | 2,352,655               | 8,427,002                         | 39,882,889                |
| 1995                              | 2,233,792                 | 5,529,875            | 141,991               | 954,126                                    | 8,378,689             | 3,493,264                                     | 932,054                          | 12,033,251       | 1,469,115               | 3,431,638                         | 38,597,795                |
| 1996                              | 2,853,875                 | 6,096,750            | 47,877                | 888,771                                    | 8,918,409             | 2,944,919                                     | 1,064,194                        | 10,399,586       | 705,722                 | 3,860,088                         | 37,780,191                |
| 1997                              | 2,943,541                 | 6,448,719            | 12,080                | 866,084                                    | 8,364,160             | 4,158,262                                     | 1,305,786                        | 11,294,206       | 213,581                 | 4,429,954                         | 40,036,373                |
| 1998                              | 2,885,480                 | 6,840,765            | 186,103               | 940,857                                    | 8,835,890             | 3,732,955                                     | 1,733,648                        | 11,564,543       | 794                     | 5,333,642                         | 42,054,677                |

Notes: (1) Includes General, Special Revenues, and Capital Reserve and Capital Improvements Funds  
(2) 1994 increase reflects retirement of \$4,007,000 Hospital Facilities bonds issued in 1983  
(3) 1994 increase reflects landfill closure costs and contract for waste disposal

**Carteret County, North Carolina**  
**General Governmental Revenues, By Source<sup>(1)</sup>**  
*Last Ten Fiscal Years*

Table 2

| <b>Fiscal Year<br/>Ended<br/>June 30.</b> | <b>Ad Valorem<br/>Taxes</b> | <b>Other Taxes<br/>&amp; Licenses</b> | <b>Permits<br/>&amp; Fees<sup>(2)</sup></b> | <b>Inter-<br/>governmental</b> | <b>Sales &amp;<br/>Services<sup>(2)</sup></b> | <b>Investment<br/>Earnings</b> | <b>Miscellaneous</b> | <b>Total<br/>Revenues</b> |
|---|-----------------------------|---------------------------------------|---|--------------------------------|---|--------------------------------|----------------------|---------------------------|
| 1989                                      | \$8,506,832                 | \$5,008,426                           | \$721,937                                   | \$4,955,842                    | \$296,370                                     | \$461,790                      | \$77,612             | \$20,028,809              |
| 1990                                      | 12,064,120                  | 5,866,061                             | 608,664                                     | 5,914,332                      | 370,974                                       | 609,794                        | 72,856               | 25,506,801                |
| 1991                                      | 14,063,401                  | 6,906,381                             | 908,244                                     | 4,944,196                      | 539,803                                       | 890,998                        | 346,502              | 28,599,525                |
| 1992                                      | 14,912,522                  | 7,618,598                             | 1,140,050                                   | 4,624,373                      | 814,952                                       | 800,552                        | 220,877              | 30,131,924                |
| 1993                                      | 15,188,731                  | 8,224,153                             | 969,683                                     | 5,363,651                      | 2,969,924                                     | 454,026                        | 120,998              | 33,291,166                |
| 1994                                      | 17,185,308                  | 8,925,058                             | 965,442                                     | 5,497,109                      | 2,534,065                                     | 474,241                        | 182,169              | 35,763,392                |
| 1995                                      | 18,247,444                  | 9,603,424                             | 1,085,046                                   | 5,961,632                      | 1,801,137                                     | 689,460                        | 1,370,510            | 38,758,653                |
| 1996                                      | 20,280,173                  | 10,083,350                            | 1,073,019                                   | 5,910,131                      | 1,698,697                                     | 832,806                        | 60,618               | 39,938,794                |
| 1997                                      | 21,305,801                  | 10,610,240                            | 1,165,644                                   | 7,906,364                      | 931,881                                       | 931,114                        | 216,429              | 43,067,473                |
| 1998                                      | 23,830,199                  | 11,866,765                            | 1,291,897                                   | 7,676,826                      | 943,704                                       | 1,147,860                      | 200,659              | 46,957,910                |

*Notes:*

- (1) Includes General, Special Revenue, Capital Reserve, & Capital Improvements Funds
- (2) Decreases reflects loss of revenues from closing the county landfill in October 1993
- (3) Decreases in 1993 & 1994 reflects a reclassification of the solid waste assessment from permits & fees to sales & services

**Carteret County, North Carolina**  
**Property Tax Levies & Collections<sup>(1)(2)</sup>**  
*Last Ten Fiscal Years*

**Table 3**

| <u>Fiscal Year Ended June 30,</u> | <u>Total Tax Levy <sup>(1)(2)</sup></u> | <u>Collections of Current Levy</u> | <u>Percent of Current Taxes Collected</u> | <u>Collections of Prior Levy</u> | <u>Total Property Taxes Collected</u> | <u>Ratio of Total Tax Collections to Tax Levy</u> | <u>Outstanding Delinquent Taxes</u> | <u>Ratio of Delinquent Taxes to Tax Levy</u> |
|-----------------------------------|---|------------------------------------|---|----------------------------------|---------------------------------------|---|-------------------------------------|--|
| 1989                              | \$8,542,623                             | \$8,175,260                        | 95.70%                                    | \$331,572                        | \$8,506,832                           | 99.58%  | \$1,168,014                         | 13.67%                                       |
| 1990                              | 12,460,326                              | 11,712,619                         | 94.00%                                    | 351,501                          | 12,064,120                            | 96.82%  | 1,603,365                           | 12.87%                                       |
| 1991                              | 14,428,922                              | 13,531,962                         | 93.78%                                    | 531,439                          | 14,063,401                            | 97.47%  | 1,997,568                           | 13.84%                                       |
| 1992                              | 14,792,161                              | 14,071,687                         | 95.13%                                    | 840,835                          | 14,912,522                            | 100.81%   | 1,988,803                           | 13.44%                                       |
| 1993                              | 15,073,549                              | 14,482,611                         | 96.08%                                    | 706,120                          | 15,188,731                            | 100.76%   | 1,958,232                           | 12.99%                                       |
| 1994                              | 17,406,345                              | 16,492,922                         | 94.75%                                    | 692,386                          | 17,185,308                            | 98.73%  | 2,301,586                           | 13.22%                                       |
| 1995                              | 17,776,872                              | 17,024,807                         | 95.77%                                    | 1,216,071                        | 18,240,878                            | 102.61%   | 2,127,643                           | 11.97%                                       |
| 1996                              | 19,857,390                              | 19,069,463                         | 96.03%                                    | 1,203,897                        | 20,273,360                            | 102.09%   | 1,943,076                           | 9.79%  |
| 1997                              | 20,566,276                              | 19,840,154                         | 96.47%                                    | 1,544,718                        | 21,384,872                            | 103.98%   | 1,478,593                           | 7.19%  |
| 1998                              | 24,033,750                              | 23,070,030                         | 95.99%                                    | 619,904                          | 23,689,934                            | 99.00%  | 1,787,545                           | 7.44%  |

Notes:

(1) Includes General and Special Revenue Funds

(2) Does not include reimbursement In-Lieu-Of taxes and Senior Citizens Exemptions

***Carteret County, North Carolina  
General Fund Balance Position at June 30  
Last Ten Fiscal Years***

Table 4

| <b><i>Fiscal Year<br/>Ended<br/>June 30,</i></b> | <b><i>Reserved<br/>for State<br/>Statute</i></b> | <b><i>Reserved<br/>for Sheriff's<br/>Fund</i></b> | <b><i>Reserved<br/>for Debt<br/>Service</i></b> | <b><i>Designated<br/>for Health<br/>Programs</i></b> | <b><i>Designated<br/>for<br/>Subsequent<br/>Years'<br/>Expenditures</i></b> | <b><i>Undesignated</i></b> | <b><i>Total Fund<br/>Balance</i></b> | <b><i>General<br/>Fund<br/>Expenditures</i></b> | <b><i>Undesignated<br/>Fund<br/>Balance<br/>Percentage<br/>of General<br/>Fund<br/>Expenditures</i></b> |
|--|--|---|---|--|---|----------------------------|--------------------------------------|---|---|
| 1989   | \$1,485,141                                      | \$0   | \$0   | \$0  | \$799,315   | \$834,473                  | \$3,118,929                          | \$17,776,179                                    | 4.69%   |
| 1990   | 2,043,619  | 0   | 0   | 0  | 2,924,944   | 327,015                    | 5,295,578                            | 18,652,411                                      | 1.75%   |
| 1991   | 2,100,424  | 0   | 0   | 0  | 1,581,355   | 1,433,386                  | 5,115,165                            | 22,878,440                                      | 6.27%   |
| 1992   | 2,432,011  | 0   | 0   | 0  | 1,669,467   | 1,743,143                  | 5,844,621                            | 28,442,554                                      | 6.13%   |
| 1993   | 3,540,373  | 18,927  | 0   | 0  | 1,360,606   | 3,020,487                  | 7,940,393                            | 28,118,033                                      | 10.74%  |
| 1994   | 2,389,572  | 18,927  | 0   | 319,282  | 2,973,028   | 6,123,058                  | 11,823,867                           | 33,206,037                                      | 18.44%  |
| 1995   | 2,609,224  | 8,042   | 484,116   | 431,847  | 2,235,093   | 5,660,261                  | 11,428,583                           | 32,110,320                                      | 17.63%  |
| 1996   | 2,344,290  | 31,765  | 531,650   | 607,172  | 2,623,678   | 5,778,938                  | 11,917,493                           | 32,927,915                                      | 17.55%  |
| 1997   | 3,013,128  | 22,211  | 531,069   | 476,407  | 2,222,889   | 5,658,258                  | 11,923,962                           | 36,590,856                                      | 15.46%  |
| 1998   | 3,051,097  | 17,961  | 371,806   | 477,774  | 2,178,534   | 6,608,857                  | 12,906,029                           | 38,361,640                                      | 17.63%  |

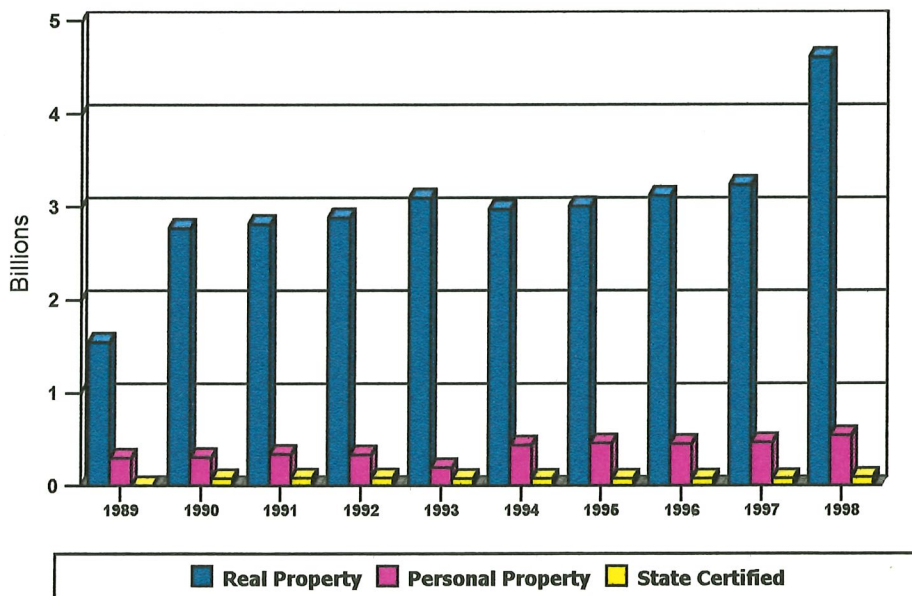
**Carteret County, North Carolina**  
**Assessed Value of Property<sup>(2)(3)</sup>**  
**Last Ten Fiscal Years**

Table 5

| <u>Fiscal Year</u><br><u>Ended June 30,</u> | <u>Real Property</u> | <u>Personal Property</u> | <u>State Certified</u> | <u>Total Assessed</u><br><u>Valuation</u> |
|---|----------------------|--------------------------|------------------------|---|
| 1989  | \$1,548,786,890      | \$297,437,020            | \$82,535,364           | \$1,928,759,274                           |
| 1990 <sup>(1)</sup>                         | 2,770,847,844        | 310,000,000              | 82,000,000             | 3,162,847,844                             |
| 1991  | 2,813,348,157        | 339,986,760              | 85,990,963             | 3,239,325,880                             |
| 1992  | 2,880,769,157        | 337,456,689              | 88,463,193             | 3,306,689,039                             |
| 1993  | 3,100,220,475        | 194,379,132              | 79,185,905             | 3,373,785,512                             |
| 1994  | 2,971,677,840        | 436,581,711              | 79,796,536             | 3,488,056,087                             |
| 1995  | 3,009,850,833        | 458,668,214              | 80,125,832             | 3,548,644,879                             |
| 1996  | 3,117,310,410        | 450,304,682              | 80,237,556             | 3,647,582,648                             |
| 1997  | 3,233,221,306        | 467,568,251              | 80,253,554             | 3,781,043,111                             |
| 1998 <sup>(1)</sup>                         | 4,611,176,025        | 544,308,312              | 92,773,636             | 5,248,257,973                             |

- Notes: (1) Reflects revaluation year  
(2) Amounts are net of Senior Citizens Exemption  
(3) Amount includes discoveries and abatements  
(4) Assessed value is equal to estimated actual value

## Assessed Value of Property



**Carteret County, North Carolina**  
**Property Tax Rates - Direct and Underlying Governments**  
**(Per \$100.00 of Assessed Value)**  
**Last Ten Fiscal Years**

**Table 6**

| <b><i>Municipalities</i></b>       | <b><u>1989</u></b> | <b><u>1990</u></b> | <b><u>1991</u></b> | <b><u>1992</u></b> | <b><u>1993</u></b> | <b><u>1994</u></b> | <b><u>1995</u></b> | <b><u>1996</u></b> | <b><u>1997</u></b> | <b><u>1998</u></b> |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Carteret County                    | 0.3600             | 0.4100             | 0.4100             | 0.4100             | 0.4100             | 0.4600             | 0.4600             | 0.5100             | 0.5100             | 0.4200             |
| Atlantic Beach                     | 0.5500             | 0.5500             | 0.3500             | 0.3500             | 0.4500             | 0.4500             | 0.4500             | 0.4500             | 0.4500             | 0.3500             |
| Beaufort                           | 0.6000             | 0.5600             | 0.5300             | 0.4800             | 0.4050             | 0.4050             | 0.4050             | 0.4050             | 0.4050             | 0.3450             |
| Bogue <sup>1</sup>                 |                    |                    |                    |                    |                    |                    |                    |                    | 0.0500             | 0.0500             |
| Cape Carteret                      | 0.3000             | 0.2700             | 0.2700             | 0.3500             | 0.3500             | 0.3500             | 0.3500             | 0.3500             | 0.3500             | 0.2600             |
| Cedar Point                        | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             |
| Emerald Isle                       | 0.2500             | 0.2150             | 0.2150             | 0.2150             | 0.2150             | 0.2150             | 0.2150             | 0.2000             | 0.2150             | 0.1750             |
| Indian Beach                       | 0.1900             | 0.1700             | 0.1700             | 0.2300             | 0.2300             | 0.1900             | 0.1900             | 0.1900             | 0.2300             | 0.1700             |
| Morehead City                      | 0.6700             | 0.4800             | 0.4800             | 0.4800             | 0.4500             | 0.4500             | 0.4500             | 0.4500             | 0.4500             | 0.4000             |
| Newport                            | 0.5000             | 0.4600             | 0.4600             | 0.4600             | 0.4600             | 0.4600             | 0.4600             | 0.4600             | 0.4600             | 0.4200             |
| Peletier <sup>2</sup>              |                    |                    |                    |                    |                    |                    |                    |                    |                    | 0.0500             |
| Pine Knoll Shores                  | 0.1900             | 0.1300             | 0.1000             | 0.1500             | 0.1700             | 0.2050             | 0.2050             | 0.2100             | 0.2100             | 0.1600             |
| <b><i>Fire Districts</i></b>       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Atlantic                           | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             |
| Atlantic Beach                     | 0.1000             | 0.1000             | 0.1000             | 0.1000             | 0.1000             | 0.1000             | 0.1000             | 0.1000             | 0.1000             | 0.1000             |
| Beaufort                           | 0.0700             | 0.0700             | 0.0700             | 0.0700             | 0.0825             | 0.0825             | 0.0825             | 0.0825             | 0.0825             | 0.0680             |
| Broad & Gales Creek                | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0500             |
| Cape Carteret                      | 0.0500             | 0.0300             | 0.0400             | 0.0400             | 0.0400             | 0.0400             | 0.0400             | 0.0400             | 0.0400             | 0.0400             |
| Cedar Island                       | 0.1000             | 0.0900             | 0.0900             | 0.0900             | 0.0900             | 0.0900             | 0.0900             | 0.0900             | 0.1000             | 0.1000             |
| Davis                              | 0.1000             | 0.1000             | 0.0800             | 0.0800             | 0.0880             | 0.0800             | 0.0800             | 0.1000             | 0.1000             | 0.1000             |
| Harkers Island                     | 0.0700             | 0.0400             | 0.0400             | 0.0400             | 0.0400             | 0.0400             | 0.0400             | 0.0410             | 0.0410             | 0.0400             |
| Harlowe                            | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0550             | 0.0500             | 0.0500             | 0.0550             |
| Marshallberg                       | 0.0800             | 0.0700             | 0.0700             | 0.0700             | 0.0700             | 0.0700             | 0.0700             | 0.0700             | 0.0700             | 0.0700             |
| Mill Creek                         | 0.0800             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             |
| Mitchell Village                   | 0.0800             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0800             | 0.0800             | 0.0800             | 0.0800             |
| Newport                            | 0.1000             | 0.0900             | 0.0950             | 0.0950             | 0.0950             | 0.0950             | 0.0950             | 0.0950             | 0.0950             | 0.0650             |
| North River                        | 0.1000             | 0.0900             | 0.0900             | 0.0900             | 0.0900             | 0.0900             | 0.0900             | 0.0900             | 0.0900             | 0.0900             |
| Otway                              | 0.0600             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0400             |
| Salter Path                        | 0.0800             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             | 0.0600             |
| Sea Level                          | 0.1000             | 0.0800             | 0.0800             | 0.0800             | 0.1000             | 0.1000             | 0.1000             | 0.1000             | 0.1000             | 0.1000             |
| South River/ Merrimon <sup>3</sup> |                    | 0.0500             | 0.0500             | 0.0500             | 0.0700             | 0.0700             | 0.0700             | 0.0700             | 0.0700             | 0.0700             |
| Stacy                              | 0.0800             | 0.0800             | 0.0800             | 0.0800             | 0.0800             | 0.0800             | 0.0800             | 0.0800             | 0.0800             | 0.0800             |
| Stella                             | 0.0600             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             |
| Wildwood                           | 0.0700             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0500             | 0.0600             |
| <b><i>Rescue Squads</i></b>        |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Beaufort                           | 0.0300             | 0.0250             | 0.0300             | 0.0350             | 0.0300             | 0.0330             | 0.0450             | 0.0450             | 0.0450             | 0.0450             |
| Broad & Gales Creek                | 0.0200             | 0.0200             | 0.0200             | 0.0275             | 0.0200             | 0.0200             | 0.0200             | 0.0200             | 0.0200             | 0.0200             |
| Cape Carteret                      | 0.0200             | 0.0100             | 0.0200             | 0.0200             | 0.0270             | 0.0200             | 0.0250             | 0.0250             | 0.0250             | 0.0250             |
| Mitchell Village <sup>3</sup>      |                    | 0.0300             | 0.0300             | 0.0200             | 0.0200             | 0.0200             | 0.0400             | 0.0400             | 0.0400             | 0.0400             |
| Otway <sup>4</sup>                 |                    |                    | 0.0300             | 0.0300             | 0.0300             | 0.0300             | 0.0300             | 0.0300             | 0.0300             | 0.0300             |
| Sea Level                          | 0.0300             | 0.0300             | 0.0400             | 0.0500             | 0.0500             | 0.0700             | 0.0700             | 0.0700             | 0.0700             | 0.0900             |

**Notes:** 1 First Year Tax District 1997  
2 First Year Tax District 1998  
3 First Year Tax District 1990  
4 First Year Tax District 1991

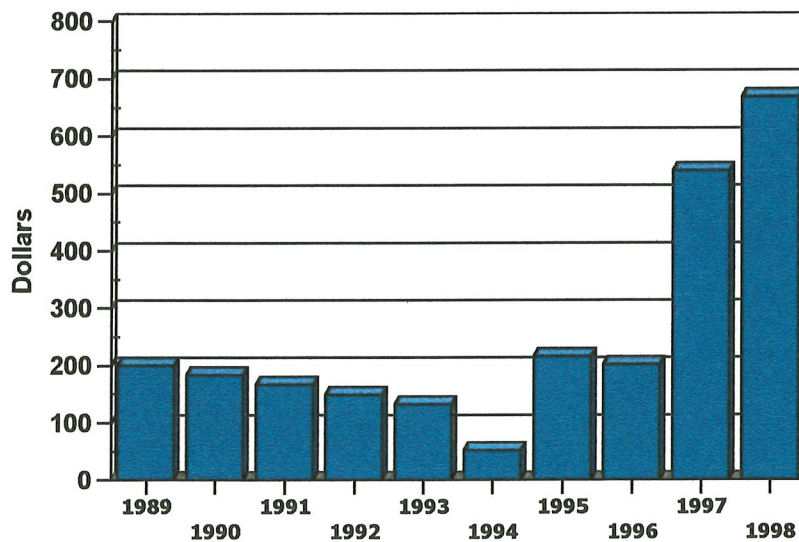
***Carteret County, North Carolina***  
***Ratio of General Obligation Debt to Assessed Value***  
***& General Obligation Bonded Debt Per Capita***  
***Last Ten Fiscal Years***

Table 7

| <b><i>Fiscal Year<br/>Ended June 30,</i></b> | <b><i>Assessed Value</i></b> | <b><i>Net General<br/>Obligation<br/>Bonded Debt</i></b> | <b><i>Ratio of net<br/>General<br/>Obligation<br/>Bonded Debt to<br/>Assessed Value</i></b> | <b><i>Population<sup>(1)</sup></i></b> | <b><i>Net General<br/>Obligation<br/>Bonded Debt<br/>Per Capita</i></b> |
|--|------------------------------|--|---|--|---|
| 1989   | \$1,928,759,274              | \$10,353,497   | 0.54%   | 51,595                                 | \$200.67  |
| 1990   | 3,162,847,844                | 9,685,837  | 0.31%   | 52,553                                 | 184.31  |
| 1991   | 3,239,325,880                | 8,977,177  | 0.28%   | 53,732                                 | 167.07  |
| 1992   | 3,306,689,039                | 8,245,517  | 0.25%   | 55,086                                 | 149.68  |
| 1993   | 3,373,785,512                | 7,488,857  | 0.22%   | 56,533                                 | 132.47  |
| 1994   | 3,488,056,087                | 3,011,197  | 0.09%   | 57,750                                 | 52.14   |
| 1995   | 3,548,644,879                | 12,540,537   | 0.35%   | 57,997                                 | 216.23  |
| 1996   | 3,647,582,648                | 11,769,877   | 0.32%   | 58,385                                 | 201.59  |
| 1997   | 3,781,043,111                | 32,025,550   | 0.85%   | 59,370                                 | 539.42  |
| 1998   | 5,248,257,973                | 39,900,000   | 0.08%   | 59,725                                 | 668.06  |

Notes: (1) NC Office of State Planning

### Net G. O. Bonded Debt Per Capita



***Carteret County, North Carolina***  
***Computation of Legal Debt Margin***  
***June 30, 1998***

**Table 8**

|   |               |                        |
|---|---------------|------------------------|
| Assessed Values of Property                   |               | <u>\$5,248,257,973</u> |
| Debt Limit 8 percent of Assessed Value        |               | 419,860,638            |
| Gross Debt:                                   |               |                        |
| Total Bonded Debt                             | \$39,900,000  |                        |
| Capital Leases                                | <u>93,454</u> |                        |
| Total Amount of Debt Applicable to Debt Limit |               | <u>39,993,454</u>      |
| Legal Debt Margin                             |               | <u>\$379,867,184</u>   |

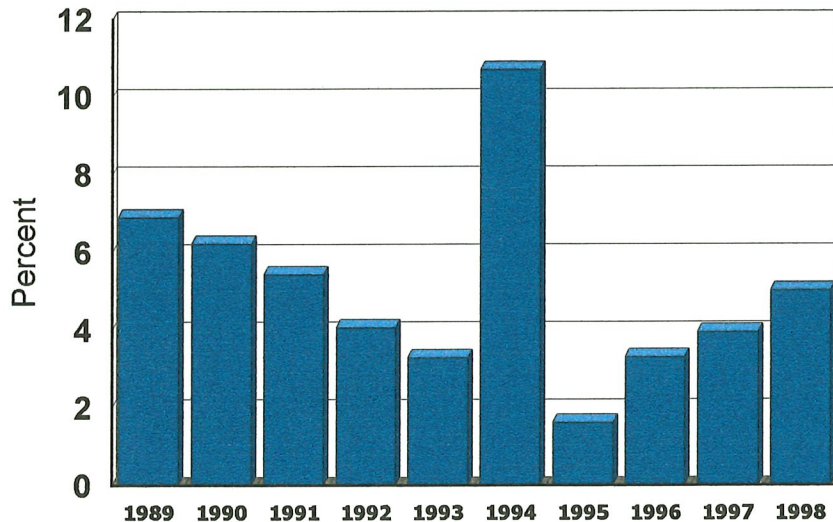
**Carteret County, North Carolina**  
**Ratio of Annual Debt Service Expenditures for General Obligation**  
**Bonded Debt to Total General Governmental Expenditures<sup>(3)</sup>**  
**Last Ten Fiscal Years**

Table 9

| <u>Fiscal Year</u><br><u>Ended June 30,</u> | <u>Principal</u>         | <u>Interest</u><br><u>on Bonds</u> | <u>Total Debt</u><br><u>Service<sup>(2)</sup></u> | <u>Total General</u><br><u>Governmental</u><br><u>Expenditures<sup>(3)</sup></u> | <u>Debt Service to</u><br><u>Total General</u><br><u>Governmental</u><br><u>Expenditures</u> |
|---|--------------------------|------------------------------------|---|--|--|
| 1989  | \$642,662                | \$829,390                          | \$1,472,052                                       | \$21,315,911   | 6.91%  |
| 1990  | 667,660                  | 785,891                            | 1,453,551   | 23,301,444   | 6.24%  |
| 1991  | 708,660                  | 746,420                            | 1,455,080   | 26,674,608   | 5.45%  |
| 1992  | 731,660                  | 694,953                            | 1,426,613   | 34,995,640   | 4.08%  |
| 1993  | 756,660                  | 629,474                            | 1,386,134   | 41,981,548   | 3.30%  |
| 1994  | 4,477,660 <sup>(1)</sup> | 406,994                            | 4,884,654   | 45,548,405   | 10.72%   |
| 1995  | 470,660                  | 197,539                            | 668,199   | 40,868,577   | 1.63%  |
| 1996  | 770,660                  | 699,247                            | 1,469,907   | 44,256,890   | 3.32%  |
| 1997  | 744,327                  | 1,220,106                          | 1,964,433   | 49,640,221   | 3.96%  |
| 1998  | 1,275,550                | 1,743,071                          | 3,018,621   | 60,024,555   | 5.03%  |

- Notes: (1) This figure includes the retirement of \$4,007,000 Hospital Facilities Bonds. The funds to make this final payment came from Carteret General Hospital.  
(2) This figure includes total debt service for general obligation bonded debt.  
(3) Includes General, Special Revenue, and Capital Projects Funds.

**Ratio of Debt Service to Total General Governmental Expenditures**



***Carteret County, North Carolina***  
***Computation of Direct and Underlying Debt***  
***General Obligation Bonds***  
***June 30, 1998***

**Table 10**

|                           | <b><i><u>Net General<br/>Obligation<br/>Bonded Debt</u></i></b> | <b><i><u>Percent<br/>Applicable<br/>to County</u></i></b> | <b><i><u>Amount<br/>Applicable<br/>to County</u></i></b> |
|---------------------------|---|---|--|
| <b><i>Direct</i></b>      |   |   |  |
| Carteret County           | \$39,900,000  | 100.00%   | \$39,900,000   |
| <b><i>Underlying</i></b>  |   |   |  |
| Town of Beaufort          | 1,337,400   | 100.00%   | 1,337,400  |
| Town of Atlantic Beach    | 2,166,992   | 100.00%   | 2,166,992  |
| Town of Newport           | 516,200   | 100.00%   | 516,200  |
| Town of Pine Knoll Shores | 189,000   | 100.00%   | 189,000  |
| Town of Morehead City     | <u>8,792,415</u>  | 100.00%   | <u>8,792,415</u>   |
|                           | <u>\$52,902,007</u>   |   | <u>\$52,902,007</u>                                      |

***Carteret County, North Carolina***  
***Demographic Statistics***  
***Last Ten Fiscal Years***

**Table 11**

| <u><i>Fiscal Year</i></u> | <u><i>Population<sup>(1)</sup></i></u> | <u><i>Per Capita<br/>Income<sup>(2)</sup></i></u> | <u><i>Unemployment<br/>Rate<sup>(3)</sup></i></u> | <u><i>Public School<br/>Enrollment<sup>(4)</sup></i></u> |
|---------------------------|--|---|---|--|
| 1989                      | 51,595                                 | \$13,571  | 4.14%   | 7,676  |
| 1990                      | 52,553                                 | 14,419  | 4.55%   | 7,784  |
| 1991                      | 53,732                                 | 14,580  | 6.26%   | 7,839  |
| 1992                      | 55,086                                 | 15,405  | 6.88%   | 7,977  |
| 1993                      | 56,533                                 | 15,642  | 6.40%   | 8,032  |
| 1994                      | 57,750                                 | 16,392  | 5.44%   | 7,986  |
| 1995                      | 57,997                                 | 17,924  | 5.69%   | 8,116  |
| 1996                      | 58,385                                 | 20,003  | 5.20%   | 8,259  |
| 1997                      | 59,370                                 | 20,901  | 3.20%   | 8,176  |
| 1998                      | 59,725                                 | 21,537  | 3.00%   | 8,507  |

**Data Sources:**

- (1) North Carolina Office of State Planning
- (2) Economic Development Council
- (3) North Carolina Employment Security Commission
- (4) Carteret County Board of Education

***Carteret County, North Carolina***  
***Ten Largest Taxpayers***  
***June 30, 1998***

**Table 12**

| <u><i>Taxpayer</i></u>         | <u><i>Type of Business</i></u> | <u><i>1998 Assessed<br/>Valuation</i></u> | <u><i>Percentage of<br/>Total Assessed<br/>Valuation</i></u> |
|--------------------------------|--------------------------------|---|--|
| Open Grounds Farm, Inc.        | Farming                        | \$43,692,707                              | 0.80%  |
| Carolina Telephone             | Utility                        | 33,943,619                                | 0.64%  |
| Carteret Craven EMC            | Utility                        | 28,844,973                                | 0.55%  |
| Carolina Power & Light Company | Utility                        | 26,194,068                                | 0.50%  |
| Atlantic Veneer Corp           | Manufacture                    | 15,786,381                                | 0.30%  |
| Atlantic Beach Hotel LTD       | Sheraton Hotel                 | 15,024,754                                | 0.29%  |
| Wellons Calvin G et ux Jean R. | Real Estate Development        | 13,858,584                                | 0.26%  |
| Canal Land Limited             | Real Estate Investment         | 11,955,932                                | 0.23%  |
| Holz, Paxon M./ Marital Trust  | Real Estate Development        | <u>10,594,779</u>                         | 0.20%  |
|                                |                                | <u>\$199,895,797</u>                      | <u>3.77%</u>   |

Source: Carteret County Tax Assessor

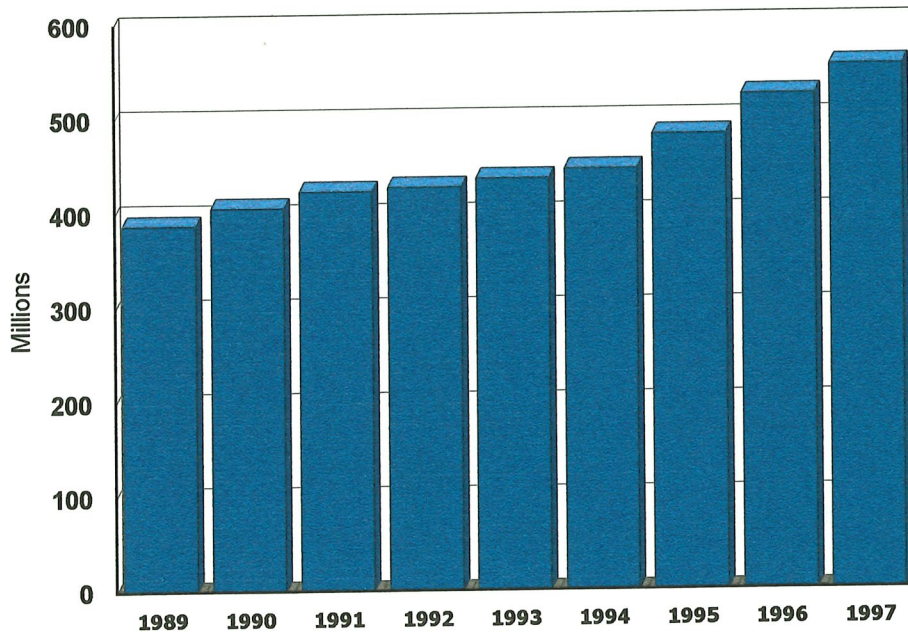
**Carteret County, North Carolina**  
**Property Value, Construction, & Bank Deposits**  
**Last Ten Fiscal Years**

Table 13

| <u>Fiscal Year<br/>Ended June 30,</u> | <u>Property Value</u> | <u>Construction<sup>(2)</sup><br/>Number of<br/>Permits Issued</u> | <u>Construction Value</u> | <u>Bank Deposits<sup>(1)</sup></u> |
|---------------------------------------|-----------------------|--|---------------------------|------------------------------------|
| 1989                                  | 1,928,759,274         | *  | *                         | 388,911,000                        |
| 1990                                  | 3,162,847,844         | *  | *                         | 407,333,000                        |
| 1991                                  | 3,239,325,880         | 1,144  | 22,321,760                | 423,815,000                        |
| 1992                                  | 3,306,689,039         | 2,147  | 25,470,630                | 428,514,000                        |
| 1993                                  | 3,373,785,512         | 1,870  | 29,997,950                | 437,150,000                        |
| 1994                                  | 3,488,056,087         | 2,169  | 40,982,172                | 446,743,000                        |
| 1995                                  | 3,548,644,879         | 2,930  | 27,453,693                | 482,619,000                        |
| 1996                                  | 3,647,582,648         | 3,153  | 35,647,790                | 523,958,000                        |
| 1997                                  | 3,781,043,111         | 3,275  | 40,265,512                | 555,039,000                        |
| 1998                                  | 4,766,218,560         | 3,619  | 54,069,500                | *                                  |

Notes: \* Not Available  
 (1) North Carolina State Banking Commission  
 (2) Carteret Count Planning Department

## Bank Deposits



**Carteret County, North Carolina**  
**Miscellaneous Statistics**  
**June 30, 1998**

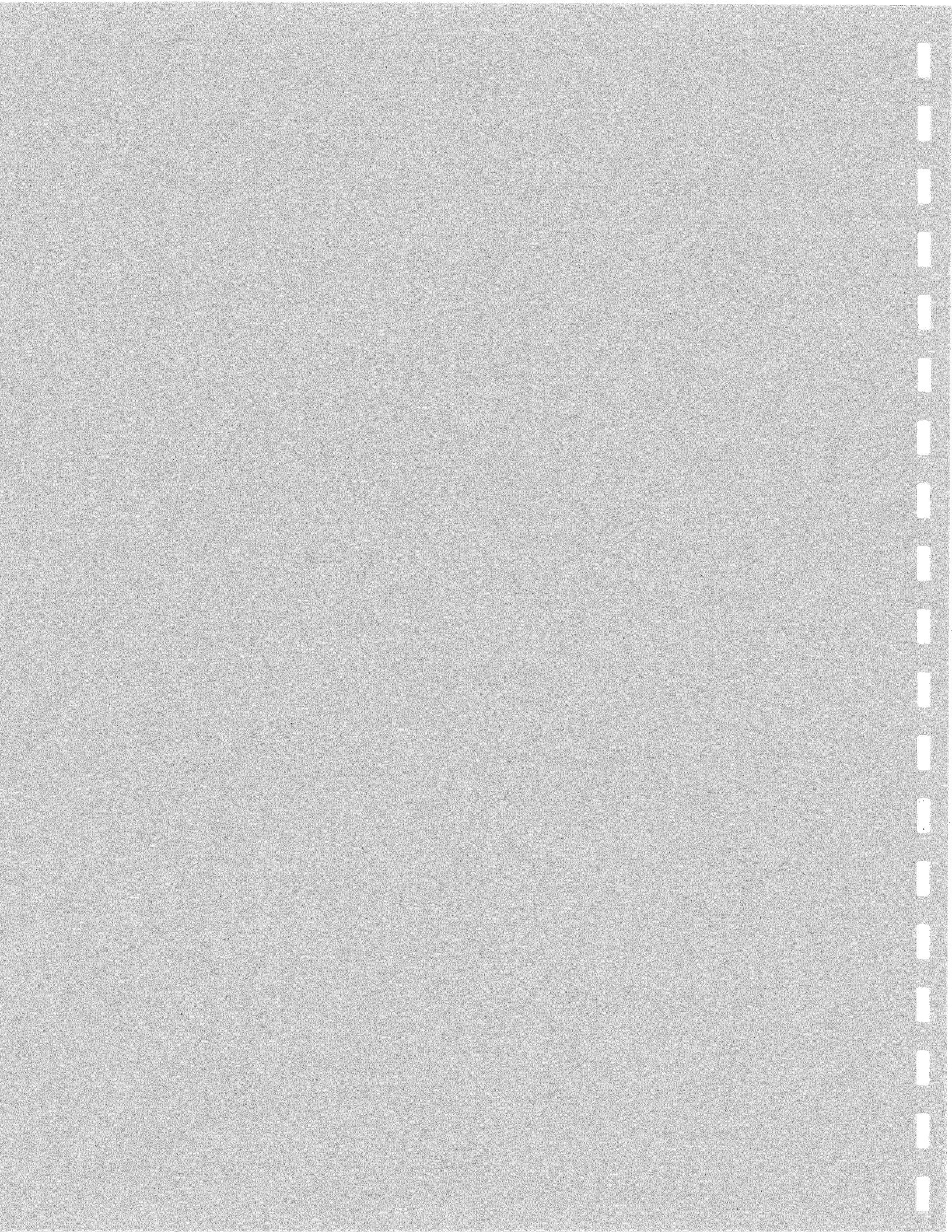
**Table 14**

|  |                        |
|--|------------------------|
| <b>Date of Establishment</b>   | 1722                   |
| <b>Form of Government</b>  | Commission-Manager     |
| <b>Area</b>  | 526 Square Miles       |
| <b>Carteret County Facilities and Services:</b>                      |                        |
| <i>Fire Protection:</i>  |                        |
| Number of stations   | 24                     |
| Number of firemen and officers                                       | 615                    |
| Number of calls answered   | 1,850                  |
| Number of inspections conducted                                      | 3,025                  |
| <i>Police Protection:</i>  |                        |
| Number of stations   | 1                      |
| Number of deputies and officers                                      | 50                     |
| Number of patrol units   | 20                     |
| <i>Inspections:</i>  |                        |
| Number of building permits issued <sup>(1)</sup>                     | 3,619                  |
| <i>Cultural and Recreational:</i>                                    |                        |
| Number of parks  | 5 with 130 total acres |
| Number of public beach accesses/ boat ramps                          | 6                      |
| <b>Facilities and Services not included in primary government:</b>   |                        |
| <i>Hospitals<sup>(2)</sup>:</i>                                      |                        |
| Number of hospitals  | 1                      |
| Number of patients beds  | 117                    |
| <b>Facilities and Services not included in the reporting entity:</b> |                        |
| <i>Education<sup>(3)</sup>:</i>                                      |                        |
| Number of schools  | 14                     |
| Number of teachers   | 625                    |
| Number of students   | 8,553                  |
| <i>Cultural and Recreational<sup>(4)</sup>:</i>                      |                        |
| Number of libraries  | 3                      |
| Number of volumes  | 75,000                 |

Sources:

- (1) Permits issued for fiscal year 1997-98
- (2) Carteret General Hospital
- (3) Carteret County Board of Education
- (4) Carteret County Library

# COMPLIANCE





**McGLADREY & PULLEN, LLP**

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of County Commissioners  
Carteret County, North Carolina

We have audited the general purpose financial statements of Carteret County, North Carolina, as of and for the year ended June 30, 1998, and have issued our report thereon dated September 11, 1998. We did not audit the financial statements of Carteret General Hospital Corporation, Beaufort-Morehead City Airport Authority, Carteret County Alcoholic Beverage Control Board, and Carteret County Tourism Development Bureau. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for Carteret General Hospital Corporation, Beaufort-Morehead City Airport Authority, Carteret County Alcoholic Beverage Control Board, and Carteret County Tourism Development Bureau, is based solely on the reports of the other auditors. Except as noted in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The financial statements of Carteret General Hospital Corporation and Carteret County Alcoholic Beverage Control Board were not audited in accordance with the standards applicable to financial audits contained in Government Auditing Standards and, accordingly, this report does not extend to these component units. Our audit, described below, also did not include the operations of Beaufort-Morehead City Airport Authority and Carteret County Tourism development Bureau because these component units engaged other auditors to perform an audit in accordance with the standards applicable to financial audits contained in Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether Carteret County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carteret County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted other matters involving the internal control over financial reporting that we have reported to management of Carteret County in a separate letter dated September 11, 1998.

This report is intended for the information of the county commissioners, management, the cognizant audit agencies and other federal and State awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*McGladrey & Pullen, LLP*

Morehead City, North Carolina  
September 11, 1998



**McGLADREY & PULLEN, LLP**

**Certified Public Accountants and Consultants**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of County Commissioners  
Carteret County, North Carolina

Scope of the Report

Carteret County's general purpose financial statements include the operations of Carteret General Hospital Corporation, Carteret County Alcoholic Beverage Control Board (ABC Board), Beaufort-Morehead City Airport Authority, and Carteret County Tourism Development Bureau, which are discretely presented component units of Carteret County. The financial statements of Carteret General Hospital Corporation and ABC Board were not audited in accordance with Government Auditing Standards, OMB Circular A-133, or the State Single Audit Implementation Act. The financial statements of Beaufort-Morehead City Airport Authority and Carteret County Tourism Development Bureau were audited in accordance with Government Auditing Standards, but not in accordance with OMB Circular A-133 or the State Single Audit Implementation Act. Therefore, our audit, described below, does not extend to any of the County's discretely presented component units.

Compliance

We have audited the compliance of Carteret County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 1998. Carteret County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Carteret County's management. Our responsibility is to express an opinion on Carteret County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carteret County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Carteret County's compliance with those requirements.

In our opinion, Carteret County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

The management of Carteret County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Carteret County's internal control over compliance with requirements that could have a direct and material effect on its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the county commissioners, management, and federal agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*McGladrey & Pullen, LLP*

Morehead City, North Carolina  
September 11, 1998



**McGLADREY & PULLEN, LLP**

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB  
CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of County Commissioners  
Carteret County, North Carolina

Scope of the Report

Carteret County's general purpose financial statements include the operations of Carteret General Hospital Corporation, Carteret County Alcoholic Beverage Control Board (ABC Board), Beaufort-Morehead City Airport Authority, and Carteret County Tourism Development Bureau, which are discretely presented component units of Carteret County. The financial statements of Carteret General Hospital Corporation and the ABC Board were not audited in accordance with Government Auditing Standards, applicable sections of OMB Circular A-133 or the State Single Audit Implementation Act. The financial statements of Beaufort-Morehead City Airport Authority and Carteret County Tourism Development Bureau were audited in accordance with Government Auditing Standards, but not in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act. Therefore, our audit, described below, does not extend to any of the County's discretely presented component units.

Compliance

We have audited the compliance of Carteret County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 1998. Carteret County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Carteret County's management. Our responsibility is to express an opinion on the Carteret County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina; and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Carteret County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Carteret County's compliance with those requirements.

In our opinion, Carteret County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 1998.

Internal Control Over Compliance

The management of Carteret County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Carteret County's internal control over compliance with requirements that could have a direct and material effect on its major State programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the county commissioners, management, and State awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*McGladrey & Pullen, LLP*

Morehead City, North Carolina  
September 11, 1998

**CARTERET COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ending June 30, 1998**

**Section 1. Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes                        X   no
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes                        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes                        X   no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes                        X   no
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes                        X   none reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

\_\_\_\_\_ yes                        X   no

Identification of major federal programs:

| <u>Program Name</u>                     | <u>CFDA</u>   |
|---|---------------|
| Medical Assistance                      | 93.778        |
| Temporary Assistance for Needy Families | 93.558        |
| Foodstamp Program Cluster               | 10.551/10.561 |

CARTERET COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ending June 30, 1998

Dollar threshold used to distinguish  
between Type A and Type B Programs \$ 787,963

Auditee qualified as low-risk auditee? X yes        no

State Awards

Internal control over major State programs:

- Material weakness(es) identified?        yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses?        yes X none reported

Noncompliance material to State awards?        yes X no

Type of auditor's report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?        yes X no

Identification of major State programs:

| <u>Program Name</u>             | <u>Grant #</u> |
|---------------------------------|----------------|
| State/County Special Assistance | N/A            |
| Public School Bond Fund         | N/A            |

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**Section 2. Financial Statement Findings**

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None reported

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**Section 3. Federal Award Findings and Questioned Costs**

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None reported

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**Section 4. State Award Findings and Questioned Costs**

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None reported

**CARTERET COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 1998**

No corrective action plan is required for the current year.

**CARTERET COUNTY, NORTH CAROLINA  
STATUS OF PRIOR YEAR FINDINGS  
For the Year Ended June 30, 1998**

**Compliance Findings:           None**

**Internal Control Findings:   None**

**CARTERET COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 1998**

(Page 1 of 5)

|  | CFDA<br>Number | Grantor's<br>Number | Expenditures     |       |                |
|--|----------------|---------------------|------------------|-------|----------------|
|  |                |                     | Federal          | State | Local          |
| <b>U.S. Department of Agriculture:</b>                 |                |                     |                  |       |                |
| Passed through NC Department of Agriculture:           |                |                     |                  |       |                |
| Administered by County Finance Department              |                |                     |                  |       |                |
| Soil and water conservation                            |                |                     |                  |       |                |
|  | 10.550         |                     | \$ 13,406        | \$ -  | \$ 46,493      |
| Passed through State of North Carolina Neuse River     |                |                     |                  |       |                |
| Council of Government:                                 |                |                     |                  |       |                |
| Administered by Coastal Community Action               |                |                     |                  |       |                |
| USDA Supplement  |                |                     |                  |       |                |
|  | 10.570         |                     | 12,561           | -     | 12,561         |
|  |                |                     | <u>25,967</u>    | -     | <u>59,054</u>  |
| Passed through NC Department of Health and             |                |                     |                  |       |                |
| Human Services:  |                |                     |                  |       |                |
| Division of Women and Children:                        |                |                     |                  |       |                |
| Administered by County Health Department:              |                |                     |                  |       |                |
| Special Supplemental Food Program for                  |                |                     |                  |       |                |
| Women, Infants, and Children:                          |                |                     |                  |       |                |
| Benefit Payments                                       |                |                     |                  |       |                |
|  | 10.557         | 975405025           | 670,751          | -     | -              |
| Administration   |                |                     |                  |       |                |
|  | 10.557         | 975405025           | 152,959          | -     | 446            |
|  |                |                     | <u>823,710</u>   | -     | <u>446</u>     |
| Passed through NC Department of Health and             |                |                     |                  |       |                |
| Human Services:  |                |                     |                  |       |                |
| Division of Social Services:                           |                |                     |                  |       |                |
| Administered by County Department of Social Services:  |                |                     |                  |       |                |
| Food Stamp Cluster                                     |                |                     |                  |       |                |
| State Administrative Matching Grants for               |                |                     |                  |       |                |
| the Food Stamp Program                                 |                |                     |                  |       |                |
|  | 10.561         |                     | 222,906          | -     | 222,906        |
| Benefit payments                                       |                |                     |                  |       |                |
|  | 10.551         |                     | 2,284,496        | -     | -              |
|  |                |                     | <u>2,507,402</u> | -     | <u>222,906</u> |
| <b>Total US Department of Agriculture</b>              |                |                     | <u>3,357,079</u> | -     | <u>282,406</u> |
| <b>US Department of Housing and Urban Development:</b> |                |                     |                  |       |                |
| Passed through NC Department of Commerce:              |                |                     |                  |       |                |
| Administered by the Craven County Planning Department: |                |                     |                  |       |                |
| Community Development Block Grant-State Program        |                |                     |                  |       |                |
|  | 14.228         | 97-C-0309           | 17,295           | -     | 6,532          |
| <b>US Department of Interior:</b>                      |                |                     |                  |       |                |
| Direct program:  |                |                     |                  |       |                |
| Administered by County Finance Department:             |                |                     |                  |       |                |
| National Forest, Public Schools                        |                |                     |                  |       |                |
|  | 15.225         |                     | 53,193           | -     | -              |
| <b>US Department of Transportation:</b>                |                |                     |                  |       |                |
| Passed through NC Department of Transportation:        |                |                     |                  |       |                |
| Administered by County Finance Department:             |                |                     |                  |       |                |
| Elderly and Disabled Transportation Assistance Program |                |                     |                  |       |                |
|  | 20.509         |                     | 62,062           | -     | 52,527         |

**CARTERET COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 1998**

(Page 2 of 5)

|  | CFDA<br>Number | Grantor's<br>Number | Expenditures     |                |                |
|--|----------------|---------------------|------------------|----------------|----------------|
|  |                |                     | Federal          | State          | Local          |
| <b>Federal Emergency Management Agency:</b>                            |                |                     |                  |                |                |
| Passed through NC Department of Crime Control and<br>Public Safety:    |                |                     |                  |                |                |
| Administered by County Department of Emergency<br>Management:          |                |                     |                  |                |                |
| Civil Defense - State and Local  |                |                     |                  |                |                |
| Emergency Management Assistance  | 83.503         | EM-PA97-025-024     | \$ 5,944         | \$ -           | \$ 25,203      |
| Administered by Carteret County Finance Office:                        |                |                     |                  |                |                |
| State and Local Emergency Management Assistance                        | 83.503         |                     | 138,278          | 15,364         | 97,953         |
| <b>Total Federal Emergency Management Agency</b>                       |                |                     | <b>144,222</b>   | <b>15,364</b>  | <b>123,156</b> |
| <b>US Department of Health and Human Services:</b>                     |                |                     |                  |                |                |
| Passed through NC Department of Health and Human Services:             |                |                     |                  |                |                |
| Division of Social Services:   |                |                     |                  |                |                |
| Administered by Carteret County Department of<br>Social Services:      |                |                     |                  |                |                |
| TANF Administration  | 93.558         |                     | 89,238           | 29,194         | 42,348         |
| TANF Benefit Payments  | 93.558         |                     | 1,496,511        | 317,208        | 60,932         |
| TANF Emergency Assistance  | 93.558         |                     | 29,936           | 29,936         | -              |
| TANF EA CPS  | 93.558         |                     | 79,789           | 39,894         | 39,894         |
| Work First Administration  | 93.558         |                     | 16,105           | 58,629         | 294,260        |
| Work First Service   | 93.558         |                     | 129,721          | 472,229        | -              |
|  |                |                     | <u>1,841,300</u> | <u>947,090</u> | <u>437,434</u> |
| Job IV-D   | 93.563         |                     | 632              | 325            | -              |
| Job IV-F   | 93.561         |                     | -                | 150            | -              |
|  |                |                     | <u>632</u>       | <u>475</u>     | <u>-</u>       |
| Passed through NC Department of Economic and<br>Community Development: |                |                     |                  |                |                |
| Administered by County Department of Social Services:                  |                |                     |                  |                |                |
| Low Income Home Energy Assistance:                                     |                |                     |                  |                |                |
| Benefit payments   | 93.568         |                     | 57,050           | -              | -              |
| Administration   | 93.568         |                     | 9,959            | -              | -              |
| Crisis Intervention payments   | 93.568         |                     | 29,003           | -              | -              |
|  |                |                     | <u>96,012</u>    | <u>-</u>       | <u>-</u>       |
| Passes through NC Department of Health and Human Services:             |                |                     |                  |                |                |
| Division of Child Development:   |                |                     |                  |                |                |
| Community Care Development Block Grant                                 | 93.575         |                     | 154,708          | 135,602        | 26,685         |
| Division of Aging:   |                |                     |                  |                |                |
| Passed through Neuse River Council of Governments:                     |                |                     |                  |                |                |
| Administered by Coastal Community Action:                              |                |                     |                  |                |                |
| Congregate Meals (Aging Cluster)                                       | 93.045         |                     | 24,592           | 25,959         | 50,551         |
| Home Delivered (Aging Cluster)   | 93.045         |                     | 12,138           | 15,297         | 27,435         |
|  |                |                     | <u>36,730</u>    | <u>41,256</u>  | <u>77,986</u>  |

**CARTERET COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 1998**

(Page 3 of 5)

|  | CFDA<br>Number | Grantor's<br>Number | Expenditures      |                   |                  |
|--|----------------|---------------------|-------------------|-------------------|------------------|
|  |                |                     | Federal           | State             | Local            |
| Administered by Carteret County Department of Social Services: |                |                     |                   |                   |                  |
| In home services 90% State Funds                               |                |                     | \$ -              | \$ 132,104        | \$ 132,104       |
| In home level III B (Aging Cluster)                            | 93.044         |                     | 60,482            | 3,558             | 64,040           |
| In home level III D  | 93.046         |                     | 796               | 47                | 843              |
|  |                |                     | <u>61,278</u>     | <u>135,709</u>    | <u>196,987</u>   |
| Permanency Planning:   |                |                     |                   |                   |                  |
| Regular  | 93.645         |                     | 14,037            | 4,679             | -                |
| Adoption subsidy   | 93.645         |                     | 1,350             | 3,667             | 1,672            |
|  |                |                     | <u>15,387</u>     | <u>8,346</u>      | <u>1,672</u>     |
| Title IV-E Foster Care:  |                |                     |                   |                   |                  |
| Administration   | 93.658         |                     | 35,247            | 35,247            | -                |
| Foster Care payments   | 93.658         |                     | 47,023            | 14,628            | 7,405            |
|  |                |                     | <u>82,270</u>     | <u>49,875</u>     | <u>7,405</u>     |
| Title IV-E adoption subsidy                                    | 93.659         |                     | <u>33,385</u>     | <u>9,800</u>      | <u>9,800</u>     |
| Division of Social Services:                                   |                |                     |                   |                   |                  |
| Administered by County Department of Social Services:          |                |                     |                   |                   |                  |
| Social Services Block Grant:                                   |                |                     |                   |                   |                  |
| Family Planning:   |                |                     |                   |                   |                  |
| Other Services and Training                                    | 93.667         |                     | 177,626           | -                 | 255,016          |
| In-home Services   | 93.667         |                     | 30,399            | 450               | 18,294           |
|  |                |                     | <u>208,025</u>    | <u>450</u>        | <u>273,310</u>   |
| Passed through NC Department of Health and Human Services:     |                |                     |                   |                   |                  |
| Division of Medical Assistance:                                |                |                     |                   |                   |                  |
| Administered by County Department of Social Services:          |                |                     |                   |                   |                  |
| Independent Living   | 93.674         |                     | <u>120,211</u>    | -                 | -                |
| Medical Assistance:  |                |                     |                   |                   |                  |
| Benefit payments   | 93.778         |                     | 19,565,922        | 9,626,553         | 1,566,939        |
| Administration   | 93.778         |                     | 415,721           | 13,812            | 401,908          |
|  |                |                     | <u>19,981,643</u> | <u>9,640,365</u>  | <u>1,968,847</u> |
| <b>Total US Department of Health and Human Services</b>        |                |                     | <u>22,631,581</u> | <u>10,968,968</u> | <u>3,000,126</u> |

**STATE ASSISTANCE**

**NC Department of Health and Human Services:**

Division of Youth Services:

Community based Alternatives:

Administered by County Department of Social Services:

A.N.C.H.O.R.

- 38,115 -

Administered by County Finance Department:

Services for Court Referrals

825041 - 7,688 -

Juvenile Restitution Fund

825181 - 38,118 -

Passed through County Finance Department:

Empowerment

825002 - 18,500 -

4-H

825000 - 250 -

Family Resource Center

- 38,625 -

- 141,296 -

**CARTERET COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 1998**

(Page 4 of 5)

|   | CFDA<br>Number | Grantor's<br>Number | Expenditures |            |            |
|---|----------------|---------------------|--------------|------------|------------|
|   |                |                     | Federal      | State      | Local      |
| <b>Division of Social Services:</b>                             |                |                     |              |            |            |
| Administered by County Department of Social Services:           |                |                     |              |            |            |
| State/County Special Assistance Benefit payments                |                |                     | \$ -         | \$ 308,878 | \$ 304,596 |
| Energy Assistance, Carolina Power & Light Project               |                |                     | -            | 3,313      | -          |
| Aid to Counties   |                |                     | -            | 41,882     | -          |
| State Foster Home   |                |                     | -            | 29,578     | 29,578     |
|   |                |                     | -            | 383,651    | 334,174    |
| <b>Health Divisions:</b>  |                |                     |              |            |            |
| Administered by County Health Department:                       |                |                     |              |            |            |
| Maternal Health   |                | 975101065           | -            | 47,576     | 110,210    |
| Aids/Community Testing  |                | 974545065           | -            | 14,847     | 2,030      |
| Tuberculosis  |                | 974551065           | -            | 13,647     | 38         |
| Child Health  |                | 975351065           | -            | 53,701     | 22,189     |
| Hypertension  |                | 975504065           | -            | 14,990     | 18,323     |
| Health Promotion  |                | 975504065           | -            | 21,341     | -          |
| Environmental Health  |                | 974751065           | -            | 10,947     | 634,143    |
| Child Care Coordination   |                | 975356065           | -            | 31,802     | 105,781    |
| Cancer/Glaucoma/Diabetes  |                |                     | -            | 11,386     | 8,196      |
| Kidney  |                |                     | -            | 9,164      | -          |
| Breast/Cervical Cancer  |                |                     | -            | 22,315     | 9,402      |
| Communicable Disease Prevention                                 |                |                     | -            | 56,330     | -          |
| Ortho Child Treatment   |                |                     | -            | 2,518      | -          |
| Teen Pregnancy Grant  |                |                     | -            | 42,923     | 4,156      |
| CAMA Minor Permits  |                |                     | -            | 4,590      | -          |
| MHP Ordinance   |                |                     | -            | 2,400      | -          |
| Passed through County Finance Department:                       |                |                     |              |            |            |
| Mosquito Control  |                | 974801025           | -            | 16,159     | -          |
|   |                |                     | -            | 376,636    | 914,468    |
| <b>Total NC Department of Health and Human Services</b>         |                |                     | -            | 901,583    | 1,248,642  |
| <b>NC Department of Environment and Natural Resources:</b>      |                |                     |              |            |            |
| Natural Resources division:                                     |                |                     |              |            |            |
| Passed through County Finance Office:                           |                |                     |              |            |            |
| White Goods Disposal  |                |                     | -            | 44,155     | -          |
| Scrap Tire Disposal   |                |                     | -            | 50,264     | -          |
|   |                |                     | -            | 94,419     | -          |
| <b>Total NC Department of Environment and Natural Resources</b> |                |                     | -            | 94,419     | -          |

**CARTERET COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 1998**

(Page 5 of 5)

|  | CFDA<br>Number | Grantor's<br>Number | Expenditures         |                      |                     |
|--|----------------|---------------------|----------------------|----------------------|---------------------|
|  |                |                     | Federal              | State                | Local               |
| <b>NC Department of Corrections:</b>         |                |                     |                      |                      |                     |
| Administered by the County Finance Office:   |                |                     |                      |                      |                     |
| Criminal Justice Partnership Program         |                | 111011004           | \$ -                 | \$ 81,016            | \$ 12,949           |
| <b>NC Department of Administration:</b>      |                |                     |                      |                      |                     |
| Division of Veterans Affairs:                |                |                     |                      |                      |                     |
| Administered by County Veterans Services:    |                |                     |                      |                      |                     |
| Sexual Assault/Rape Crisis                   |                |                     | -                    | 34,330               | 35,025              |
| Victims of Crime Act                         |                |                     | -                    | 6,071                | -                   |
| Domestic Violence                            |                |                     | -                    | 36,480               | 20,193              |
| Marriage License                             |                |                     | -                    | 16,936               | 4,614               |
| Child Victims                                |                |                     | -                    | 7,097                | 62,258              |
| Veterans Services                            |                |                     | -                    | 2,000                | 84,098              |
| <b>Total NC Department of Administration</b> |                |                     | -                    | <u>102,914</u>       | <u>206,188</u>      |
| <b>NC Department of Public Instruction:</b>  |                |                     |                      |                      |                     |
| Public School Bond Fund                      |                |                     |                      |                      |                     |
| Passed to Carteret County Board of Education |                |                     | -                    | 2,748,297            | -                   |
| <b>NC Department of Commerce:</b>            |                |                     |                      |                      |                     |
| Administered by the County Finance Office:   |                |                     |                      |                      |                     |
| Community Development Assistance             |                |                     | -                    | 35,295               | -                   |
| Total Federal Expenditures                   |                |                     | <u>\$ 26,265,432</u> |                      |                     |
| Total State Expenditures                     |                |                     |                      | <u>\$ 14,965,151</u> |                     |
| Total Local Expenditures                     |                |                     |                      |                      | <u>\$ 4,932,526</u> |

*See Notes to Schedule of Expenditures of Federal and State Awards.*

**CARTERET COUNTY, NORTH CAROLINA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Fiscal Year Ended June 30, 1998**

**Note 1. GENERAL**

The accompanying Schedule of Expenditures of Federal and State Awards represents only the activity of all federal and state financial assistance programs of Carteret County, North Carolina primary government.

**Note 2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's general purpose financial statements, except that benefit payments made by the State of North Carolina directly to eligible program beneficiaries and the value of food stamps and WIC vouchers distributed, which are not included as expenditures in the general purpose financial statements, are included herein.

**Note 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

All federal and state award programs (other than direct benefit payments - see Note 2) are accounted for in the County's governmental funds.

