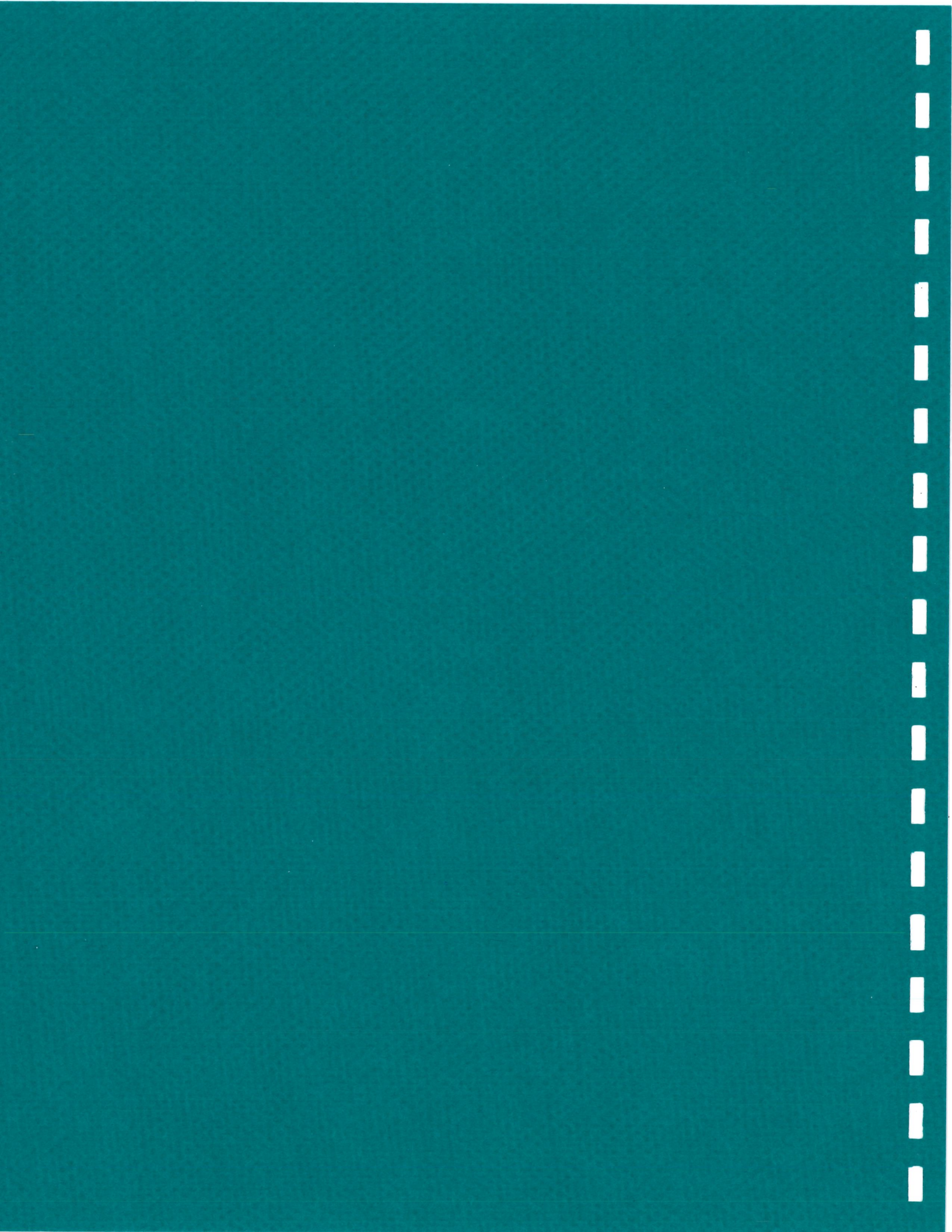


CARTERET COUNTY
NORTH CAROLINA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2001



CARTERET COUNTY
NORTH CAROLINA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2001

Prepared By Finance Department
Dee Harris, Finance Director

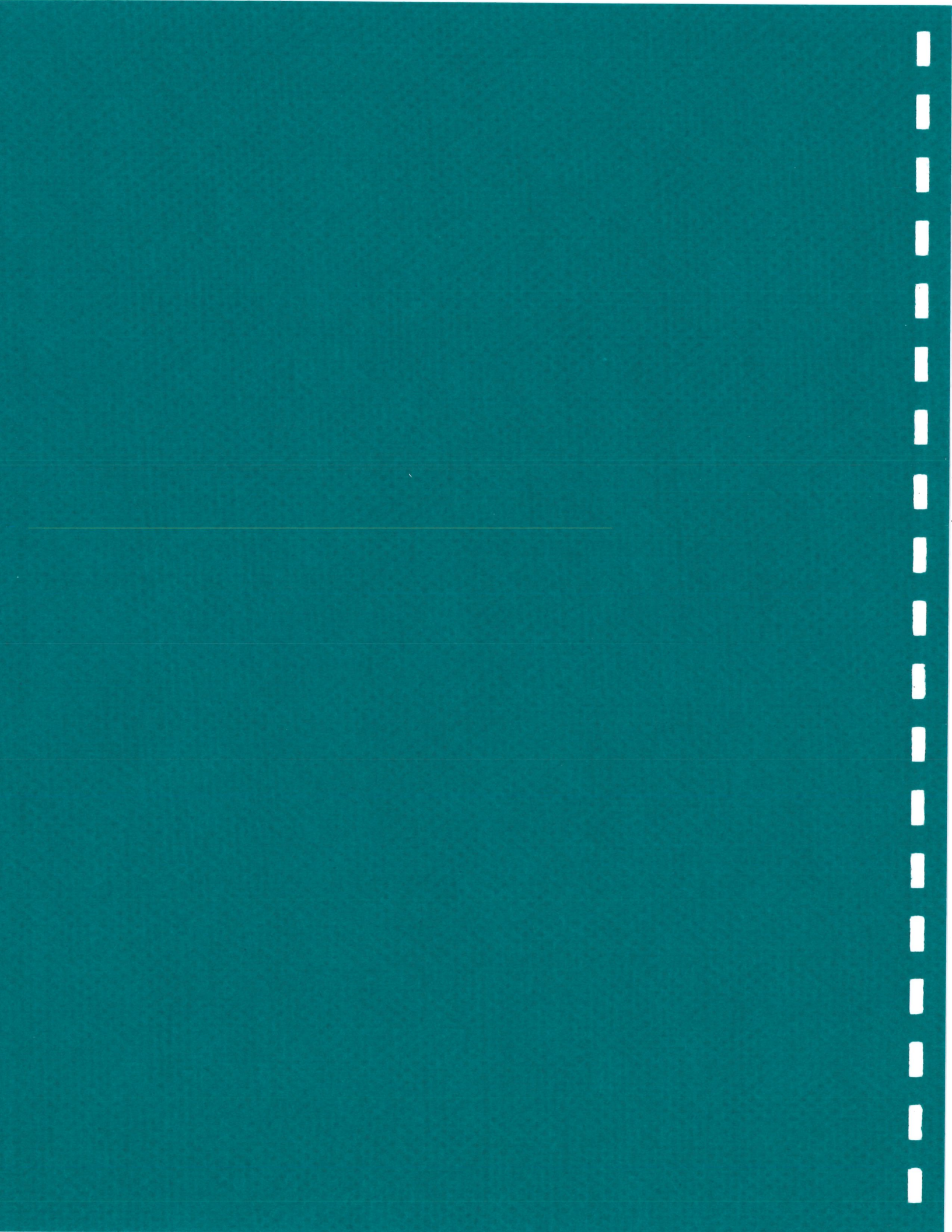


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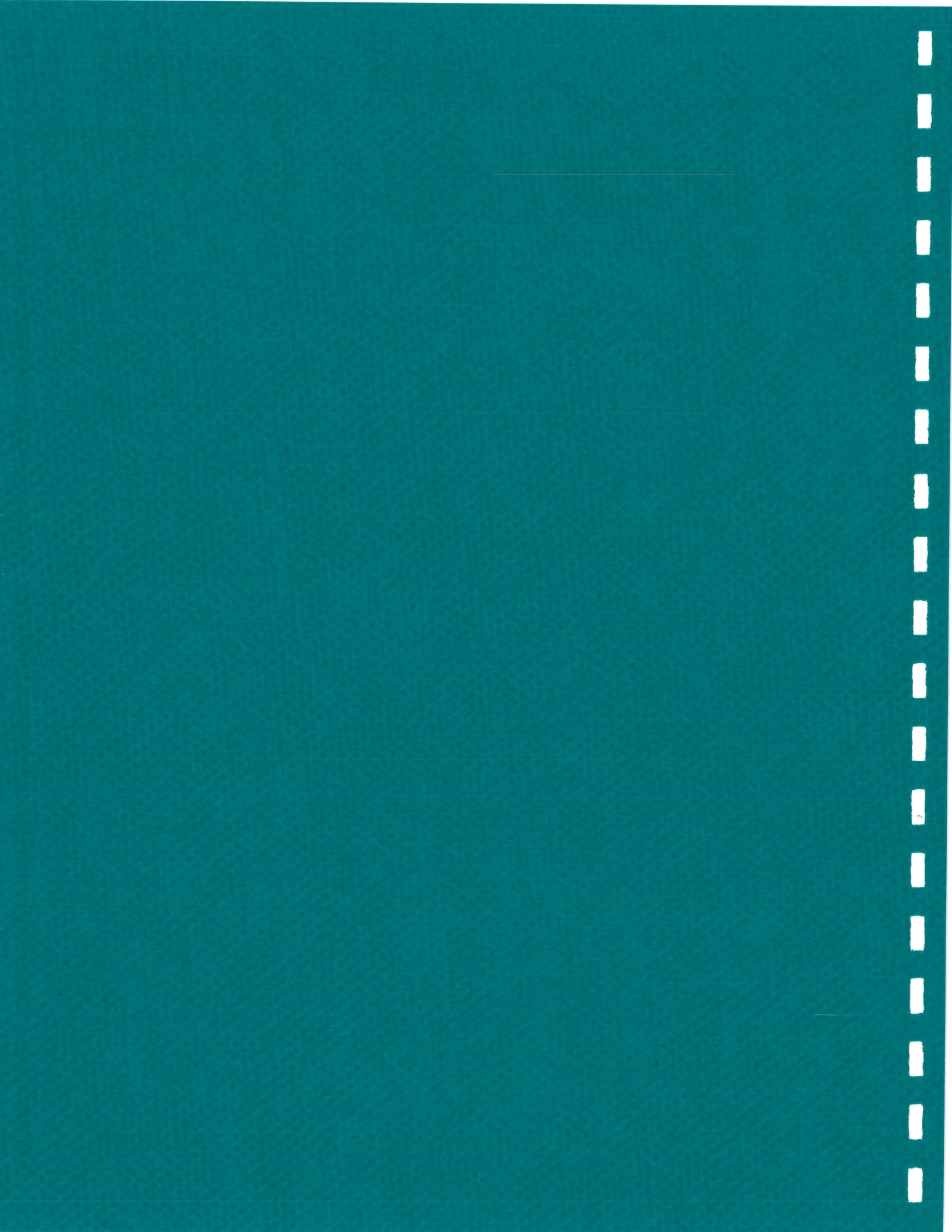
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INTRODUCTION

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



Carteret County Finance

Denise K. Harris, CPA
Finance Director

Tel: (252) 728-8410
Fax: (252) 728-2092



October 22, 2001

To the Citizens of Carteret County:

We are pleased to submit the Carteret County Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001. 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 61,600 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. Eleven 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 boards, 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 its successful transition from a seasonal economy dependent on tourism to a diversified, year-round economy. Annual unemployment average was 4.40% for the County. This is slightly higher than the state average of 4.14%.

Although the tourism industry continues to perform well, with an average annual economic impact of \$210 million, much of the improvement in the economy is attributable to the diversification of the economy into manufacturing, distribution, research, and the construction trades. The completion of Carteret County's two new industrial parks, the Crystal Coast Business Park and the Jarrett Bay Marine Industrial Park, together with job growth at other county industries, has fueled resurgence in the county's manufacturing sector.

Over the last year, there has been a great deal of retail and service investment. A few of the investments are the opening of Super Wal-Mart, Staples, and several restaurants. In addition to retail and service investment, there are several residential and multi-family construction projects under way. The condominium development in Indian Beach is over \$15 million in new construction, and the one in Morehead City is approximately \$6 million in new construction.

Major expansions at Carteret County's marine research laboratories have solidified Carteret County's position as one of the world's leading marine sciences centers. The NC State University Center for Marine Science and Technology (CMAST) was opened on October 13, 2000. The facility includes state-of-the-art video conferencing technology with worldwide access via a digital DS-3 circuit. This new system will provide a point of presence on the NC Research Education Network System and will be the first time that the NC University System has partnered with a Community College and the business community in the utilization of their system.

Carteret County is part of a 14 county effort that, in collaboration with Carolina Power & Light Company, is planning for the extension of natural gas into the unserved counties of eastern North Carolina. The extension of gas into Carteret County, which is expected in 2003, will enhance the county's industrial recruitment efforts. Major regional road improvements are scheduled during the next several years, including a US 70 Havelock bypass, improvements to US 17 from Virginia to South Carolina, and the completion of NC 24 widening from Onslow County to Morehead City. These improvements will facilitate additional tourism access and the movement of goods to and from Carteret County manufacturers/distributors and the Port of Morehead City.

Although Carteret County no longer boasts the lowest property tax rate in North Carolina, the county's tax rate is still among the state's lowest. The county's rapidly growing residential, commercial and industrial tax base, together with an efficient county government, should reduce a portion of the need for additional tax increases.

Major Initiatives

In November 2000, voters approved a \$7.6 million referendum for the community college. In addition, a state wide referendum of approximately \$3.3 billion passed in November also. Out of the \$3.3 billion, over \$5.6 million is dedicated for Carteret County Community College. The two bonds combined provide the community college with over \$14 million for a classroom replacement building and a marine trades education center. The County anticipates issuing the \$7.6 million in general obligation debt in the summer of 2002.

In April of 2000, Carteret County issued a \$14.5 million COPS to construct a new middle school in Newport. This school will open in August of 2001. This new school will alleviate over crowding.

During 2000, Carteret County was awarded \$2,969,280 in state funds from a high unit cost grant, and there is a \$630,000 loan from state loan funds awaiting final approval. This Mill Creek/ Harlow water project will be an expansion of the County's North River Water System. This expansion will serve approximately 460 users. The project funds construction of a water treatment plant and 23.3 miles of water distribution lines. Construction bids for the project are due late this fall, and it should take about a year to complete construction.

During fiscal year 2001, the County purchased land and a building to renovate for a new health center facility. Carteret County Health Department and Neuse Mental Health will occupy the building. Currently, both entities are in over crowded conditions, and the improvements are desperately needed. In September 2001, the County financed \$3 million for the renovations. The renovations are scheduled to begin late this fall. Continuing the County's emphasis on health, the County financed \$6 million of renovation for Carteret General Hospital. Most of the renovations are for emergency room expansion, but some administrative space is included also. The hospital renovation should be completed the beginning of 2003.

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 Department of Social Services has been given this opportunity.

The Carteret County Department of Social Services is here to improve the quality of life for all citizens of our county by providing a broad range of quality services in the most cost effective way to meet the financial, medical, and social needs of our citizens. The department strives to make human services synonymous, treating people with dignity and respect. The department's mission is to help people obtain the basic necessities of life, to assist and protect the elderly and disabled adults, to protect children and strengthen families, and to promote self sufficiency through employment.

During the year, social services averaged over 800 telephone calls per day, and interviewed over 70 clients each day. The department administers the work first family assistance program. This program assists clients in becoming self sufficient. The department saw a 15% decrease in cases from the prior year. In addition, the department saw a 4% decrease in food stamp recipients. The department had a 9% increase in adult Medicaid cases. Also, there was a 15% increase in children's Medicaid cases. Some of the increase is accounted to aggressive media support, and many are discovering that children and the elderly can receive much needed medical services. This promotes a much healthier population. In addition, the number of Carolina Access clients increased 14%. This is a Medicaid management program designed to link Medicaid clients with a primary care physician. This physician services as a gatekeeper for the client regarding medical services. One of the goals of this program is preventing unnecessary or duplicated services.

The department continued its public awareness of human services through its monthly cable TV program. In addition, the department began circulation of a quarterly review newsletter. This publication provides information regarding social services programs, staff, and community involvement.

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, School Special Projects, County Capital Reserve, County Capital Improvements, Rescue Squad, Fire District, Emergency 911, and Occupancy Tax. Multiyear project budgets are adopted for the CDBG Rehabilitation, Jarret Bay CDBG, Industrial Park, 1997 Fran DRI Grant, 1998 Bonnie DRI Grant, School Projects, Newport Middle Construction, and Highway 101 Water Project 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 \$20,000.

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.

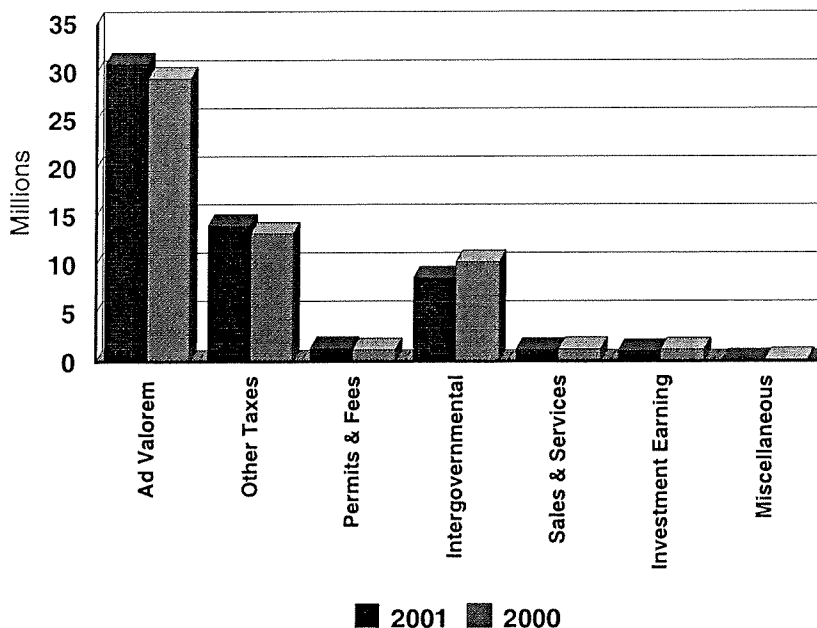
All internal control evaluations occur within the above framework. We believe that the county's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As a part of the county's single audit, the independent auditor performed 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 \$57,368,163 an increase of .92 percent over the previous fiscal year. Revenues by source for the Governmental Funds were as follows:

<u>Revenues</u>	<u>Percent to Total</u>	<u>Fiscal Year Ended June 30, 2001</u>	<u>Fiscal Year Ended June 30, 2000</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Ad Valorem Taxes	53.73%	\$30,819,589	\$29,352,572	\$1,467,017	4.99%
Other Taxes and Licenses	24.45%	14,023,012	13,198,118	824,894	6.25%
Permits & Fees	2.48%	1,423,786	1,245,765	178,021	14.29%
Intergovernmental	15.02%	8,615,850	10,270,375	(1,654,525)	(16.11)%
Sales & Services	2.16%	1,236,249	1,305,467	(69,218)	(5.30)%
Investment Earnings	1.94%	1,117,627	1,253,627	(136,000)	(10.85)%
Miscellaneous	0.22%	132,050	224,114	(92,064)	(41.08)%
Total	100.00%	\$57,368,163	\$56,850,038	\$518,125	0.92%

*Includes Annually budgeted funds: General, E-911, Fire Districts, Rescue Districts, Occupancy, Capital Reserve, Capital Improvements, and School Special Projects Funds.

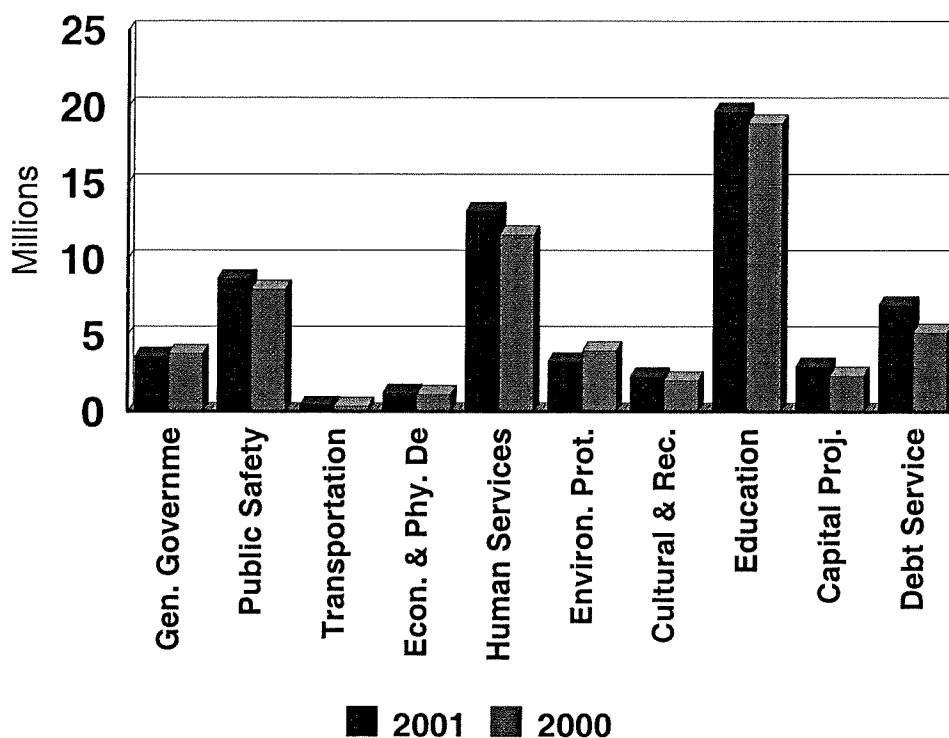


Property taxes provide the County's primary source of revenue. There was a one cent tax increase for the 2001 fiscal year, and the tax increase accounts for most of the increase in the revenue. Tax collections were 96.39% of the current year's levy. The increase in other taxes and licenses is primarily from sales tax revenue. The decrease in intergovernmental is due the County completing grants in the prior fiscal year. The decrease in miscellaneous revenue was due to land sales. Last year the County sold some lots in its industrial park for \$297,000. The decrease in investment earnings is a combination of spending fund balance and interest rates decreasing.

General government expenditures totaled \$62,467,594 in funds with annual budget. This is an 8.73 percent increase from the prior fiscal year. Changes in levels of expenditures for major functions of the County from the prior year are shown below:

<i>Expenditures</i>	<i>Percent of Total</i>	<i>Fiscal Year Ended June 30, 2001</i>	<i>Fiscal Year Ended June 30, 2000</i>	<i>Increase/ (Decrease)</i>	<i>Percent Increase/ (Decrease)</i>
General Government	5.82%	\$3,646,451	\$3,799,606	(\$153,155)	(4.03)%
Public Safety	13.98%	8,734,138	8,033,685	700,453	8.72%
Transportation	0.67%	424,564	360,064	64,500	17.91%
Environmental Protection	5.29%	3,303,036	4,014,794	(711,758)	(17.73)%
Economic & Physical Development	1.96%	1,222,167	1,134,822	87,345	7.70%
Human Services	21.10%	13,179,127	11,622,653	1,556,474	13.40%
Cultural & Recreation	3.72%	2,320,777	2,036,509	284,268	13.96%
Education	31.51%	19,679,070	18,897,588	781,482	4.14%
Capital Projects	4.75%	2,961,739	2,363,086	598,653	25.34%
Debt Service	<u>11.20%</u>	<u>6,996,525</u>	<u>5,189,390</u>	<u>1,807,135</u>	34.82%
Total	<u>100.00%</u>	<u>\$62,467,594</u>	<u>\$57,452,197</u>	<u>\$5,015,397</u>	8.73%

*Includes Annually budgeted funds: General, E-911, Fire Districts, Rescue Districts, Occupancy, Capital Reserve, Capital Improvements, and School Special Projects Funds.



In fiscal year 2000, the Finance and Tax Departments completed its computer system implementation and equipment purchases. This completion accounts for the decrease in general government from FY 2000 to FY 2001. Transportation increased due to expanding the CCATS program. Most of the increase in economic development is due to comprehensive planning. The County is developing a comprehensive plan for the first time. It should be completed in the 2001 - 02 fiscal year. The decrease in environmental protection is in solid waste. Carteret County had no debris clean up due to tropical storms or hurricanes, thus the decrease in expenditures. Human services increase 13.4% mostly due to capital purchases. The County purchased and financed a building for the Health Department and Neuse Mental Health. The building renovation will begin in fiscal year 2001-2002. Capital projects increased due to the school system completing several projects that were carried over from the prior fiscal year. The increase in education is mostly due to land purchased for Carteret Community College. The increase in debt service is the April 2000 COPS issued for constructing the Newport Middle School.

Fund Balance in the General Fund

The General Fund ended the fiscal year with a total fund balance of \$12,175,997 in comparison to the June 30, 2000 balance of \$16,148,054. This represents a 25 percent decrease. The unreserved and undesignated fund balance for the year ended is \$6,196,087, compared to \$6,448,978 the year before. The County's undesignated fund balance percentage to general fund expenditures is 11.19 percent, a 1.35 percent decrease from June 30, 2000. 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. The County spent approximately \$4 million of fund balance on uncompleted projects from the prior year, and used some school reserved funds for school projects. It is important to note the Board of Commissioners fiscal year 2001-2002 budget appropriated \$373,393 in fund balance. This compares to approximately \$3.4 million of appropriated fund balance for the prior year's budget.

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, 2001 was an Aa3 from Moody's Investor Service, AA- with Fitch Investors Service, and A+ with Standard & Poor'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, 2001, the County's net general obligation bonded debt of \$26,850,000 is well below the legal limit of \$396,701,417. Per capita debt for the county as of June 30, 2001 was \$435.88. A schedule of the total outstanding general obligation bonds, certificates of participation, capital leases, installment notes, and accrued vacation pay is presented below:

		<i>Debt Outstanding as of June 30, 2001</i>
<i>General Obligation Bonds:</i>		
1995 Public Improvement Bonds	\$8,200,000	
1996 School Buildings	<u>18,650,000</u>	26,850,000
<i>Certificates of Participation:</i>		
1992 COP - Morehead Primary School	4,285,000	
2000 COP - Newport Middle School	<u>13,785,000</u>	18,070,000
<i>Installment Purchases:</i>		
Tax and Finance System	422,480	
Western County Office Building	50,000	
Health Center Building	1,430,000	
Community College Land	<u>425,991</u>	2,328,471

<i>Accrued Vacation & Compensatory Time:</i>		
Vacation Pay	532,986	
Compensatory Time	<u>23,807</u>	556,793
Net Pension Obligation		<u>45,458</u>
Total Debt Outstanding		<u>\$47,850,722</u>

Cash Management

Effective financial planning and cash management practices have aided in the efficient use of available resources. The County continues to have a cash management program designed to assure safety of principal, sufficient liquidity for current operations, and the attainment of market-average rate of return. The demand deposit checking accounts are interest earning. Idle cash is invested using competitive bidding among all banks with investments awarded based on the highest yield. Total investment earnings for the governmental fund types for the year were \$1,542,038.

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, 2000. 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. This report 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 to determine its eligibility for another certificate.

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 and the County Manager for their continued support throughout the past year.

Sincerely,



Dee K. Harris
Finance Director

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CARTERET COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2001

**BOARD OF
COMMISSIONERS**

DOUG BRADY
Chair
Morehead City, North Carolina

BETTIE BELL
Newport, North Carolina

JONATHAN ROBINSON
Vice Chair
Atlantic, North Carolina

SAM STELL
Emerald Isle, North Carolina

DAVID WHEATLY
Beaufort, North Carolina

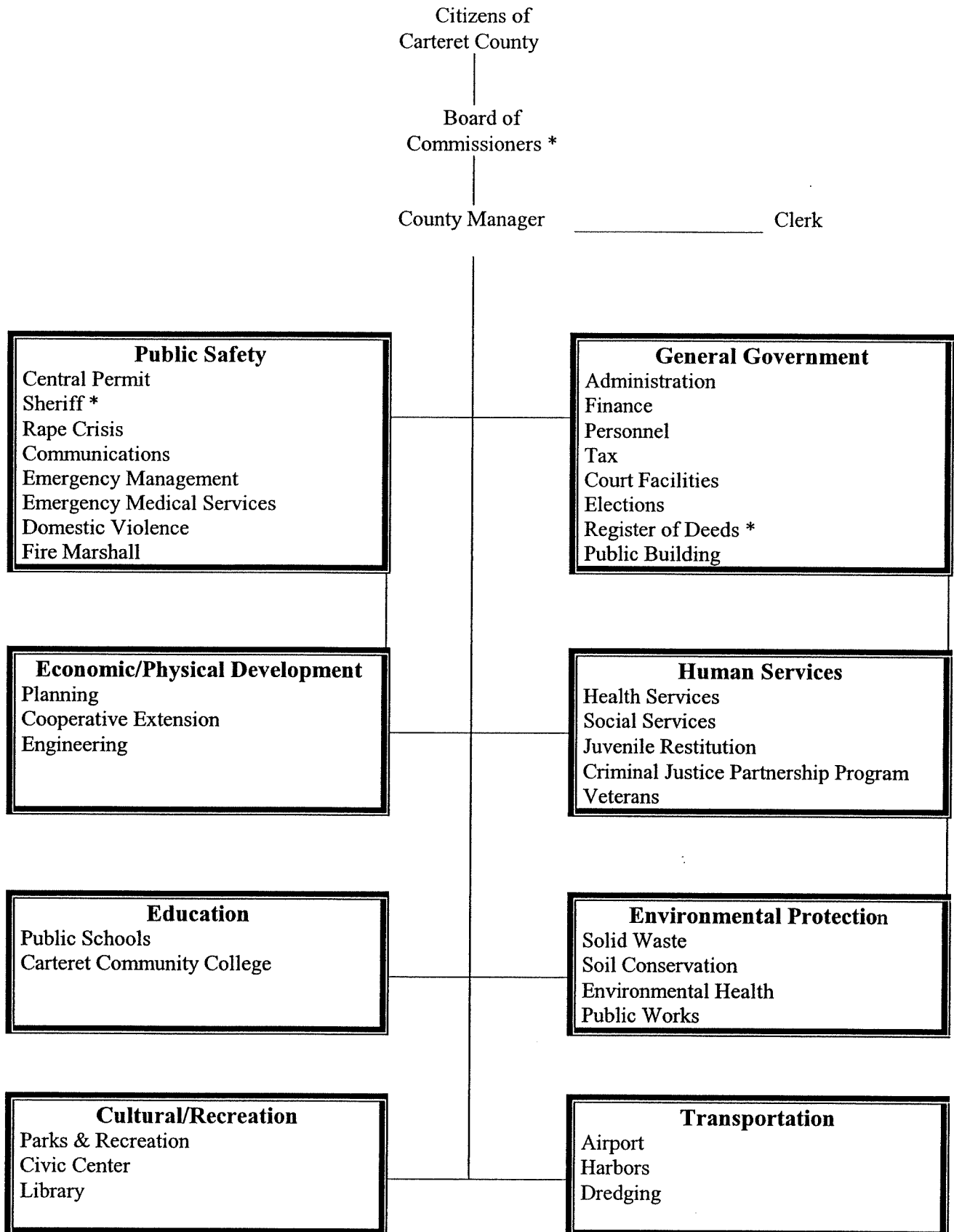
JIMMY LASHAN
Newport, North Carolina

MAC WELLS
Morehead City, North Carolina

COUNTY OFFICIALS

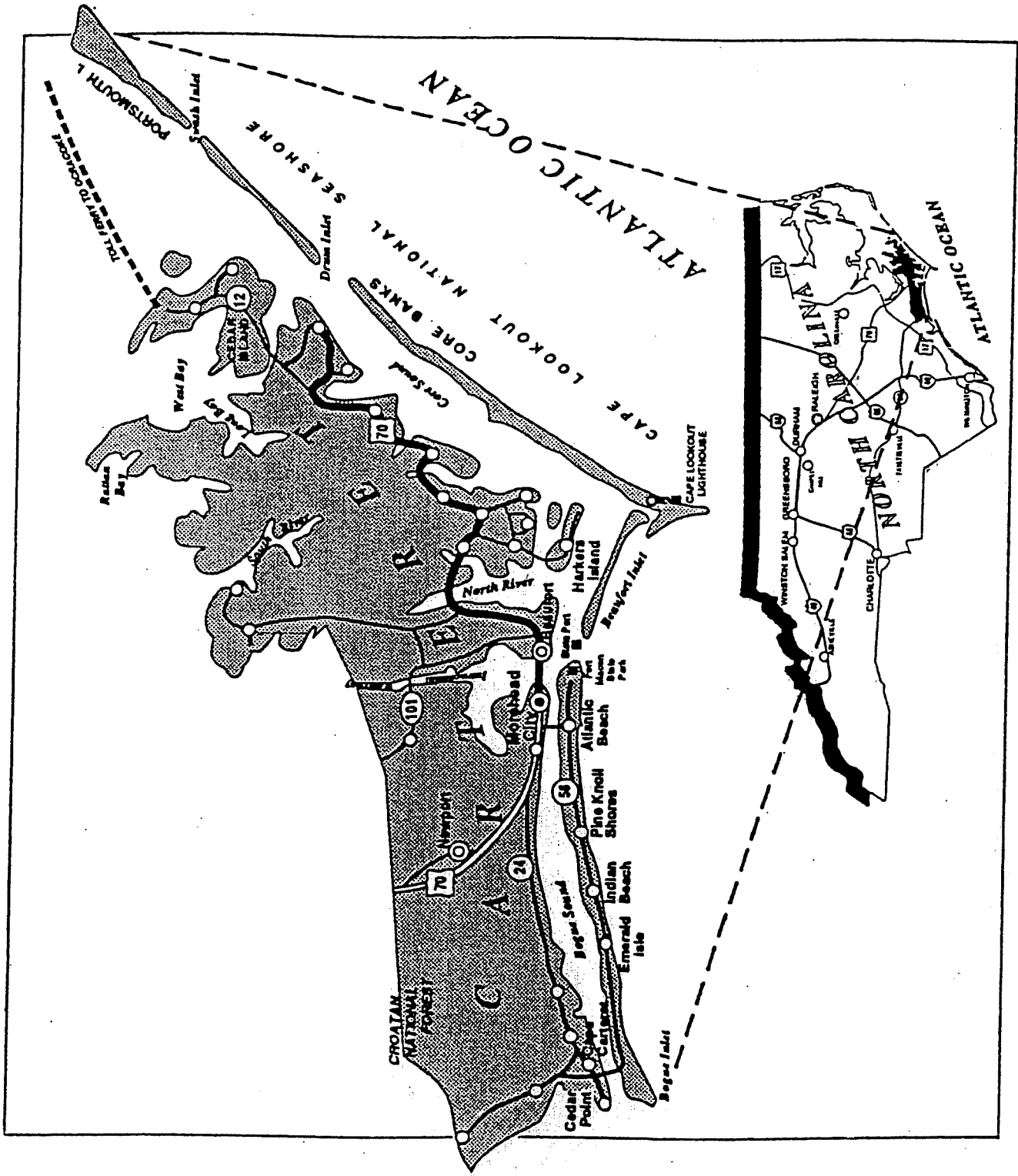
Pete Allen	County Manager
Dee K. Harris	Finance Director
Ralph Thomas, Jr.	Sheriff
Melanie Arthur	Register of Deeds
Vicki Landingham	Tax Administrator
Al Hadley	Fire Marshall
Mike Addertion	Emergency Management Director
J.T. Garrett	Health Director
Betty Fentress	Parks and Recreation Director
Katrina Marshall	Planning & Central Permit Director
Robert Eason	Social Services Director
Dave Clark	County Engineer
Patsy Hardesty	Elections Director

Carteret County, North Carolina Organizational Chart



* Elected Officials

MAP OF CARTERET COUNTY, NORTH CAROLINA



GFOA CERTIFICATE

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, 2000

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.



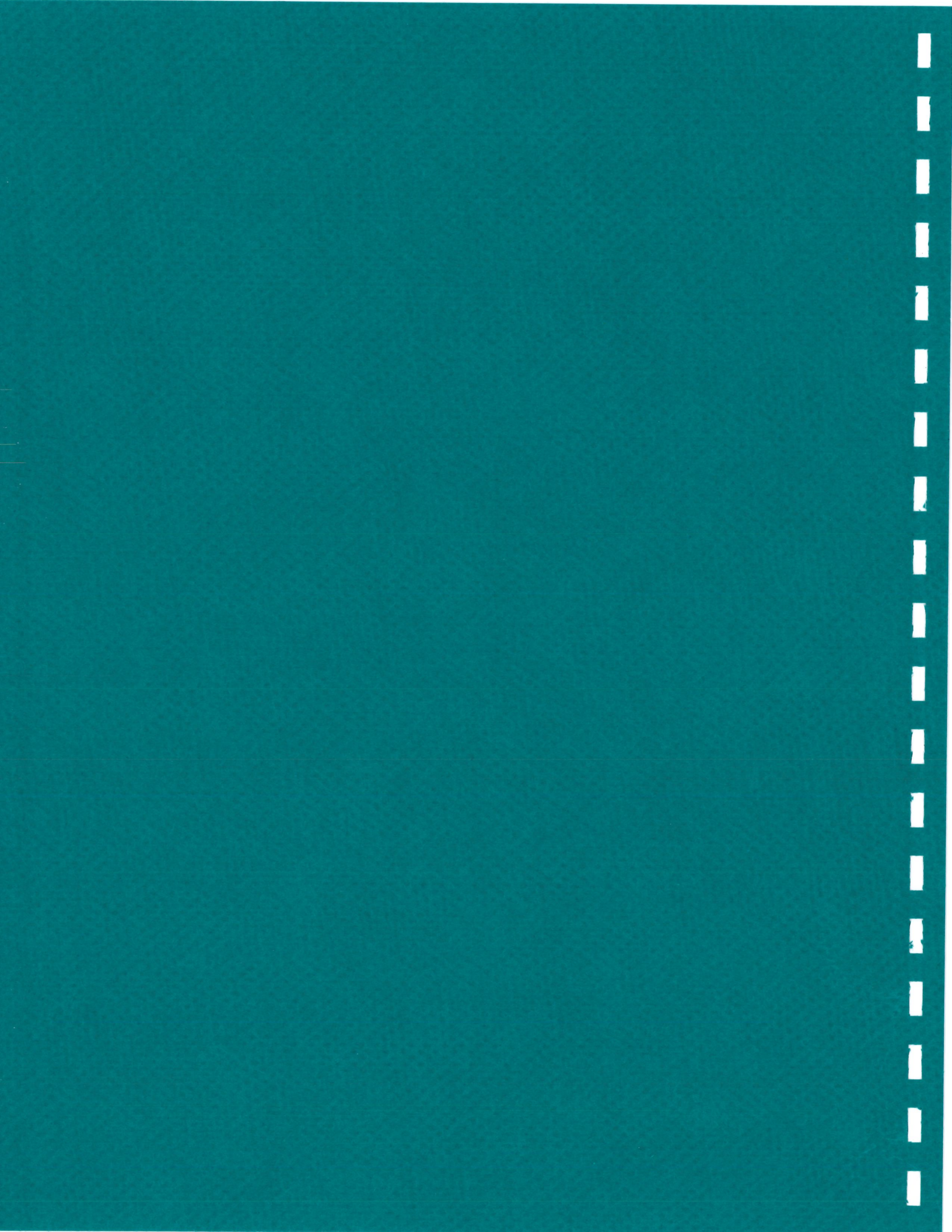
Thomas A. Brewer
President

Jeffrey L. Esser
Executive Director

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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.





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, 2001, 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 Board (ABC) 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, Carteret General Hospital Corporation and Beaufort-Morehead City Airport Authority 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, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 14, 2001 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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 14, 2001, except for Note 22, as to which the date is September 21, 2001

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CARTERET COUNTY, NORTH CAROLINA

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2001**

	Government Fund Types			Fiduciary Fund Type
	General	Special Revenue	Capital Projects	Agency
ASSETS AND OTHER DEBITS				
Assets:				
Cash and investments	\$ 8,011,696	\$ 735,746	\$ 3,407,289	\$ 36,084
Restricted cash and investments	1,589,234	-	4,475,314	-
Receivables, net	5,593,911	437,784	98,040	-
Due from other funds	135,280	-	-	-
Due from component units	189,236	-	-	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Fixed assets, net where appreciable	-	-	-	-
Other assets	-	-	-	-
Other Debits:				
Amount available for retirement of long-term debt	-	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-	-
Total assets and other debits	\$ 15,519,357	\$ 1,173,530	\$ 7,980,643	\$ 36,084
LIABILITIES, EQUITY AND OTHER CREDIT				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,554,725	\$ 382,245	\$ 1,522,374	\$ 36,084
Due to other funds	-	4,737	130,543	-
Due to primary government	-	-	-	-
Deferred revenue	1,788,635	211,835	-	-
Long-term debt	-	-	-	-
Total liabilities	3,343,360	598,817	1,652,917	36,084
Equity and other credit:				
Investment in general fixed assets	-	-	-	-
Retained earnings	-	-	-	-
Fund balances:				
Reserved for Wireless Enhanced 911	21,161	-	-	-
Reserved for recreation	51,368	-	-	-
Reserved by State statute	3,922,334	225,949	98,040	-
Reserved for Sheriff's fund	82,081	-	-	-
Reserved for health programs	450,339	-	-	-
Reserved for debt service	1,079,234	-	-	-
Unreserved:				
Designated for subsequent year's expenditures	373,393	219,545	3,483,980	-
Undesignated	6,196,087	129,219	2,745,706	-
Total equity and other credit	12,175,997	574,713	6,327,726	-
Total liabilities, equity and other credit	\$ 15,519,357	\$ 1,173,530	\$ 7,980,643	\$ 36,084

See Notes to Financial Statements.

Accounts Groups			Component Units					Totals
General	General	Totals	Beaufort -	Carteret	Carteret	Carteret	Reporting	
Fixed	Long-Term	Primary	Morehead	County	General	Carteret	Entity	
Assets	Debt	Government	City	Tourism	Hospital	County	(Memorandum	
		(Memorandum	Airport	Development	Corporation	ABC Board	Only)	
		Only)	Authority	Bureau			Only)	
\$ -	\$ -	\$ 12,190,815	\$ 64,949	\$ 573,322	\$ 17,032,356	\$ 708,183	\$ 30,569,625	
-	-	6,064,548	-	-	12,881,684	-	18,946,232	
-	-	6,129,735	555	68,400	11,246,781	-	17,445,471	
-	-	135,280	-	-	-	-	135,280	
-	-	189,236	-	-	-	-	189,236	
-	-	-	-	10,666	1,417,561	598,217	2,026,444	
-	-	-	6,859	-	411,910	24,069	442,838	
35,462,635	-	35,462,635	221,405	178,909	17,311,243	658,959	53,833,151	
-	-	-	-	-	224,615	835	225,450	
-	1,079,234	1,079,234	85,440	-	-	-	1,164,674	
-	46,771,488	46,771,488	-	12,227	-	-	46,783,715	
\$ 35,462,635	\$ 47,850,722	\$ 108,022,971	\$ 379,208	\$ 843,524	\$ 60,526,150	\$ 1,990,263	\$ 171,762,116	
\$ -	\$ -	\$ 3,495,428	\$ 487	\$ 49,234	\$ 8,481,005	\$ 521,728	\$ 12,547,882	
-	-	135,280	-	-	-	-	135,280	
-	-	-	-	-	-	103,796	103,796	
-	-	2,000,470	-	-	-	-	2,000,470	
-	47,850,722	47,850,722	85,440	12,227	1,493,044	-	49,441,433	
-	47,850,722	53,481,900	85,927	61,461	9,974,049	625,524	64,228,861	
35,462,635	-	35,462,635	221,405	178,909	-	-	35,862,949	
-	-	-	-	-	50,552,101	1,364,739	51,916,840	
-	-	21,161	-	-	-	-	21,161	
-	-	51,368	-	-	-	-	51,368	
-	-	4,246,323	555	79,066	-	-	4,325,944	
-	-	82,081	-	-	-	-	82,081	
-	-	450,339	-	-	-	-	450,339	
-	-	1,079,234	-	-	-	-	1,079,234	
-	-	4,076,918	-	120,168	-	-	4,197,086	
-	-	9,071,012	71,321	403,920	-	-	9,546,253	
35,462,635	-	54,541,071	293,281	782,063	50,552,101	1,364,739	107,533,255	
\$ 35,462,635	\$ 47,850,722	\$ 108,022,971	\$ 379,208	\$ 843,524	\$ 60,526,150	\$ 1,990,263	\$ 171,762,116	

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, 2001

	Government Fund Types			Totals
	Government	Special Revenue	Capital Projects	(Memorandum Only) Primary Government
REVENUE				
Ad valorem taxes	\$ 28,530,058	\$ 2,289,531	\$ -	\$ 30,819,589
Other taxes and licenses	11,055,048	2,967,964	-	14,023,012
Permits and fees	1,423,786	-	-	1,423,786
Intergovernmental	8,610,886	378,802	-	8,989,688
Sales and services	1,236,249	-	48,917	1,285,166
Interest	826,988	52,933	662,117	1,542,038
Miscellaneous	132,050	-	-	132,050
Total revenue	51,815,065	5,689,230	711,034	58,215,329
EXPENDITURES				
Current:				
General government	3,646,451	-	-	3,646,451
Public safety	5,078,868	3,655,270	-	8,734,138
Transportation	424,564	-	-	424,564
Environmental protection	3,303,036	-	-	3,303,036
Economic and physical development	760,694	912,312	-	1,673,006
Human services	13,179,127	-	-	13,179,127
Culture and recreation	2,320,777	-	-	2,320,777
Education	19,679,070	-	-	19,679,070
State Grant	-	-	-	-
Capital outlay	-	-	11,798,882	11,798,882
Debt service:				
Principal retirement	4,113,160	-	-	4,113,160
Interest and fees	2,883,365	-	-	2,883,365
Total expenditures	55,389,112	4,567,582	11,798,882	71,755,576
Revenue over (under) expenditures	(3,574,047)	1,121,648	(11,087,848)	(13,540,247)
OTHER FINANCING SOURCES (USES)				
Installment purchase proceeds	2,180,000	-	-	2,180,000
Operating transfers in from primary government	-	-	-	-
Operating transfers in from component units	182,443	-	-	182,443
Operating transfers out to component units	(57,830)	(1,001,865)	-	(1,059,695)
Operating transfers in	481,442	161,000	3,078,365	3,720,807
Operating transfers out	(3,184,065)	(389,315)	(147,427)	(3,720,807)
Total other financing sources (uses)	(398,010)	(1,230,180)	2,930,938	1,302,748
Revenue and other financing sources over (under) expenditures and other financing uses	(3,972,057)	(108,532)	(8,156,910)	(12,237,499)
FUND BALANCES, beginning	16,148,054	683,245	14,484,636	31,315,935
FUND BALANCES, ending	\$ 12,175,997	\$ 574,713	\$ 6,327,726	\$ 19,078,436

Component Units		Totals
Beaufort/ Morehead City Airport Authority	Carteret County Tourism Development Bureau	(Memorandum Only) Reporting Entity
\$ -	\$ -	\$ 30,819,589
-	1,001,865	15,024,877
-	-	1,423,786
-	100,000	9,089,688
-	3,817	1,288,983
2,195	40,866	1,585,099
49,369	1,633	183,052
<u>51,564</u>	<u>1,148,181</u>	<u>59,415,074</u>
-	923,007	4,569,458
-	-	8,734,138
78,679	-	503,243
-	-	3,303,036
-	-	1,673,006
-	-	13,179,127
-	-	2,320,777
-	-	19,679,070
-	100,000	100,000
14,141	-	11,813,023
10,090	-	4,123,250
4,547	-	2,887,912
<u>107,457</u>	<u>1,023,007</u>	<u>72,886,040</u>
(55,893)	125,174	(13,470,966)
-	-	2,180,000
57,830	-	57,830
-	-	182,443
-	-	(1,059,695)
-	-	3,720,807
-	-	(3,720,807)
<u>57,830</u>	<u>-</u>	<u>1,360,578</u>
1,937	125,174	(12,110,388)
69,939	477,980	31,863,854
<u>\$ 71,876</u>	<u>\$ 603,154</u>	<u>\$ 19,753,466</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, 2001

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Ad valorem taxes	\$ 28,641,670	\$ 28,530,058	\$ (111,612)
Other taxes and licenses	11,366,080	11,055,048	(311,032)
Permits and fees	1,312,775	1,423,786	111,011
Intergovernmental	8,960,057	8,610,886	(349,171)
Sales and services	1,423,619	1,236,249	(187,370)
Interest	1,019,100	826,988	(192,112)
Miscellaneous	130,873	132,050	1,177
Total revenue	52,854,174	51,815,065	(1,039,109)
EXPENDITURES			
Current:			
General government	3,596,492	3,646,451	(49,959)
Public safety	5,145,834	5,078,868	66,966
Transportation	452,231	424,564	27,667
Environmental protection	3,380,886	3,303,036	77,850
Economic and physical development	851,282	760,694	90,588
Human services	14,077,282	13,179,127	898,155
Culture and recreation	2,475,885	2,320,777	155,108
Education	19,204,416	19,679,070	(474,654)
Capital outlay	-	-	-
Debt service:			
Principal retirement	4,113,160	4,113,160	-
Interest and fees	2,883,724	2,883,365	359
Total expenditures	56,181,192	55,389,112	792,080
Revenue over (under) expenditures	(3,327,018)	(3,574,047)	(247,029)
OTHER FINANCING SOURCES (USES)			
Installment Purchase Proceeds	1,430,000	2,180,000	750,000
Operating transfer in from component units	150,000	182,443	32,443
Operating transfers out to component units	(57,830)	(57,830)	-
Operating transfers in	442,213	481,442	39,229
Operating transfers out	(3,184,065)	(3,184,065)	-
Appropriated fund balance	4,546,700	-	(4,546,700)
Total other financing sources (uses)	3,327,018	(398,010)	(3,725,028)
Revenue and other financing sources over (under) expenditures and other uses	\$ -	(3,972,057)	\$ (3,972,057)
FUND BALANCES, beginning		16,148,054	
FUND BALANCES, ending		\$ 12,175,997	

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)
\$ 2,221,644	\$ 2,289,531	\$ 67,887	\$ -	\$ -	\$ -	\$ 30,863,314	\$ 30,819,589	\$ (43,725)
3,105,522	2,967,964	(137,558)	-	-	-	14,471,602	14,023,012	(448,590)
-	-	-	-	-	-	1,312,775	1,423,786	111,011
-	-	-	164,750	4,964	(159,786)	9,124,807	8,615,850	(508,957)
-	-	-	-	-	-	1,423,619	1,236,249	(187,370)
47,800	52,933	5,133	54,000	237,706	183,706	1,120,900	1,117,627	(3,273)
-	-	-	-	-	-	130,873	132,050	1,177
<u>5,374,966</u>	<u>5,310,428</u>	<u>(64,538)</u>	<u>218,750</u>	<u>242,670</u>	<u>23,920</u>	<u>58,447,890</u>	<u>57,368,163</u>	<u>(1,079,727)</u>

-	-	-	-	-	-	3,596,492	3,646,451	(49,959)
3,788,406	3,655,270	133,136	-	-	-	8,934,240	8,734,138	200,102
-	-	-	-	-	-	452,231	424,564	27,667
-	-	-	-	-	-	3,380,886	3,303,036	77,850
473,212	461,473	11,739	-	-	-	1,324,494	1,222,167	102,327
-	-	-	-	-	-	14,077,282	13,179,127	898,155
-	-	-	-	-	-	2,475,885	2,320,777	155,108
-	-	-	-	-	-	19,204,416	19,679,070	(474,654)
-	-	-	5,504,169	2,961,739	2,542,430	5,504,169	2,961,739	2,542,430
-	-	-	-	-	-	4,113,160	4,113,160	-
-	-	-	-	-	-	2,883,724	2,883,365	359
<u>4,261,618</u>	<u>4,116,743</u>	<u>144,875</u>	<u>5,504,169</u>	<u>2,961,739</u>	<u>2,542,430</u>	<u>65,946,979</u>	<u>62,467,594</u>	<u>3,479,385</u>

<u>1,113,348</u>	<u>1,193,685</u>	<u>80,337</u>	<u>(5,285,419)</u>	<u>(2,719,069)</u>	<u>2,566,350</u>	<u>(7,499,089)</u>	<u>(5,099,431)</u>	<u>2,399,658</u>
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-	-	-	-	-	-	1,430,000	2,180,000	750,000
-	-	-	-	-	-	150,000	182,443	32,443
(1,009,800)	(1,001,865)	7,935	-	-	-	(1,067,630)	(1,059,695)	7,935
161,000	161,000	-	3,078,365	3,078,365	-	3,681,578	3,720,807	39,229
(414,928)	(389,315)	25,613	(69,585)	(69,585)	-	(3,668,578)	(3,642,965)	25,613
150,380	-	(150,380)	2,276,639	-	(2,276,639)	6,973,719	-	(6,973,719)
<u>(1,113,348)</u>	<u>(1,230,180)</u>	<u>(116,832)</u>	<u>5,285,419</u>	<u>3,008,780</u>	<u>(2,276,639)</u>	<u>7,499,089</u>	<u>1,380,590</u>	<u>(6,118,499)</u>

<u>\$ -</u>	<u>(36,495)</u>	<u>\$ (36,495)</u>	<u>\$ -</u>	<u>289,711</u>	<u>\$ 289,711</u>	<u>\$ -</u>	<u>(3,718,841)</u>	<u>\$ (3,718,841)</u>
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583,722
\$ 547,227

2,862,750
\$ 3,152,461

19,594,526
\$ 15,875,685

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, 2001**

	Component Units	
	Carteret General Hospital Corporation	Carteret County ABC Board
OPERATING REVENUE		
Charges for services	\$ 59,463,202	\$ -
Alcoholic beverage sales, net	-	4,829,188
Total operating revenue	59,463,202	4,829,188
OPERATING EXPENSES		
Hospital operations	53,877,812	-
Cost of goods sold	-	3,294,367
Store and warehouse expense	-	1,033,509
Depreciation	2,588,411	60,327
Total operating expenses	56,466,223	4,388,203
Operating income	2,996,979	440,985
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	1,593,117	31,821
Gifts and donations	126,337	-
Other expenses	(192,483)	(13,740)
Law enforcement	-	(49,081)
Distributions to other governments	-	(182,443)
Total nonoperating revenues (expenses)	1,526,971	(213,443)
Income before operating transfers	4,523,950	227,542
OPERATING TRANSFERS		
Operating transfers to primary government	-	(182,443)
Net income	4,523,950	45,099
RETAINED EARNINGS - beginning	46,028,151	1,319,640
RETAINED EARNINGS, ending	\$ 50,552,101	\$ 1,364,739

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, 2001**

	Component Units	
	Carteret General Hospital (Corporation)	Carteret County ABC Board
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 2,996,979	\$ 440,985
Interest expense considered capital financing activity	90,494	-
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,588,411	60,327
Provision for bad debts	3,562,992	-
Transfer from restricted funds to operations	(192,483)	-
Change in assets and liabilities:		
Receivables	(4,298,901)	-
Inventories	(28,258)	(51,850)
Prepaid expenses	(77,689)	(22,436)
Other assets	37	(196)
Estimated third-party payor settlements	(661,973)	-
Accounts payable and accrued expenses	63,771	57,125
Net cash provided by operating activities	<u>4,043,380</u>	<u>483,955</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Unrestricted gifts and donations	69,934	-
Restricted gifts	56,403	-
Operating transfers to primary government	-	(163,011)
Operating transfers to other governments	-	(163,012)
Payment for Law Enforcement	-	(49,081)
Net cash provided by (used in) non-capital financing activities	<u>126,337</u>	<u>(375,104)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on obligations under capital leases and bonds	(459,467)	-
Interest paid on obligations under capital leases and bonds	(105,515)	-
Acquisition of capital assets	(2,961,145)	(133,493)
Net cash used in capital and related financing activities	<u>(3,526,127)</u>	<u>(133,493)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,169,069	31,821
Proceeds from investing activities	16,781,405	-
Purchase of long term investment	(19,162,277)	-
Other investment	-	(13,740)
Net cash provided by (used in) investing activities	<u>(1,211,803)</u>	<u>18,081</u>
Net decrease in cash and cash equivalents	(568,213)	(6,561)
CASH AND CASH EQUIVALENTS		
Beginning	<u>11,319,976</u>	<u>714,744</u>
Ending (Hospital including \$7,279,030 unrestricted, \$3,472,733 restricted)	<u>\$ 10,751,763</u>	<u>\$ 708,183</u>

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

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.

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

Nature of operations:

Carteret County, which is governed by a seven-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.

Carteret County Industrial Facility and Pollution Control Financing Authority. Carteret County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board of commissioners, all of whom are appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issues separate financial statement.

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, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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

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.

Complete financial statements for 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

The following corporation is included as a blended component:

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, the acquisition of certain land for an expansion of the community college facilities in Carteret County, North Carolina, and Newport Middle School. 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, 2001.

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

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: Rescue Squad Fund, Fire District Fund, Emergency 911 Fund, Occupancy Tax Fund, Community Development Block Grant Rehabilitation Fund, Industrial Park Fund, Community Development Block Grant - Jarrett Bay Fund, and 1997 Fran DRI Grant 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, Newport Middle School COPS Fund, School Projects Fund, School Special Projects Fund, and Highway 101 Water Project Fund.

Fiduciary Fund Type—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: 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.

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)

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.

The component units accounted for as proprietary type funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these component units are included on the balance sheet. Operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

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 and Airport and TDB discrete component units 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 recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. State shared revenues, sales tax, property taxes, federal grants funding federal mandates, and most donations are examples of nonexchange transactions.

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 2000 through February 2001 apply to the fiscal year ended June 30, 2001. 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

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 fiscal year end apply to the fiscal year 2001-2002 and are not shown as receivables at June 30, 2001. 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, 2001 because they are intended to finance the County's operations during the 2002 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intangible taxes, certain 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.

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.

Proprietary funds (certain discrete component units) are presented in the financial statements on the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred. As permitted by generally accepted accounting principles, the ABC Board component unit has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for their proprietary operations. The Hospital Corporation utilizes applicable FASB Statements and Interpretation issued after November 30, 1989, so long as they do not contradict GASB pronouncements.

Budgets and Budgetary Accounting. An annual budget is adopted for the general fund, the special revenue funds (excluding CDBG Rehabilitation Fund, Industrial Park Fund, CDBG Jarrett Bay Fund, and 1997 Fran DRI Grant Fund), and the capital projects funds (excluding the Newport Middle COPS Fund, School Projects Fund and the Highway 101 Water Project Fund). All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital projects funds and the special revenue funds which do not adopt annual budgets. 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.

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 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, 2001. 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 transfers between departments not in exceed \$20,000. Transfers between departments that exceed \$20,000 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.

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 (Hospital) Carteret County ABC Board (ABC Board), Carteret County Tourism Development Bureau (TDB), and Beaufort-Morehead City Airport Authority (Airport) 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 ("NCCMT"), an SEC registered 2a-7 mutual fund.

The County, the Hospital, and the ABC Board's money market 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

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)

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 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 debt issuances are classified as restricted cash and investments on the balance sheet because their use is limited by applicable debt instruments.

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.

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

Levy Date	July 1, 2000
Due Date (lien date)	September 1, 2000
Past Due Date	January 6, 2001

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.

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 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. Revenues and expenditures related to these construction projects are reflected in capital project funds of Carteret County during the duration of construction.

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 and the Airport 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 real property but utilizes facilities provided by the County. All airport fixed assets owned by the County are included in the County's general fixed assets account group. 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.

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	10 - 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, 2001, 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.

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)

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.

The governmental fund types classify fund balances as follows:

Reserved

- Reserved for Wireless Enhanced 911 – represents amounts restricted for expenditures related to upgrades to the emergency 911 communication system.
- Reserved for recreation—represents amounts restricted for specific recreation purposes.
- 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 health programs—represents amounts restricted to expenditures in specific health programs.
- Reserved for debt service—represents amounts restricted to expenditures for future debt service obligations.

Unreserved

- Designated – portion of total fund balance appropriated to the following year's budget.
- Undesignated—portion of total fund balance available for appropriation which is uncommitted at June 30, 2001.

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

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriation in Individual Funds:

The County's expenditures for the year ended June 30, 2001, have exceeded amounts budgeted in the following departments for the General Fund:

Public Building	\$ 182,139
Education	474,654

Deficits in Fund Balance of Individual Funds:

As of June 30, 2001, the Rescue Squad Fund and Fire District Fund both had deficits in fund balance of \$11,219 and \$16, respectively. The County will transfer funds from the General Fund to rectify the deficits in fund balance.

Note 3. Cash and Investments

Cash on Hand:

The County had \$1,555 in petty cash on hand at June 30, 2001.

Component Unit Information

Carteret County ABC Board had \$6,300 in petty cash on hand at June 30, 2001.

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 under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2001, the County's deposits had a carrying amount of \$2,855,230 and a bank balance of \$3,040,100. Of the bank balance, \$300,000 was covered by federal depository insurance and \$2,740,100 was covered by collateral held under the Pooling Method. Restricted cash in the amount of \$510,000 is being held in non-interest bearing deposits for banking services.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

Component Unit Information

At June 30, 2001, the carrying amount of deposits for Tourism and Development Bureau was \$235,323 and the bank balance was \$242,064. The bank balance of the Bureau was fully covered by federal depository insurance.

At June 30, 2001, the carrying amount of deposits for Beaufort-Morehead City Airport Authority was \$64,949 and the bank balance was \$67,756. The bank balance was fully covered by federal depository insurance.

At September 30, 2000, the carrying amount of the Hospital's deposits was \$29,914,040 and the bank balance was \$30,460,290. Substantially all the bank balance is collateralized under the pooling method.

At June 30, 2001, the carrying amount of deposits for Carteret County ABC Board was \$701,883 and the bank balance was \$749,056. 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 in the North Carolina Capital Management Trust are exempt from risk categorization because the entity does not own any identifiable securities, but is a shareholder of a percentage of the fund.

At June 30, 2001, the County had restricted investments of \$5,554,548. The General Fund has restricted investments consisted of \$974,100 for the Morehead Elementary School COPS agreement and \$105,134 for a Lease account. In the Capital Project Funds there is a restricted investment of \$4,475,314 for the construction of the Newport Middle School.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

At June 30, 2001, the County's investment balances were as follows:

	Category			Reported Value	Fair Value
	A	B	C		
US Treasury Notes	\$ 974,100	\$ -	\$ -	\$ 974,100	\$ 974,100
Government Agencies	4,920,391	-	-	4,920,391	4,920,391
Commercial Paper	4,903,388	-	-	4,903,388	4,903,388
North Carolina Capital Management Trust*				4,600,699	4,600,699
				15,398,578	15,398,578
Less:					
Restricted investments				5,554,548	5,554,548
Unrestricted investments				\$ 9,844,030	\$ 9,844,030

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

At June 30, 2001, the County's cash and investments are comprised of the following:

Cash on hand	\$ 1,555
Carrying value of deposits	2,855,230
Investments	15,398,578
Total	\$ 18,255,363
 Balance Sheet Reconciliation:	
Unrestricted cash and investments	\$ 12,190,815
Restricted cash and investments	6,064,548
Total	\$ 18,255,363

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

Component Unit Information

At June 30, 2001 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 Value	Fair Value
North Carolina Capital Management Trust	\$ 337,999	\$ 337,999

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 Revenue Funds	Capital Projects Funds
Revenues and other financing sources over (under) expenditures and other financing uses, budgetary basis (page 21)	\$ (36,495)	\$ 289,711
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:		
CDBG Rehabilitation Fund	(1,500)	-
Industrial Park Fund	(13,308)	-
CDBG Jarrett Bay Fund	(57,229)	-
Newport Middle COP Fund	-	(8,398,624)
School Projects Fund	-	(47,997)
Revenues and other financing sources over (under) expenditures and other financing uses, GAAP basis (page 18 and 19)	\$ (108,532)	\$ (8,156,910)

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Receivables

Receivables are comprised of the following major categories as of June 30, 2001:

	Property Taxes	Uncollectible Accounts	Other Government	Other Sources	Total
General Fund:					
Local option sales tax	\$ -	\$ -	\$ 2,579,746	\$ -	\$ 2,579,746
Other	1,895,967	(363,691)	1,134,228	347,661	3,014,165
	<u>1,895,967</u>	<u>(363,691)</u>	<u>3,713,974</u>	<u>347,661</u>	<u>5,593,911</u>
Special Revenue Funds:	258,262	(49,541)	225,949	3,114	437,784
Capital Projects Funds:	-	-	98,040	-	98,040
	<u>258,262</u>	<u>(49,541)</u>	<u>225,949</u>	<u>3,114</u>	<u>437,784</u>
	<u>-</u>	<u>-</u>	<u>98,040</u>	<u>-</u>	<u>98,040</u>
Totals	<u>\$ 2,154,229</u>	<u>\$ (413,232)</u>	<u>\$ 4,037,963</u>	<u>\$ 350,775</u>	<u>\$ 6,129,735</u>

Property Tax - Use-Value Assessment on Certain Lands. In accordance with North Carolina general statutes, agriculture, horticulture, and forestland 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
1997	\$ 120,453	\$ 39,448	\$ 159,901
1998	109,550	26,018	135,568
1999	125,421	24,143	149,564
2000	247,514	14,232	261,746
	<u>602,938</u>	<u>103,841</u>	<u>706,779</u>
Total	<u>\$ 602,938</u>	<u>\$ 103,841</u>	<u>\$ 706,779</u>

Component Unit Information

The Carteret General Hospital Corporation receivables are net of an allowance for doubtful accounts in the amount of \$4,553,000.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 6. Fixed Assets

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

	General Fixed Assets		Adjustments and Transfers		General Fixed Assets
	July 1, 2000	Additions	Retirements		June 30, 2001
By Asset Type:					
Land, airport	\$ 391,973	\$ -	\$ -	\$ (222,424)	\$ 169,549
Land, other	2,094,219	658,636	-	-	2,752,855
Buildings	19,937,487	1,367,525	-	834,572	22,139,584
Vehicles	1,809,927	565,774	(61,503)	850	2,315,048
Equipment	4,703,449	207,359	(2,242,721)	(850)	2,667,237
Airport facilities	1,301,534	-	(1,825)	222,424	1,522,133
Other improvements	4,550,214	361,813	(181,226)	(834,572)	3,896,229
Total	\$ 34,788,803	\$ 3,161,107	\$ (2,487,275)	\$ -	\$ 35,462,635
By Function:					
General government	10,695,596	470,611	(855,171)	9,500	10,320,536
Public safety	10,572,327	250,693	(585,609)	(37,037)	10,200,374
Human services	6,670,627	1,578,617	(583,011)	12,537	7,678,770
Environmental protection	1,354,024	275,783	-	-	1,629,807
Culture/recreation	3,313,296	312,691	(358,766)	-	3,267,221
Economic/physical development	64,594	-	(79,785)	-	(15,191)
Transportation	2,118,339	272,712	(24,933)	15,000	2,381,118
Totals	\$ 34,788,803	\$ 3,161,107	\$ (2,487,275)	\$ -	\$ 35,462,635

Investment in general fixed assets by source:

Prior to June 30, 1992	\$ 16,845,600
General Fund	10,196,827
Capital Projects Funds	8,420,208
	<u>\$ 35,462,635</u>

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 6. Fixed Assets (Continued)

This schedule does not include \$1,848,203 in infrastructure improvements where the County has agreed as of June 30, 2001 to deed these assets to other governmental units once these projects have been completed.

Component Unit Information

The following is a summary of the Hospital fixed assets at June 30, 2001:

Land	\$ 101,582
Land improvements	658,300
Buildings and improvements	14,325,610
Furniture and equipment	24,011,371
Construction in progress	203,220
	<u>39,300,083</u>
Less accumulated depreciation	21,988,840
	<u>\$ 17,311,243</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.

The following is a summary of the ABC Board fixed assets at June 30, 2001:

Land	\$ 202,424
Buildings and improvements	608,957
Furniture and equipment	489,935
Improvements other than building	90,340
	<u>1,391,656</u>
Less accumulated depreciation	732,697
	<u>\$ 658,959</u>

The following is a summary of the Beaufort – Morehead City Airport Authority fixed assets at June 30, 2001:

Equipment	\$ 77,010
T Hangers	140,000
Other improvements	4,395
	<u>221,405</u>

The following is a summary of the Carteret County Tourism and Development Bureau fixed assets at June 30, 2001:

Equipment	<u>\$ 178,909</u>
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CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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 carries commercial insurance for liability, casualty risks, property, casualty and workers' compensation coverage. 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 General Hospital is insured under claims-made policies for the purpose of providing professional and patient care liability insurance. These policies cover only malpractice claims reported to the insurance carrier during the policy term. Coverage includes a \$3,000,000 policy on professional liability limited to \$1,000,000 per case and an excess coverage policy for specified aggregate amounts in excess of the basic coverage.

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

Carteret County Tourism Development Bureau is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Bureau has property, general liability, workers' compensation, and employee health coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past fiscal years.

Beaufort/Morehead City Airport Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority has property and general liability insurance coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

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, 2001 is comprised of the following:

	General Fund	Special Revenue Fund	Total
Net property taxes receivable	\$ 1,532,276	\$ 208,721	\$ 1,740,997
Prepaid taxes and licenses	7,968	-	7,968
Other receivables	248,391	3,114	251,505
	<u>\$ 1,788,635</u>	<u>\$ 211,835</u>	<u>\$ 2,000,470</u>

Note 9. Long-Term Obligations

The County records long-term debt of the governmental funds at face value 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.

Long-term debt obligations at June 30, 2001 are comprised of the following individual issues which are to be serviced by the General Fund:

General obligations bonds:

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; 5.30% through May 1, 2008, and 5.40% through May 1, 2013. \$ 8,200,000

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. 18,650,000

Certificates of participation:

1992 certificates of participation due on February 1 in varying installments through February 1, 2007; interest at 6.5% collateralized by the Morehead City Elementary School. 4,285,000

2000 certificates of participation due on June 1 in varying installments through June 1, 2020, interest at 5.52% collateralized by the Newport Middle School. 13,785,000

44,920,000

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

Installment Purchase:

Purchase of building for Western County Office; provides for annual installments of \$50,000 plus interest at 6.00%	\$ 50,000
Purchase of equipment; provides for 5 consecutive annual installments of \$153,368 beginning in fiscal year 1999-2000, including interest at 4.39%.	422,480
Purchase of health center building; provides for 12 consecutive varying annual installments, beginning in fiscal year 2000-2001, including interest at 6.00%.	1,430,000
Purchase of property for the community college; provides for 5 consecutive annual installments of \$124,009 beginning in fiscal year 2000-2001, including interest at 6.38%	425,991
	<u>2,328,471</u>
Accrued vacation pay and compensatory time:	
Accrued vacation pay included in long-term debt at June 30, 2001	532,986
Accrued compensatory time included in long-term debt at June 30, 2001	23,807
Net pension obligation at June 30, 2001	<u>45,458</u>
	<u>\$ 47,850,722</u>

Annual maturity and sinking fund requirements on long-term debt (except accrued vacation and compensatory times) with related interest as of June 30, 2001 are as follows:

	General Obligations Bonds and Certificates of Participation		Installment Purchases		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest
2001-2002	\$ 3,145,000	\$ 2,445,244	\$ 366,418	\$ 134,525	\$ 3,511,418	\$ 2,579,769
2002-2003	3,145,000	2,273,359	333,601	114,343	3,478,601	2,387,702
2003-2004	3,140,000	2,100,744	351,742	96,201	3,491,742	2,196,945
2004-2005	3,140,000	1,928,006	217,530	77,046	3,357,530	2,005,052
2005-2006	3,140,000	1,754,906	107,015	63,551	3,247,015	1,818,457
Thereafter	29,210,000	9,958,231	952,165	232,821	30,162,165	10,191,052
	<u>\$ 44,920,000</u>	<u>\$ 20,460,490</u>	<u>\$ 2,328,471</u>	<u>\$ 718,487</u>	<u>\$ 47,248,471</u>	<u>\$ 21,178,977</u>

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

The following is a summary of changes in County's long-term debt for the fiscal year ended June 30, 2001:

	General Long-Term Debt		General Long-Term Debt	
	July 1, 2000	Additions	Retirements	June 30, 2001
<u>By type:</u>				
General obligation bonds and				
Certificates of participation	\$ 28,150,000	\$ -	\$ 1,300,000	\$ 26,850,000
Certificates of participation	20,480,000	-	2,410,000	18,070,000
Installment Purchases	551,632	2,180,000	403,161	2,328,471
Vacation pay and compensatory time	536,242	36,896	16,345	556,793
Net pension obligation	37,494	7,964	-	45,458
Total	<u>\$ 49,755,368</u>	<u>\$ 2,224,860</u>	<u>\$ 4,129,506</u>	<u>\$ 47,850,722</u>
<u>By purpose:</u>				
Land and building	\$ 43,360,000	\$ 2,180,000	\$ 3,984,009	\$ 41,555,991
Equipment	5,821,632	-	129,152	5,692,480
Vacation pay and compensatory time	536,242	36,896	16,345	556,793
Net pension obligation	37,494	7,964	-	45,458
Total	<u>\$ 49,755,368</u>	<u>\$ 2,224,860</u>	<u>\$ 4,129,506</u>	<u>\$ 47,850,722</u>

Interest and fees on the above obligations during 2001 totaled \$2,883,365.

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, 2001 amounts to \$396,701,417.

On November 7, 2000 the County citizens approved a \$7.6 million general obligation bond referendum for Carteret Community College. The entire amount is unissued.

Conduit Debt Obligations

Carteret County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bond. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2001, the outstanding principal amount payable was \$9,000,000.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 9. 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 \$2,676,000 at September 30, 2000. At September 30, 2000 the outstanding balance on the note was \$1,493,044 with future principal maturities as follows:

<u>Year Ending September 30,</u>	
2001	\$ 472,363
2002	497,245
2003	523,436
	<u>\$ 1,493,044</u>

The Tourism and Development Bureau had accrued compensated absences as a long-term debt at June 30, 2001 in the amount of \$12,227.

Note 10. 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, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 4.92% and 4.63%, respectively, 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, 2001, 2000, and 1999 were \$457,549, \$436,783 and \$404,714, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2001, 2000, and 1999 were \$27,030, \$27,197, and \$25,168, respectively. The contribution made by the County and the ABC Board equaled the required contributions for each year.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Retirement Systems (Continued)

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.

Contributions for year ended September 30, 2000 totaled \$1,030,675.

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, 2001 was \$121,200 and the contribution amount for the fiscal year ended June 30, 2001 was \$4,848.

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, 2001 the System's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	38
Total	<u>39</u>

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Retirement Systems (Continued)

The Plan does not issue a stand-alone financial report.

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, 2000 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

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	\$ 15,552
Interest on Net Pension Obligation	2,718
Adjustment to Annual Required Contribution	<u>(3,488)</u>
Annual Pension Cost	14,782
Employer Contributions made for fiscal year ending June 30, 2001	<u>6,818</u>
Increase in Net Pension Obligation	7,964
Net Pension Obligation, beginning of fiscal year	<u>37,494</u>
Net Pension Obligation, end of fiscal year	<u><u>\$ 45,458</u></u>

TREND INFORMATION

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC Contribution</u>	Net Pension <u>Obligation</u>
6/30/96	\$9,421	0%	\$9,421
6/30/97	\$10,134	0%	\$19,560
6/30/98	\$10,604	0%	\$30,161
6/30/99	\$11,000	74.38%	\$32,979
6/30/00	\$12,697	64.44%	\$37,494
6/30/01	\$14,782	46.12%	\$45,458

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Retirement Systems (Continued)

SCHEDULE OF FUNDING PROCESS

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial (AAL)- Proj Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Year End on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/1995	-	\$ 52,650	\$ 52,650	0.00%	\$ 718,677	7.33%
12/31/1996	-	56,427	56,427	0.00%	699,373	8.07%
12/31/1997	-	60,852	60,852	0.00%	747,833	8.14%
12/31/1998	-	74,977	74,977	0.00%	831,875	9.01%
12/31/1999	-	80,668	80,668	0.00%	914,148	8.82%
12/31/2000	-	149,530	149,530	0.00%	1,033,427	14.47%

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	12/31/2000
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	30 years (20 years through 12/31/99)
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	5.9% to 9.8% (4.4% to 8.5% through 12/31/99)
Includes inflation at	3.75%
Cost-of-living adjustments	None

Supplemental Retirement Income Plan for Law Enforcement Officers:

Plan Description. The County and ABC Board contribute to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the 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 and ABC Board 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 from the county for the year ended June 30, 2001 were \$76,499, which consisted of \$56,585 from the County and \$19,914 from law enforcement officers. Contributions from the ABC Board for June 30, 2001 consisted of \$1,425 from the Board and zero from the law enforcement officers.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Retirement Systems (Continued)

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 County. 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 voluntarily elected to contribute each month an amount equal to three 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, 2001 were \$614,877, which consisted of \$414,831 from the County and \$200,046 from the employees.

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, 2001, the County's required and actual contributions were \$18,299.

Note 11. 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.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 11. Post-Employment Health Care Benefits (Continued)

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, 2001 the County made contributions to the State for death benefits of \$11,452. 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.

Note 12. 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	\$ 2,049,329	\$ -
Medicaid	25,054,703	12,718,066
TANF and Work First	588,738	-
WIC	656,087	-
Special Assistance	-	363,427
Other	65,551	-
	<u>\$ 28,414,408</u>	<u>\$ 13,081,493</u>

Note 13. 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, 2001. 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, 2001. 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.

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, 2001. The County appropriated \$202,359 to the Center during the fiscal year ended June 30, 2001 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.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 13. Joint Ventures (Continued)

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 \$1,584,090 to the Community College during the fiscal year ended June 30, 2001. 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, 2001. 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.

Component unit information:

The Hospital is a member of a limited liability company with two other area healthcare providers. According to the operating agreement of the joint venture, the Hospital acquired a one-third interest by contributing capital of \$1,000. In addition to the \$1,000, the Hospital has contributed \$175,000 to fund start-up costs. The limited liability company was organized to help represent the area healthcare providers on a larger scale. The investment in the joint venture of \$206,877 for the year ended September 30, 2000, respectively, is accounted for under the equity method and is included in other assets in the balance sheet. During 2000, the Hospital's share of the income is \$90,866 and is included in nonoperating income.

Note 14. Jointly Governed Organizations

Regional Library:

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, 2001. During the year ended June 30, 2001, the County appropriated \$504,704 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

Note 14. 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, 2001, the portion of the trust available to be loaned exclusively to Carteret County was \$1,705,420.

Note 15. Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Taxes

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2001, the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for public school capital outlays and to retire public school indebtedness.

Note 16. 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.

Public School Building Capital Fund:

This program is funded using a portion of the corporate income taxes which are imposed on corporations doing business in the State. Each calendar quarter, the Department of Revenue shall remit to the State Treasurer for credit in the fund, an amount equal to the applicable fraction 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. For the period from 10/1/1999 to 9/30/2000, the applicable fraction was one-fourteenth (1/14) of the net collections; for periods after 9/30/2000 the applicable fraction is five sixty-ninths (5/69) of the net collections of corporate taxes.

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, 2001, the balance of the County's ADM allocation account was \$75,133. 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, 2001, the County did not have any funds in its disbursing account.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 16. 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 abolished. Grants are awarded by the State Board of Education based on the grant priority list. A joint application must have been made by the Carteret County Board of Commissioners and the Carteret County Board of Education.

On October 27, 2000 Carteret County and Carteret County Board of Education were awarded \$2,000,000 to assist in completion of a new Beaufort Elementary School. As of June 30, 2001 this project is not in progress and thus no expenditures have been incurred. This award expires October 27, 2002.

Note 17. 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 \$6,871,628 of their total allocation of \$6,919,845.

Note 18. 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.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 18. Commitments and Contingencies (Continued)

Construction contracts and Capital Outlays:

At June 30, 2001, the County was party to various contracts or purchase of various fixed assets. Contractual commitments relative to construction projects at June 30, 2001 are as follows:

Capital project funds	\$ 635,325
School capital outlays	46,093
	<u>\$ 681,418</u>

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 believe that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Operating Leases:

The Hospital has operating lease commitments as follows; 2001 \$123,650; 2002 \$120,530.

Note 19. Interfund Receivables and Payables

Due to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	1997 Fran DRI Grant Fund	\$ 4,737
	Newport Middle COPS Fund	32,503
	School Projects Fund	43,953
	Hwy 101 Water Project Fund	54,087
		<u>\$ 135,280</u>

Due to/from primary government and component units:

Receivable entity	Payable entity	Amount
Primary government:	Component unit:	
General Fund	Beaufort-Morehead City Airport Authority	\$ 85,440
	Carteret County ABC Board	103,796
		<u>\$ 189,236</u>

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 20. Interfund Transfers

Interfund transfers during the year ended June 30, 2001, can be summarized as follows:

Primary Government:

From General Fund to:

County Capital Improvements Fund	\$ 179,000
Rescue Squad Fund	73,000
Fire District Fund	23,000
Capital Reserve	243,600
E-911 Fund	65,000
School Special Projects Fund	2,600,465
	<u>3,184,065</u>

From Occupancy Room Tax Fund to:

General Fund	<u>364,315</u>
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From County Capital Reserve Fund to:

General Fund	14,285
Capital Improvement Fund	55,300
	<u>69,585</u>

From E-911 Fund to:

General Fund	<u>25,000</u>
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From Newport Middle COPS Funds to:

General Fund	<u>40,842</u>
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From School Projects Fund to:

General Fund	<u>37,000</u>
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Totals - Primary Government	<u>\$ 3,720,807</u>
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Component Units:

Operating Transfers out:

From General Fund to:

Beaufort-Morehead City Airport Authority	\$ 57,830
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Operating Transfers out:

From Occupancy Room Tax Fund to:

Carteret County Tourism Development Bureau	<u>1,001,865</u>
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	<u>\$ 1,059,695</u>
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Operating Transfers In:

From ABC Board to:

General Fund	<u>\$ 182,443</u>
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CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 21. Pending GASB Statements

At June 30, 2001, the Governmental Accounting Standards Board has issued several statements not yet implemented by the unit. The Statements which will have a significant effect on the unit are as follows:

No. 34 as amended by No. 37 "Basic Financial Statements – and Management Discussion and Analysis – For State and Local Governments", issued June 1999 and June 2001, respectively, were the culmination of many years of study and deliberation by the GASB. Due to the significance of these statements, an extended disclosure is included below.

For the first time, financial managers will be required to share their insights in a management's discussion and analysis (MD&A) that gives readers an analysis of the government's overall financial position and results of the previous year's operations.

Financial statements will present a government-wide perspective (new) and a fund level perspective. For the first time, the annual report will include government wide financial statements prepared using *full accrual* accounting for *all of the government's activities*—not just those that cover costs by charging a fee for services, as was previously required. Governments will report all capital assets, including infrastructure, in a government-wide *statement of net assets* and will report depreciation expense—the cost of "using up" capital assets—in the statement of activities. Infrastructure assets will be reported, but may not be required to be depreciated under certain circumstances. The net assets of a government will be broken down into three categories—*invested in capital assets, net of related debt; restricted; and unrestricted*. A *statement of activities* will be presented in at least the same level of detail provided in the governmental fund statements—generally, expenses and program revenues by function. Program expenses will include all direct expenses; governments that allocate overhead and other indirect expenses to individual programs will show the allocation in a separate column. *Special and extraordinary* items will be reported separately from other revenues and expenses. This way, users will see if the government's conventional, recurring revenues and expenses balanced.

Statement 34 requires governments to continue to present fund level financial statements with information about funds. The focus of these fund-based statements has been changed, however, by requiring governments to report information about their most important or *major* funds (those whose revenues, expenditures/expenses, assets, or liabilities are at least 10 percent of the total for their fund category or type (governmental or enterprise) and at least 5 percent of the aggregate amount for all governmental and enterprise funds), including a government's "general fund." Fund-based statements for governmental activities (generally, those supported by tax revenues) will continue to report the flow of *current financial resources* (generally, cash and other assets that can easily be converted to cash).

To help users understand and assess the relationship between fund-based and government-wide financial statements, governments will present a summary reconciliation that will show the interplay between the two types of statements.

Governments will continue to provide budgetary comparison information in their annual reports - as required supplementary information. An important change, however, is a requirement to add the government's *original budget* to the current comparison of final budget and actual results.

CARTERET COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 21. Pending GASB Statements (Continued)

The requirements of Statements 34 and 37 are effective with fiscal year ending after June 15, 2003.

Note 22. Subsequent Events

On September 21, 2001, Carteret County entered into a financing agreement with a bank in the amount of \$3,000,000 for construction of a new Health Care Facilities. The annual payment will include \$300,000 of principal, plus interest at 4.510%. The first payment is due September 21, 2002.

On September 14, 2002, Carteret County entered into a financing agreement with a bank in the amount of \$6,000,000 for construction of a Hospital Expansion. The annual payment will include \$870,600 of principal, plus interest of 4.510%. The first payment is due September 14, 2002. Carteret General Hospital, which is a component unit of the County, will pay the County the annual payment before it is due to the bank.

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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, 2001

(Page 1 of 10)

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Ad valorem taxes:			
Current period	\$ 27,871,670	\$ 27,667,895	\$ (203,775)
Prior years	552,000	670,473	118,473
Interest and penalties	218,000	191,690	(26,310)
	<u>28,641,670</u>	<u>28,530,058</u>	<u>(111,612)</u>
Other taxes and licenses:			
Intangible taxes	697,122	727,576	30,454
ABC local bottle tax	18,000	22,368	4,368
Local option sales tax	10,563,000	10,214,998	(348,002)
Scrap tire disposal tax	56,730	56,729	(1)
Food stamp tax	31,228	33,377	2,149
	<u>11,366,080</u>	<u>11,055,048</u>	<u>(311,032)</u>
Permits and fees:			
Building permits and inspections fees	290,000	300,662	10,662
Sheriff fees	23,000	31,717	8,717
Register of deeds	760,000	792,842	32,842
Privilege licenses	35,800	21,480	(14,320)
Franchise fees	150,000	167,804	17,804
Other fees	53,975	109,281	55,306
	<u>1,312,775</u>	<u>1,423,786</u>	<u>111,011</u>
Intergovernmental:			
Restricted:			
Federal and State grants	8,272,631	7,674,366	(598,265)
Court facilities fees	210,000	215,064	5,064
Unrestricted:			
Payments in lieu of taxes	5,000	19,716	14,716
Inventory tax reimbursements	215,426	430,852	215,426
Beer and wine tax	145,000	148,097	3,097
Sales and gas tax refunds	30,000	52,548	22,548
Reimbursement for homestead exemption	43,000	34,256	(8,744)
Croatan National Forest	39,000	35,987	(3,013)
	<u>8,960,057</u>	<u>8,610,886</u>	<u>(349,171)</u>
Sales and services:			
Mapping	3,000	2,354	(646)
Solid waste	875,000	806,513	(68,487)
Civic center fees	110,000	102,978	(7,022)
Other	435,619	324,404	(111,215)
	<u>1,423,619</u>	<u>1,236,249</u>	<u>(187,370)</u>
Interest	<u>1,019,100</u>	<u>826,988</u>	<u>(192,112)</u>
Miscellaneous:			
Proceeds from sale of fixed assets	30,000	32,954	2,954
Other	100,873	99,096	(1,777)
	<u>130,873</u>	<u>132,050</u>	<u>1,177</u>
Total revenue	<u>52,854,174</u>	<u>51,815,065</u>	<u>(1,039,109)</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, 2001

(Page 2 of 10)

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
General government:			
Governing body:			
Salaries and employee benefits	\$ 39,950	\$ 42,451	\$ (2,501)
Operating expenses	152,683	148,224	4,459
Professional services	107,967	102,935	5,032
	<u>300,600</u>	<u>293,610</u>	<u>6,990</u>
Administration:			
Salaries and employee benefits	268,311	261,087	7,224
Operating expenses	35,490	37,690	(2,200)
Capital outlay	110	-	110
	<u>303,911</u>	<u>298,777</u>	<u>5,134</u>
Information systems:			
Salaries and employee benefits	57,113	57,066	47
Operating expenses	138,405	134,124	4,281
	<u>195,518</u>	<u>191,190</u>	<u>4,328</u>
Finance:			
Salaries and employee benefits	267,164	266,493	671
Operating expenses	42,914	37,585	5,329
	<u>310,078</u>	<u>304,078</u>	<u>6,000</u>
Taxes:			
Salaries and employee benefits	695,135	668,657	26,478
Operating expenses	104,696	103,095	1,601
Contract services	95,380	91,893	3,487
	<u>895,211</u>	<u>863,645</u>	<u>31,566</u>
Revaluation:			
Salaries and employee benefits	109,365	105,559	3,806
Operating expenses	61,400	29,915	31,485
Contract Services	18,800	18,726	74
	<u>189,565</u>	<u>154,200</u>	<u>35,365</u>
Legal:			
Professional services	38,000	21,307	16,693
Court facilities:			
Operating expenses	30,917	24,226	6,691
	<u>30,917</u>	<u>24,226</u>	<u>6,691</u>
Elections:			
Salaries and employee benefits	112,926	110,761	2,165
Operating expenses	153,741	150,294	3,447
	<u>266,667</u>	<u>261,055</u>	<u>5,612</u>
Register of deeds:			
Salaries and employee benefits	212,863	211,308	1,555
Operating expenses	163,675	151,429	12,246
	<u>376,538</u>	<u>362,737</u>	<u>13,801</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, 2001

(Page 3 of 10)

	Budget	Actual	Variance Favorable (Unfavorable)
Public buildings:			
Salaries and employee benefits	\$ 201,093	\$ 198,334	\$ 2,759
Operating expenses	384,587	386,844	(2,257)
Capital outlay	86,448	286,448	(200,000)
Contingency	17,359	-	17,359
	<u>689,487</u>	<u>871,626</u>	<u>(182,139)</u>
 Total general government	 3,596,492	 3,646,451	 (49,959)
 Public safety:			
Sheriff:			
Salaries and employee benefits	1,551,538	1,536,941	14,597
Operating expenses	387,957	386,868	1,089
Capital outlay	201,593	201,307	286
	<u>2,141,088</u>	<u>2,125,116</u>	<u>15,972</u>
 Communications:			
Salaries and employee benefits	288,573	284,200	4,373
Operating expenses	62,470	61,134	1,336
Capital outlay	15,990	15,900	90
	<u>367,033</u>	<u>361,234</u>	<u>5,799</u>
 Sheriff - Jail division:			
Salaries and employee benefits	890,335	901,086	(10,751)
Operating expenses	336,250	314,796	21,454
Contract services	183,000	184,910	(1,910)
	<u>1,409,585</u>	<u>1,400,792</u>	<u>8,793</u>
 Sheriff - Teen court			
Salaries and employee benefits	41,915	41,227	688
Operating expenses	7,123	6,766	357
	<u>49,038</u>	<u>47,993</u>	<u>1,045</u>
 Emergency medical service:			
Salaries and employee benefits	50,041	50,064	(23)
Operating expenses	29,686	27,047	2,639
Contract services	14,000	14,004	(4)
	<u>93,727</u>	<u>91,115</u>	<u>2,612</u>
 Emergency management:			
Salaries and employee benefits	28,988	28,950	38
Operating expenses	9,250	9,071	179
Contract services	5,000	5,000	-
	<u>43,238</u>	<u>43,021</u>	<u>217</u>
 Rape crisis program:			
Salaries and employee benefits	91,153	88,173	2,980
Operating expenses	19,709	19,167	542
Contract services	11,607	11,822	(215)
	<u>122,469</u>	<u>119,162</u>	<u>3,307</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, 2001

(Page 4 of 10)

	Budget	Actual	Variance Favorable (Unfavorable)
Criminal Justice Partner:			
Salaries and employee benefits	\$ 3,784	\$ 3,418	\$ 366
Operating expenses	457	530	(73)
	<u>4,241</u>	<u>3,948</u>	<u>293</u>
Domestic violence program:			
Operating expenses	<u>113,403</u>	<u>113,403</u>	<u>-</u>
Fire:			
Salaries and employee benefits	50,621	49,686	935
Operating expenses	23,151	18,712	4,439
	<u>73,772</u>	<u>68,398</u>	<u>5,374</u>
Central permit:			
Salaries and employee benefits	283,372	279,275	4,097
Operating expenses	60,993	55,488	5,505
	<u>344,365</u>	<u>334,763</u>	<u>9,602</u>
Medical examiner:			
Professional services	<u>32,000</u>	<u>31,800</u>	<u>200</u>
Animal control:			
Salaries and employee benefits	129,177	134,998	(5,821)
Operating expenses	106,195	101,311	4,884
Contract services	81,800	68,327	13,473
Capital Outlay	34,703	33,487	1,216
	<u>351,875</u>	<u>338,123</u>	<u>13,752</u>
Total public safety	<u>5,145,834</u>	<u>5,078,868</u>	<u>66,966</u>
Transportation:			
Harbors:			
Operating expenses	<u>18,200</u>	<u>14,628</u>	<u>3,572</u>
CCATS:			
Salaries and employee benefits	40,367	32,548	7,819
Operating expenses	243,964	240,003	3,961
Contract services	2,500	297	2,203
Capital outlay	147,200	137,088	10,112
	<u>434,031</u>	<u>409,936</u>	<u>24,095</u>
Total transportation	<u>452,231</u>	<u>424,564</u>	<u>27,667</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, 2001

(Page 5 of 10)

	Budget	Actual	Variance Favorable (Unfavorable)
Environmental protection:			
Forest fire control	\$ 86,380	\$ 79,404	\$ 6,976
Landfill closure	18,000	16,079	1,921
Tri-County solid waste collections	2,092,730	2,092,454	276
Soil conservation:			
Salaries and employee benefits	58,180	56,182	1,998
Operating expenses	13,219	11,057	2,162
	71,399	67,239	4,160
Environmental Health:			
Salaries and employee benefits	715,985	656,517	59,468
Operating expenses	95,555	91,083	4,472
Capital outlay	14,203	13,772	431
	825,743	761,372	64,371
Public works:			
Salaries and employee benefits	215,159	208,224	6,935
Operating expenses	63,775	71,601	(7,826)
Contract services	7,700	6,663	1,037
	286,634	286,488	146
Total environmental protection	3,380,886	3,303,036	77,850
Economic and physical development:			
Special appropriations:			
Economic Development Council	200,000	200,000	-
Port committee	2,000	2,000	-
Mainstreet program	10,000	10,000	-
	212,000	212,000	-
Comprehensive planning:			
Salaries and employee benefits	976	410	566
Operating expenses	2,601	-	2,601
Contract services	120,000	58,800	61,200
	123,577	59,210	64,367
Planning and zoning:			
Salaries and employee benefits	167,430	153,055	14,375
Operating expenses	32,544	29,921	2,623
	199,974	182,976	16,998
Engineering:			
Salaries and employee benefits	99,713	102,713	(3,000)
Operating expenses	14,120	9,384	4,736
	113,833	112,097	1,736

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, 2001

(Page 6 of 10)

	Budget	Actual	Variance Favorable (Unfavorable)
Agricultural extension:			
Salaries and employee benefits	\$ 164,248	\$ 159,715	\$ 4,533
Operating expenses	37,650	34,696	2,954
	<u>201,898</u>	<u>194,411</u>	<u>7,487</u>
Total economic and physical development	<u>851,282</u>	<u>760,694</u>	<u>90,588</u>
Human services:			
State breast feeding grant:			
Salaries and fringe benefits	35,211	36,890	(1,679)
Operating supplies	24,390	16,837	7,553
	<u>59,601</u>	<u>53,727</u>	<u>5,874</u>
State smart start grant:			
Salaries and fringe benefits	50,125	51,951	(1,826)
Operating supplies	33,681	19,806	13,875
	<u>83,806</u>	<u>71,757</u>	<u>12,049</u>
Health center:			
Salaries and employee benefits	625,002	609,835	15,167
Operating expenses	175,461	258,005	(82,544)
Capital outlay	1,769,750	1,430,592	339,158
	<u>2,570,213</u>	<u>2,298,432</u>	<u>271,781</u>
Health promotion:			
Salaries and employee benefits	73,464	72,644	820
Operating expenses	19,857	18,148	1,709
	<u>93,321</u>	<u>90,792</u>	<u>2,529</u>
Clinical services, cancer, glaucoma, diabetes:			
Salaries and employee benefits	37,852	37,106	746
Operating expenses	12,300	11,319	981
	<u>50,152</u>	<u>48,425</u>	<u>1,727</u>
Tuberculosis control program:			
Salaries and employee benefits	55,854	56,364	(510)
Operating expenses	1,375	536	839
	<u>57,229</u>	<u>56,900</u>	<u>329</u>
Kidney:			
Salaries and employee benefits	9,363	9,081	282
Operating expenses	1,688	883	805
	<u>11,051</u>	<u>9,964</u>	<u>1,087</u>
Women, infants, and children:			
Administration:			
Salaries and employee benefits	139,651	135,175	4,476
Operating expenses	10,379	5,341	5,038
	<u>150,030</u>	<u>140,516</u>	<u>9,514</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, 2001

(Page 7 of 10)

	Budget	Actual	Variance Favorable (Unfavorable)
Nutrition:			
Salaries and employee benefits	\$ 34,540	\$ 34,255	\$ 285
Operating expenses	700	576	124
	<u>35,240</u>	<u>34,831</u>	<u>409</u>
Child care coordination:			
Salaries and employee benefits	205,616	210,579	(4,963)
Operating expenses	12,700	6,891	5,809
	<u>218,316</u>	<u>217,470</u>	<u>846</u>
Maternal adult and child heath:			
Salaries and employee benefits	393,184	367,074	26,110
Operating expenses	39,497	28,295	11,202
	<u>432,681</u>	<u>395,369</u>	<u>37,312</u>
Mental health:			
Mental health	254,665	248,859	5,806
Mental health, ABC	18,000	18,000	-
	<u>272,665</u>	<u>266,859</u>	<u>5,806</u>
DSS Administration:			
Salaries and employee benefits	3,057,245	2,993,173	64,072
Operating expenses	328,900	283,248	45,652
Professional services	30,000	33,263	(3,263)
Capital outlay	36,404	34,845	1,559
	<u>3,452,549</u>	<u>3,344,529</u>	<u>108,020</u>
General assistance:			
Boarding home	57,000	57,915	(915)
Clothing and medical expense	24,000	24,948	(948)
Miscellaneous	15,100	13,234	1,866
	<u>96,100</u>	<u>96,097</u>	<u>3</u>
TANF Block grant:			
TANF Block grant	246,736	176,213	70,523
Operating expenses	59,000	120,903	(61,903)
	<u>305,736</u>	<u>297,116</u>	<u>8,620</u>
DSS special assistance	<u>4,615,474</u>	<u>4,614,523</u>	<u>951</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, 2001

(Page 8 of 10)

	Budget	Actual	Variance Favorable (Unfavorable)
Special projects	\$ 317,072	\$ 308,936	\$ 8,136
Other human services	1,006,430	586,064	420,366
CBA juvenile restitution program:			
Salaries and employee benefits	34,033	31,211	2,822
Operating expenses	7,695	7,488	207
Contract services	4,300	5,335	(1,035)
	46,028	44,034	1,994
Title V grant:			
Salaries and employee benefits	46,503	46,416	87
Operating expenses	1,543	1,563	(20)
Contract services	273	340	(67)
	48,319	48,319	-
Title III F grant:			
Salaries and employee benefits	6,995	6,853	142
Operating expenses	2,502	2,415	87
Contract services	50	247	(197)
	9,547	9,515	32
Veteran services:			
Salaries and employee benefits	116,666	117,865	(1,199)
Operating expenses	25,608	23,342	2,266
Contract services	3,448	3,745	(297)
	145,722	144,952	770
Total human services	14,077,282	13,179,127	898,155
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	385,856	362,787	23,069
Operating expenses	212,072	179,907	32,165
Contract services	42,359	38,265	4,094
Capital outlay	12,202	-	12,202
	652,489	580,959	71,530
Parks and recreation maintenance:			
Salaries and employee benefits	281,093	271,767	9,326
Operating expenses	180,020	155,963	24,057
Contract services	20,964	22,882	(1,918)
Capital outlay	74,185	54,530	19,655
	556,262	505,142	51,120
Senior center:			
Salaries and employee benefits	206,591	202,938	3,653
Operating expenses	244,114	227,320	16,794
Contract services	20,430	20,521	(91)
Capital outlay	12,667	5,272	7,395
	483,802	456,051	27,751

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, 2001

(Page 9 of 10)

	Budget	Actual	Variance Favorable (Unfavorable)
Civic center:			
Salaries and employee benefits	\$ 138,770	\$ 138,492	\$ 278
Operating expenses	124,920	121,345	3,575
Contract services	2,300	1,584	716
Capital outlay	12,638	12,500	138
	<u>278,628</u>	<u>273,921</u>	<u>4,707</u>
Carteret County Library:			
Appropriations	504,704	504,704	-
	<u>504,704</u>	<u>504,704</u>	<u>-</u>
Total culture and recreation	<u>2,475,885</u>	<u>2,320,777</u>	<u>155,108</u>
Education:			
Public schools, current expense	17,419,735	17,390,482	29,253
Public schools, capital outlay	200,591	154,498	46,093
Community college, current expense	1,166,370	1,166,370	-
Community college, capital outlay	417,720	967,720	(550,000)
Total education	<u>19,204,416</u>	<u>19,679,070</u>	<u>(474,654)</u>
Debt service:			
Principal retirement	4,113,160	4,113,160	-
Interest and fees	2,883,724	2,883,365	359
Total debt service	<u>6,996,884</u>	<u>6,996,525</u>	<u>359</u>
Total expenditures	<u>56,181,192</u>	<u>55,389,112</u>	<u>792,080</u>
Revenue under expenditures	<u>(3,327,018)</u>	<u>(3,574,047)</u>	<u>(247,029)</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, 2001

(Page 10 of 10)

	Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)			
Installment Purchase Proceeds	\$ 1,430,000	\$ 2,180,000	\$ 750,000
Operating transfer (to) from component units:			
From Carteret County ABC Board	150,000	182,443	32,443
Beaufort-Morehead City Airport Authority	(57,830)	(57,830)	-
Operating transfers in (out):			
From School Special Projects Fund	37,000	37,000	-
From Rescue Squad Fund	22,000	-	(22,000)
From Occupancy Tax Fund	343,928	364,315	20,387
From E-911 Fund	25,000	25,000	-
From Capital Reserve	14,285	14,285	-
From Newport Middle COPS Fund	-	40,842	40,842
To Capital Reserve	(243,600)	(243,600)	-
To School Special Projects Fund	(2,600,465)	(2,600,465)	-
To Capital Improvements Fund	(179,000)	(179,000)	-
To Rescue Squad Fund	(73,000)	(73,000)	-
To Fire District Fund	(23,000)	(23,000)	-
To E - 911 Fund	(65,000)	(65,000)	-
Appropriated fund balance	4,546,700	-	(4,546,700)
Total other financing sources (uses)	3,327,018	(398,010)	(3,725,028)
Revenue and other sources over (under) expenditures and other uses	\$ -	(3,972,057)	\$ (3,972,057)
FUND BALANCE, beginning		16,148,054	
FUND BALANCE, ending		\$ 12,175,997	

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:

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.

Community Development Block Grant Rehabilitation 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.

Community Development Block Grant - Jarrett Bay Fund - This fund is being used to account for the CDBG-Jarrett Bay the county has been awarded. This project will be a joint effort between private industry and the county to build a marine industrial park in the eastern part of Carteret County.

1997 Fran DRI Grant Fund - This fund accounts for housing rehabilitation for homes that are substandard due to Hurricane Fran.

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

**COMBINING BALANCE SHEET
June 30, 2001**

	Rescue Squad Fund	Fire District Fund	Emergency 911 Fund
ASSETS			
Cash and investments	\$ 14,493	\$ 28,224	\$ 559,384
Receivables:			
Property taxes receivable	82,152	126,569	-
Accounts receivable	75,857	145,355	-
Total assets	\$ 172,502	\$ 300,148	\$ 559,384
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable	\$ 101,569	\$ 173,595	\$ 922
Due to other funds	-	-	-
Deferred revenue	82,152	126,569	-
Total liabilities	183,721	300,164	922
Equity (Deficit):			
Reserved by State statute	75,857	145,355	-
Unreserved:			
Designated for subsequent year's expenditures	-	-	192,059
Undesignated	(87,076)	(145,371)	366,403
Total equity (deficit)	(11,219)	(16)	558,462
Total liabilities and equity	\$ 172,502	\$ 300,148	\$ 559,384

Occupancy Tax Fund	CDBG Rehabilitation Fund	Industrial Park Fund	CDBG Jarrett Bay Fund	1997 Fran DRI Grant Fund	Totals
\$ 106,159	\$ 2,764	\$ 18,304	\$ 6,418	\$ -	\$ 735,746
-	-	-	-	-	208,721
3,114	-			4,737	229,063
<u>\$ 109,273</u>	<u>\$ 2,764</u>	<u>\$ 18,304</u>	<u>\$ 6,418</u>	<u>\$ 4,737</u>	<u>\$ 1,173,530</u>
\$ 106,159	\$ -	\$ -	\$ -	\$ -	\$ 382,245
-	-	-	-	4,737	4,737
3,114	-	-	-	-	211,835
<u>109,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,737</u>	<u>598,817</u>
-	-	-	-	4,737	225,949
-	2,764	18,304	6,418	-	219,545
-	-	-	-	(4,737)	129,219
-	2,764	18,304	6,418	-	574,713
<u>\$ 109,273</u>	<u>\$ 2,764</u>	<u>\$ 18,304</u>	<u>\$ 6,418</u>	<u>\$ 4,737</u>	<u>\$ 1,173,530</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, 2001**

	Rescue Squad Fund	Fire District Fund	Emergency 911 Fund
REVENUES			
Ad valorem taxes	\$ 852,739	\$ 1,436,792	\$ -
Other taxes and licenses	302,994	543,972	299,424
Intergovernmental	-	-	-
Interest	4,929	6,359	35,342
Total revenue	<u>1,160,662</u>	<u>1,987,123</u>	<u>334,766</u>
EXPENDITURES			
Public safety	1,245,768	2,010,191	399,311
Economic and physical development	-	-	-
Total expenditures	<u>1,245,768</u>	<u>2,010,191</u>	<u>399,311</u>
Revenue over (under) expenditures	<u>(85,106)</u>	<u>(23,068)</u>	<u>(64,545)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out to component units	-	-	-
Operating transfers in	73,000	23,000	65,000
Operating transfers out	-	-	(25,000)
Total other financing sources (uses)	<u>73,000</u>	<u>23,000</u>	<u>40,000</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>(12,106)</u>	<u>(68)</u>	<u>(24,545)</u>
FUND BALANCES (DEFICIT), beginning	<u>887</u>	<u>52</u>	<u>583,007</u>
FUND BALANCES (DEFICIT), ending	<u>\$ (11,219)</u>	<u>\$ (16)</u>	<u>\$ 558,462</u>

Occupancy Tax Fund	CDBG Rehabilitation Fund	Industrial Park Fund	CDBG Jarrett Bay Fund	1997 Fran DRI Grant Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,289,531
1,821,574	-	-	-	-	2,967,964
-	-	492	61,371	316,939	378,802
6,303	-	-	-	-	52,933
1,827,877	-	492	61,371	316,939	5,689,230
-	-	-	-	-	3,655,270
461,473	1,500	13,800	118,600	316,939	912,312
461,473	1,500	13,800	118,600	316,939	4,567,582
1,366,404	(1,500)	(13,308)	(57,229)	-	1,121,648
(1,001,865)	-	-	-	-	(1,001,865)
-	-	-	-	-	161,000
(364,315)	-	-	-	-	(389,315)
(1,366,180)	-	-	-	-	(1,230,180)
224	(1,500)	(13,308)	(57,229)	-	(108,532)
(224)	4,264	31,612	63,647	-	683,245
\$ -	\$ 2,764	\$ 18,304	\$ 6,418	\$ -	\$ 574,713

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

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
(DEFICIT),
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Ad valorem taxes	\$ 840,078	\$ 852,739	\$ 12,661
Other taxes and licenses:			
Local option sales tax	364,929	299,038	(65,891)
Payments in lieu of taxes	4,700	3,956	(744)
Interest	3,500	4,929	1,429
Total revenue	<u>1,213,207</u>	<u>1,160,662</u>	<u>(52,545)</u>
EXPENDITURES			
Public safety:			
County allocation	16,000	15,000	1,000
Sea Level Contribution	57,000	70,000	(13,000)
Beaufort	231,547	245,887	(14,340)
Broad and Gales Creek	39,036	40,956	(1,920)
Cape Carteret	219,466	224,318	(4,852)
Sea Level	131,790	137,755	(5,965)
Mitchell Village	100,000	106,474	(6,474)
Otway	112,404	113,276	(872)
Mill Creek	5,835	6,429	(594)
Operating expenses	4,700	4,063	637
Local sales tax and inventory reimbursement	346,429	281,610	64,819
Total expenditures	<u>1,264,207</u>	<u>1,245,768</u>	<u>18,439</u>
Revenue over (under) expenditures	<u>(51,000)</u>	<u>(85,106)</u>	<u>(34,106)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers from General Fund	73,000	73,000	-
Operating transfers to General Fund	(22,000)	-	22,000
Total Other Financing Sources (Uses)	<u>51,000</u>	<u>73,000</u>	<u>22,000</u>
Revenue over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(12,106)</u>	<u>\$ (12,106)</u>
FUND BALANCE, beginning		<u>887</u>	
FUND BALANCE, ending		<u>\$ (11,219)</u>	

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

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
(DEFICIT),
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Ad valorem taxes	\$ 1,381,566	\$ 1,436,792	\$ 55,226
Other taxes and licenses:			
Local option sales tax	642,953	500,631	(142,322)
Payments in lieu of taxes	45,700	43,341	(2,359)
Interest	10,000	6,359	(3,641)
Total revenue	<u>2,080,219</u>	<u>1,987,123</u>	<u>(93,096)</u>
EXPENDITURES			
Public safety:			
Fire Districts:			
County allocations	23,000	23,000	-
Atlantic	21,260	22,045	785
Broad and Gales Creek	78,120	83,576	5,456
Mill Creek	12,039	13,413	1,374
Newport	118,794	115,925	(2,869)
Atlantic Beach	2,530	2,745	215
Mitchell Village, Crab Point	200,608	213,145	12,537
Davis	32,850	33,818	968
Harlowe	20,499	22,842	2,343
Marshallberg	57,869	59,007	1,138
Cape Carteret	213,198	214,357	1,159
Otway	33,924	37,502	3,578
Wildwood	166,583	180,167	13,584
Salter Path	69,315	70,924	1,609
North River	16,209	17,537	1,328
Beaufort	138,606	149,655	11,049
Stacy	10,304	12,039	1,735
Stella	25,395	27,644	2,249
Sea Level	22,630	17,784	(4,846)
Cedar Island	17,570	18,644	1,074
South River	54,683	53,205	(1,478)
Harkers Island	68,580	70,819	2,239
Operating expenses	10,000	6,426	(3,574)
Local sales tax and inventory reimbursements	688,653	543,972	144,681
Total expenditures	<u>2,103,219</u>	<u>2,010,191</u>	<u>93,028</u>
Revenue (under) over expenditures	<u>(23,000)</u>	<u>(23,068)</u>	<u>(186,124)</u>
OTHER FINANCING SOURCES			
Operating transfers from General Fund	23,000	23,000	-
Revenue over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(68)</u>	<u>\$ (68)</u>
FUND BALANCE, beginning		<u>52</u>	
FUND BALANCE, ending		<u>\$ (16)</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, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Other taxes and licenses:			
Emergency 911 wireless assessment	\$ -	\$ 73,557	\$ 73,557
Emergency 911 telephone assessment	201,600	225,867	24,267
Interest	29,000	35,342	6,342
Total revenue	<u>230,600</u>	<u>334,766</u>	<u>104,166</u>
EXPENDITURES			
Public safety:			
Salaries and fringe benefits	29,030	30,826	(1,796)
Operating expenses	192,152	181,180	10,972
Contracted services	28,000	20,818	7,182
Capital outlay	171,798	166,487	5,311
Total expenditures	<u>420,980</u>	<u>399,311</u>	<u>21,669</u>
Revenue (under) over expenditures	<u>(190,380)</u>	<u>(64,545)</u>	<u>125,835</u>
OTHER FINANCING SOURCES			
Transfers in	65,000	65,000	-
Transfers out	(25,000)	(25,000)	-
Fund balance appropriated	150,380	-	(150,380)
	<u>190,380</u>	<u>40,000</u>	<u>(150,380)</u>
Revenue and other financing sources over (under) expenditures	<u>\$ -</u>	<u>(24,545)</u>	<u>\$ (24,545)</u>
FUND BALANCE, beginning		<u>583,007</u>	
FUND BALANCE, ending		<u>\$ 558,462</u>	

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

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Other taxes and licenses:			
Occupancy taxes	\$ 1,842,778	\$ 1,818,657	\$ (24,121)
Occupancy taxes penalties and interest	2,862	2,917	55
Interest	5,300	6,303	1,003
Total revenue	<u>1,850,940</u>	<u>1,827,877</u>	<u>(23,063)</u>
EXPENDITURES			
Economic and physical development:			
Tourism:			
Morehead	133,827	131,574	2,253
Atlantic Beach	92,979	88,639	4,340
Pine Knoll Shores	36,411	33,407	3,004
Indian Beach	8,162	9,003	(841)
Emerald Isle	102,757	100,789	1,968
Cape Carteret	17,619	17,007	612
Beaufort	46,517	45,997	520
Newport	25,760	25,411	349
Cedar Point	2,506	2,360	146
Bogue	750	630	120
Peletier	624	576	48
Operating expenses	5,300	6,080	(780)
Total expenditures	<u>473,212</u>	<u>461,473</u>	<u>11,739</u>
Revenue over expenditures	<u>1,377,728</u>	<u>1,366,404</u>	<u>(11,324)</u>
OTHER FINANCING USES			
Operating transfer out to component unit	(1,009,800)	(1,001,865)	7,935
Operating transfer out to General Fund	(367,928)	(364,315)	3,613
Total other financing uses	<u>(1,377,728)</u>	<u>(1,366,180)</u>	<u>11,548</u>
Revenue over (under) expenditures and other financing uses	<u>\$ -</u>	<u>224</u>	<u>\$ 224</u>
FUND BALANCE (DEFICIT), beginning		<u>(224)</u>	
FUND BALANCE, ending		<u>\$ -</u>	

**CARTERET COUNTY, NORTH CAROLINA
CDBG REHABILITATION FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2001**

	Total Project Estimate	Actual		Total To Date
		Prior Years	Current Year	
REVENUE				
Intergovernmental:				
Community Development Block Grant	\$ 750,000	\$ 705,567	\$ -	\$ 705,567
Total revenue	<u>750,000</u>	<u>705,567</u>	<u>-</u>	<u>705,567</u>
EXPENDITURES				
Economic and physical development:				
Acquisition	(20,500)	-	-	-
Disposition	(1,000)	-	-	-
Clearance activities	170,300	99,224	-	99,224
Relocation assistance	349,000	341,805	-	341,805
C1 Rehabilitation	145,400	106,596	1,500	108,096
L1 Rehabilitation	112,500	128,757	-	128,757
Administration	44,300	74,921	-	74,921
Total expenditures	<u>800,000</u>	<u>751,303</u>	<u>1,500</u>	<u>752,803</u>
Revenue over (under) expenditures	(50,000)	(45,736)	(1,500)	(47,236)
OTHER FINANCING SOURCES				
Operating transfers from General Fund	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Revenue and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 4,264</u>	<u>(1,500)</u>	<u>\$ 2,764</u>
FUND BALANCE, beginning			<u>4,264</u>	
FUND BALANCE, ending			<u>\$ 2,764</u>	

**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, 2001

	Total	Actual		Total To Date
	Project Estimate	Prior Years	Current Year	
REVENUE				
Intergovernmental:				
Sales tax refund	\$ 12,000	\$ 9,407	\$ -	\$ 9,407
CDBG grant	237,327	237,327	492	237,819
Contribution - Morehead City	64,532	71,434	-	71,434
Total revenue	<u>313,859</u>	<u>318,168</u>	<u>492</u>	<u>318,660</u>
EXPENDITURES				
Economic and physical development:				
Engineering	45,150	630	-	630
Administration	10,000	9,120	-	9,120
Surveying	5,000	-	-	-
Surveying	10,000	-	-	-
Inspection	34,500	-	-	-
Construction section I - sewer lines	186,190	204,789	-	204,789
Construction section II - pump force	244,830	272,068	-	272,068
Construction section III - water line	111,201	128,702	-	128,702
Construction section IV - streets	216,638	220,897	13,800	234,697
Total expenditures	<u>863,509</u>	<u>836,206</u>	<u>13,800</u>	<u>850,006</u>
Revenue over (under) expenditures	<u>(549,650)</u>	<u>(518,038)</u>	<u>(13,308)</u>	<u>(531,346)</u>
OTHER FINANCING SOURCES				
Contribution from County				
Capital Reserve	549,650	549,650	-	549,650
Revenue and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 31,612</u>	<u>(13,308)</u>	<u>\$ 18,304</u>
Fund balance, beginning			<u>31,612</u>	
Fund balance, ending			<u>\$ 18,304</u>	

**CARTERET COUNTY, NORTH CAROLINA
CDBG JARRETT BAY FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2001**

	Total Project Estimate	Actual		
		Prior Years	Current Year	Total To Date
REVENUE				
Intergovernmental:				
Contribution from EDC	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Community Development Block Grant	885,750	821,155	59,356	880,511
Contribution from Jarrett Bay Water Taps	295,250	295,250	-	295,250
Contribution from Beaufort	16,773	16,733	-	16,733
Sales tax refund	660	7,639	2,015	9,654
Water Taps	-	2,750	-	2,750
Total	1,223,433	1,168,527	61,371	1,229,898
EXPENDITURES				
Economic & Physical Development:				
E-1 Sewer Improvements	1,103,352	988,449	114,900	1,103,349
E-1 Water Improvements	96,581	96,581	-	96,581
Administration	23,500	19,850	3,700	23,550
Total	1,223,433	1,104,880	118,600	1,223,480
Revenues over (under) expenditures	\$ -	\$ 63,647	(57,229)	\$ 6,418
Fund balance, beginning			63,647	
Fund balance, ending			\$ 6,418	

**CARTERET COUNTY, NORTH CAROLINA
1997 FRAN DRI GRANT FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2001**

	Total Project Estimate	Prior Years	Actual Current Year	Total To Date
REVENUE				
Intergovernmental:				
Federal and State Grants	\$ 600,000	\$ -	\$ 316,939	\$ 316,939
Total	600,000	-	316,939	316,939
EXPENDITURES				
Economic & Physical Development:				
C - 1 Relocation	492,000	-	272,558	272,558
C - 1 Clearance	-	-	18,060	18,060
C - 1 Administration	108,000	-	26,321	26,321
Total	600,000	-	316,939	316,939
Revenues over (under) expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

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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.)

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 various construction and capital projects.

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.

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

Newport Middle School Project Fund - This fund is used to account for the construction project involving the new middle school in Newport.

Highway 101 Water Project Fund - This fund accounts for water system construction and improvements.

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

**COMBINING BALANCE SHEET
June 30, 2001**

	County Capital Reserve Fund	County Capital Improvements Fund	Newport Middle School COPS Fund	School Projects Fund	School Special Projects Fund	Highway 101 Water Project Fund	Totals
ASSETS							
Cash and investments	\$ 835,717	\$ 477,532	\$ -	\$ -	\$ 2,094,040	\$ -	\$ 3,407,289
Restricted cash and investments	-	-	4,475,314	-	-	-	4,475,314
Accounts receivable	-	-	-	43,953	-	54,087	98,040
Total assets	\$ 835,717	\$ 477,532	\$ 4,475,314	\$ 43,953	\$ 2,094,040	\$ 54,087	\$ 7,980,643
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 171,403	\$ 1,272,831	\$ -	\$ 78,140	\$ -	\$ 1,522,374
Due to other funds	-	-	32,503	43,953	-	54,087	130,543
Total liabilities	-	171,403	1,305,334	43,953	78,140	54,087	1,652,917
Fund Balances:							
Reserved by state statute	-	-	-	43,953	-	54,087	98,040
Unreserved:							
Designated for subsequent expenditures	50,000	50,000	3,169,980	-	214,000	-	3,483,980
Undesignated	785,717	256,129	-	(43,953)	1,801,900	(54,087)	2,745,706
Total fund balances	835,717	306,129	3,169,980	-	2,015,900	-	6,327,726
Total liabilities and fund balances	\$ 835,717	\$ 477,532	\$ 4,475,314	\$ 43,953	\$ 2,094,040	\$ 54,087	\$ 7,980,643

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

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2001**

	County Capital Reserve Fund	County Capital Improvements Fund	Newport Middle COPS Fund	School Projects Fund	School Special Project Fund	101 Project Fund	Totals
REVENUE							
Intergovernmental	\$ -	\$ 4,964	\$ -	\$ 43,953	\$ -	\$ 54,087	\$ 48,917
Interest	50,391	34,839	424,411	-	152,476	-	662,117
Total revenue	50,391	39,803	424,411	43,953	152,476	54,087	711,034
EXPENDITURES							
Capital outlay	-	607,793	8,782,193	54,950	2,353,946	54,087	11,798,882
Revenue over (under) expenditures	50,391	(567,990)	(8,357,782)	(10,997)	(2,201,470)	-	(11,087,848)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	243,600	234,300	-	-	2,600,465	-	3,078,365
Operating transfers out	(69,585)	-	(40,842)	(37,000)	-	-	(147,427)
Total other financing sources (uses)	174,015	234,300	(40,842)	(37,000)	2,600,465	-	2,930,938
Revenue and other financing sources under expenditures and other financing uses	224,406	(333,690)	(8,398,624)	(47,997)	398,995	-	(8,156,910)
FUND BALANCES, beginning	611,311	639,819	11,568,604	47,997	1,616,905	-	14,484,636
FUND BALANCES, ending	\$835,717	\$ 306,129	\$3,169,980	\$ -	\$ 2,015,900	\$ -	\$ 6,327,726

**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, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Interest	\$ 30,000	\$ 50,391	\$ 20,391
EXPENDITURES			
Capital Outlay:			
Airport Capital	50,000	-	50,000
Economic Development prior years	160,720	-	160,720
Economic Development current	193,600	-	193,600
Total expenditures	<u>404,320</u>	<u>-</u>	<u>404,320</u>
Revenues over (under) expenditures	<u>(374,320)</u>	<u>50,391</u>	<u>424,711</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer in from General Fund	243,600	243,600	-
Operating transfer out to General Fund	(14,285)	(14,285)	-
Operating transfer to Capital Improvements	(55,300)	(55,300)	-
Fund balance appropriated	200,305	-	(200,305)
Total other financing sources	<u>374,320</u>	<u>174,015</u>	<u>(200,305)</u>
Revenue and other financing sources over expenditures	<u>\$ -</u>	<u>224,406</u>	<u>\$ 224,406</u>
FUND BALANCE, beginning		<u>611,311</u>	
FUND BALANCE, ending		<u>\$ 835,717</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, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Intergovernmental	\$ 164,750	\$ 4,964	\$ (159,786)
Interest	10,000	34,839	24,839
Total revenues	174,750	39,803	(134,947)
EXPENDITURES			
Capital outlay:			
Newport River/Mill Creek	10,000	-	10,000
Marshallberg Boat Ramp	22,150	20,133	2,017
Western Park	650,000	405,067	244,933
Radio Island	83,750	59,833	23,917
Eastern Park Land & Development	125,000	120,661	4,339
Boating Beach Access	104,600	-	104,600
Western Library Design	52,000	2,099	49,901
Total expenditures	1,047,500	607,793	439,707
Revenues over (under) expenditures	(872,750)	(567,990)	304,760
OTHER FINANCING SOURCES			
Operating transfer in from General Fund	179,000	179,000	-
Operating transfer in from Cap. Reserve Fund	55,300	55,300	-
Fund Balance Appropriated	638,450	-	(638,450)
Total other financing sources	872,750	234,300	(638,450)
Revenue and other financing sources over expenditures	\$ -	(333,690)	\$ (333,690)
FUND BALANCE, beginning		639,819	
FUND BALANCE, ending		\$ 306,129	

**CARTERET COUNTY, NORTH CAROLINA
NEWPORT MIDDLE SCHOOL COPS FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2001**

	Total Project Estimate	Actual		Total To Date
		Prior Years	Current Year	
REVENUE				
Intergovernmental - sales tax refund	\$ 100,000	\$ -	\$ -	-
Interest	500,000	255,421	424,411	679,832
Total revenue	600,000	255,421	424,411	679,832
EXPENDITURES				
Capital outlay:				
Newport Middle School construction	15,024,455	3,201,817	8,782,193	11,984,010
Total expenditures	15,024,455	3,201,817	\$ 8,782,193	\$ 11,984,010
Revenue over (under) expenditures	(14,424,455)	(2,946,396)	(8,357,782)	(11,304,178)
OTHER FINANCING SOURCES (USES)				
Operating transfers out to General Fund	-	-	(40,842)	(40,842)
Proceeds from Certificate of Participation bonds	14,424,455	14,515,000	-	14,515,000
Total financing sources (uses)	14,424,455	14,515,000	(40,842)	14,474,158
Revenue and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 11,568,604	\$ (8,398,624)	\$ 3,169,980
FUND BALANCE, beginning			11,568,604	
FUND BALANCE, ending			\$ 3,169,980	

**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, 2001**

	Total Project Estimate	Actual		Total To Date
		Prior Years	Current Year	
REVENUE				
Interest	\$ 1,387,000	\$ 1,590,731	\$ -	\$ 1,590,731
Intergovernmental:				
Sales tax refund	480,955	277,530	-	277,530
Public School Building Bond Act of 1996	6,919,845	6,827,675	43,953	6,871,628
	<u>8,787,800</u>	<u>8,695,936</u>	<u>43,953</u>	<u>8,739,889</u>
EXPENDITURES				
Capital outlay:				
Western High School	16,743,186	16,738,350	455	16,738,805
Western Elementary	7,098,027	7,090,359	-	7,090,359
Beaufort Elementary renovation	1,470,000	1,470,000	-	1,470,000
Smyrna Elementary renovation	2,293,247	2,279,972	-	2,279,972
White Oak Renovation	219,805	219,805	-	219,805
Technology	6,201,600	6,197,000	3,413	6,200,413
Auditorium	90,748	90,748	-	90,748
Newport Middle School	1,450,000	1,377,410	51,358	1,428,768
Athletic Facilities	900,000	900,000	-	900,000
Equipment Needs	3,250,484	3,250,484	-	3,250,484
Issuance costs	95,083	95,191	(276)	94,915
Total expenditures	<u>39,812,180</u>	<u>39,709,319</u>	<u>54,950</u>	<u>39,764,269</u>
Revenue over (under) expenditures	<u>(31,024,380)</u>	<u>(31,013,383)</u>	<u>(10,997)</u>	<u>(31,024,380)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers from General Fund	2,450,632	2,450,632	-	2,450,632
Operating transfers from School Projects Reserve Fund	-	950,000	-	950,000
Operating transfer to General Fund	(37,000)	(950,000)	(37,000)	(987,000)
Operating transfers to School Fund	(389,252)	(389,252)	-	(389,252)
Bond proceeds	29,000,000	29,000,000	-	29,000,000
Total other financing sources	<u>31,024,380</u>	<u>31,061,380</u>	<u>(37,000)</u>	<u>31,024,380</u>
Revenue and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 47,997</u>	<u>(47,997)</u>	<u>\$ -</u>
FUND BALANCE, beginning			<u>47,997</u>	
FUND BALANCE, ending			<u>\$ -</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, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Interest	\$ 14,000	\$ 152,476	\$ (138,476)
EXPENDITURES			
Capital Outlay, Board of Education	4,052,349	2,353,946	1,698,403
Revenues over (under) expenditures	<u>(4,038,349)</u>	<u>(2,201,470)</u>	<u>(1,836,879)</u>
OTHER FINANCING SOURCES			
Fund balance appropriated	1,437,884	-	(1,437,884)
Operating transfer from General Fund	2,600,465	2,600,465	-
Total other financing sources	<u>4,038,349</u>	<u>2,600,465</u>	<u>(1,437,884)</u>
Revenue and other financing sources over (under) expenditures	<u>\$ -</u>	398,995	<u>\$ 398,995</u>
FUND BALANCE, beginning		<u>1,616,905</u>	
FUND BALANCE, ending		<u>\$ 2,015,900</u>	

**CARTERET COUNTY, NORTH CAROLINA
HIGHWAY 101 WATER PROJECT FUND**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2001**

	Total Project Estimate	Prior Years	Actual Current Year	Total To Date
REVENUE				
Intergovernmental:				
State Grant Fund	\$ 2,969,280	\$ -	\$ 54,087	\$ 54,087
EXPENDITURES				
Capital outlay	3,600,000	-	54,087	54,087
Revenue over (under) expenditures	(630,720)	-	-	-
OTHER FINANCING SOURCES (USES)				
Revolving loan proceeds	630,720	-	-	-
Revenue and other financing sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, beginning			-	
FUND BALANCE, ending			\$ -	

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.)

The following comprise the County's Agency Funds:

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, 2001**

	Sheriff's Department Fund	Social Services Trust Fund	Totals
ASSETS			
Cash and investments	\$ 4,743	\$ 31,341	\$ 36,084
LIABILITIES			
Accounts payable and accrued liabilities	\$ 4,743	\$ 31,341	\$ 36,084
Total liabilities	\$ 4,743	\$ 31,341	\$ 36,084

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2001**

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
<u>Sheriff's Department Fund:</u>				
Assets, cash and investments	\$ 4,072	\$ 151,083	\$ 150,412	\$ 4,743
Liabilities	\$ 4,072	\$ 151,083	\$ 150,412	\$ 4,743
<u>Social Services Trust Fund:</u>				
Assets, cash and investments	\$ 28,922	\$ 100,837	\$ 98,418	\$ 31,341
Liabilities	\$ 28,922	\$ 100,837	\$ 98,418	\$ 31,341
<u>Totals - All Agency Funds:</u>				
Assets, cash and investments	\$ 32,994	\$ 251,920	\$ 248,830	\$ 36,084
Liabilities:				
Accounts payable and accrued liabilities	32,994	251,920	248,830	36,084
Total liabilities	\$ 32,994	\$ 251,920	\$ 248,830	\$ 36,084

OTHER FINANCIAL INFORMATION

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

CARTERET COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2001**

Fiscal Year	Uncollected Balance June 30, 2000	Additions	Collections	Adjustments	Uncollected Balance June 30, 2001
2001-2000	\$ -	\$ 28,910,220	\$ 27,734,112	\$ (136,351)	\$ 1,039,757
1999-2000	937,336	20,610	549,249	(11,556)	397,141
1998-1999	387,927	6,245	124,314	(88,697)	181,161
1997-1998	233,604	7,014	73,730	(81,221)	85,667
1996-1997	66,233	4,971	23,016	(34)	48,154
1995-1996	46,189	4,608	15,617	(43)	35,137
1994-1995	27,464	-	4,059	-	23,405
1993-1994	25,819	-	2,238	-	23,581
1992-1993	26,320	-	1,483	(12)	24,825
1991-1992	38,306	-	1,113	(54)	37,139
	<u>\$ 1,789,198</u>	<u>\$ 28,953,668</u>	<u>\$ 28,528,931</u>	<u>\$ (317,968)</u>	<u>1,895,967</u>

Less allowance for uncollectible
ad valorem taxes receivable

363,691

Net property taxes receivable - General Fund

\$ 1,532,276

Reconciliation with revenue:

Ad valorem taxes- General Fund

\$ 28,530,058

Less: Collections of taxes older than ten years

(1,127)

\$ 28,528,931

CARTERET COUNTY, NORTH CAROLINA

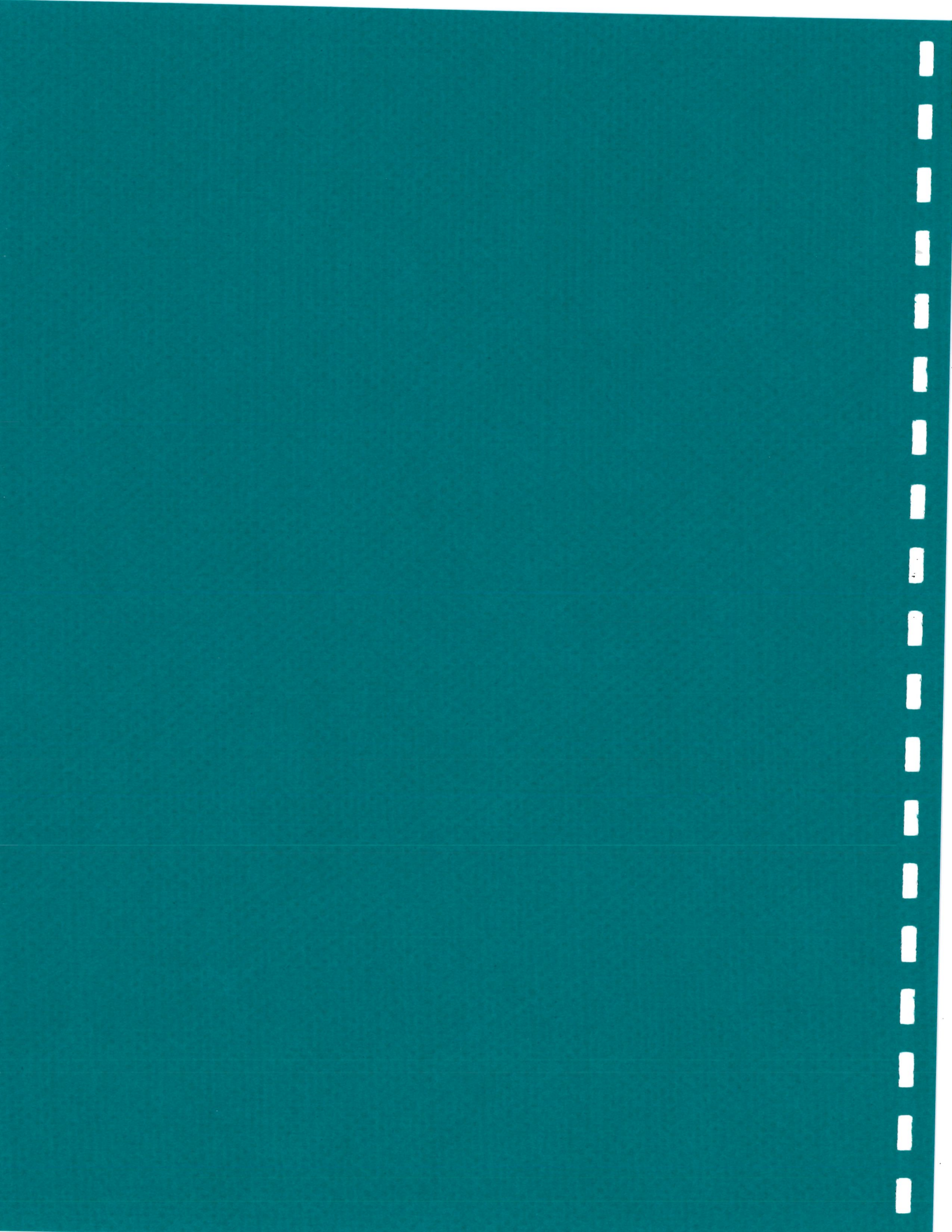
**ANALYSIS OF CURRENT YEAR'S TAX LEVY
For the Year Ended June 30, 2001**

	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	\$ 5,526,664,314	\$ 0.51	\$ 28,185,987	\$ 26,694,043	\$ 1,491,944
Motor vehicles taxes at prior year's rate	124,351,600	0.50	621,758	-	621,758
Total	<u>5,651,015,914</u>		<u>28,807,745</u>	<u>26,694,043</u>	<u>2,113,702</u>
Discoveries:					
Current year taxes	6,394,510		32,612	24,677	7,935
Refunds	13,698,627		69,863	70,777	(914)
Total	<u>20,093,137</u>		<u>102,475</u>	<u>95,454</u>	<u>7,021</u>
Abatements	<u>(26,735,457)</u>		<u>(136,351)</u>	<u>(79,050)</u>	<u>(57,301)</u>
Total property valuation	<u>\$ 5,644,373,594</u>				
Net levy-General Fund			28,773,869	26,710,447	2,063,422
Uncollected taxes at June 30, 2001 - General Fund			<u>1,039,757</u>	<u>734,324</u>	<u>305,433</u>
Current year's taxes collected - General Fund			<u>\$ 27,734,112</u>	<u>\$ 25,976,123</u>	<u>\$ 1,757,989</u>
Current levy collection percentage - General Fund			<u>96.39%</u>	<u>97.25%</u>	<u>85.20%</u>

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STATISTICAL

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



Carteret County, North Carolina
General Governmental Expenditures by Function⁽¹⁾
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 & Physical Development</u>	<u>Human Services</u>	<u>Environmental Protection⁽³⁾</u>	<u>Cultural & Recreation</u>	<u>Education</u>	<u>Capital Projects</u>	<u>Debt Service⁽²⁾</u>	<u>Total Expenditures</u>
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
1999	2,993,951	7,543,507	66,115	1,102,181	9,469,558	3,808,134	1,695,707	15,099,455	473,995	5,260,003	47,512,606
2000	3,799,606	8,033,685	360,064	1,134,822	11,622,653	4,014,794	2,036,509	18,897,588	2,363,086	5,189,390	57,452,197
2001	3,646,451	8,734,138	424,564	1,222,167	13,179,127	3,303,036	2,320,777	19,679,070	2,961,739	6,996,525	62,467,594

Notes: (1) Includes Annually Budgeted Funds: General, E-911, Fire Districts, Rescue Districts, Occupancy, Capital Reserve, Capital Improvements, and School Special Projects 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⁽¹⁾
Last Ten Fiscal Years

Table 2

Fiscal Year Ended June 30,	Ad Valorem Taxes	Other Taxes & Licenses	Permits & Fees⁽³⁾	Inter- governmental	Sales & Services⁽²⁾	Investment Earnings	Miscellaneous	Total Revenues
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
1999	24,481,785	12,539,196	1,331,064	7,280,730	1,006,710	1,096,689	531,407	48,267,581
2000	29,352,572	13,198,118	1,245,765	10,270,375	1,305,467	1,253,627	224,114	56,850,038
2001	30,819,589	14,023,012	1,423,786	8,615,850	1,236,249	1,117,627	132,050	57,368,163

Notes:

(1) Includes Annually Budgeted Funds General, E-911, Fire Districts, Rescue Districts, Occupancy, Capital Reserve, Capital Improvements, and School Special Projects 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⁽¹⁾⁽²⁾
Last Ten Fiscal Years

Table 3

Fiscal Year Ended June 30.	Total Tax Levy⁽¹⁾⁽²⁾	Collections of Current Levy	Percent of Current Taxes Collected	Collections of Prior Levy	Total Property Taxes Collected	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
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%
1999	24,437,491	23,576,414	96.48%	782,988	24,359,402	99.68%	1,648,549	6.75%
2000	29,627,049	28,576,260	96.45%	589,834	29,166,094	98.45%	2,050,775	6.93%
2001	28,773,869	27,734,112	96.39%	794,819	28,528,931	99.15%	1,895,967	6.59%

Notes:

(1) Includes General and Special Revenue Funds fiscal year 1992 - 2000; fiscal 2001 includes General Fund .

(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

<u>Fiscal Year Ended June 30,</u>	<u>Reserved for State Statute</u>	<u>Reserved for Sheriff Fund</u>	<u>Reserved for Debt Service</u>	<u>Reserved for Recreation Districts</u>	<u>Reserved for Capital Outlay</u>	<u>Reserved for Wireless E911</u>	<u>Reserved for Health Programs</u>	<u>Designated for Subsequent Years' Expenditures</u>	<u>Undesignated</u>	<u>Total Fund Balance</u>	<u>General Fund Expenditures</u>	<u>Undesignated Fund Balance Percentage of General Fund Expenditures</u>
1992	\$2,432,011	\$0	\$0	\$0	\$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	0	0	0	1,360,606	3,020,487	7,940,393	28,118,033	10.74%
1994	2,389,572	18,927	0	0	0	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	0	0	0	431,847	2,235,093	5,660,261	11,428,583	32,110,320	17.63%
1996	2,344,290	31,765	531,650	0	0	0	607,172	2,623,678	5,778,938	11,917,493	32,927,915	17.55%
1997	3,013,128	22,211	531,069	0	0	0	476,407	2,222,889	5,658,258	11,923,962	36,590,856	15.46%
1998	3,051,097	17,961	371,806	0	0	0	477,774	2,178,534	6,808,857	12,906,029	38,361,640	17.63%
1999	3,164,347	29,306	396,521	57,520	680,000	0	492,733	2,845,617	5,722,097	13,388,141	43,364,081	13.20%
2000	4,110,074	26,194	1,488,357	72,410	0	86,161	529,407	3,386,473	6,448,978	16,148,054	51,423,086	12.54%
2001	3,922,334	82,081	1,079,234	51,368	0	21,161	450,339	373,393	6,196,087	12,175,997	55,389,112	11.19%

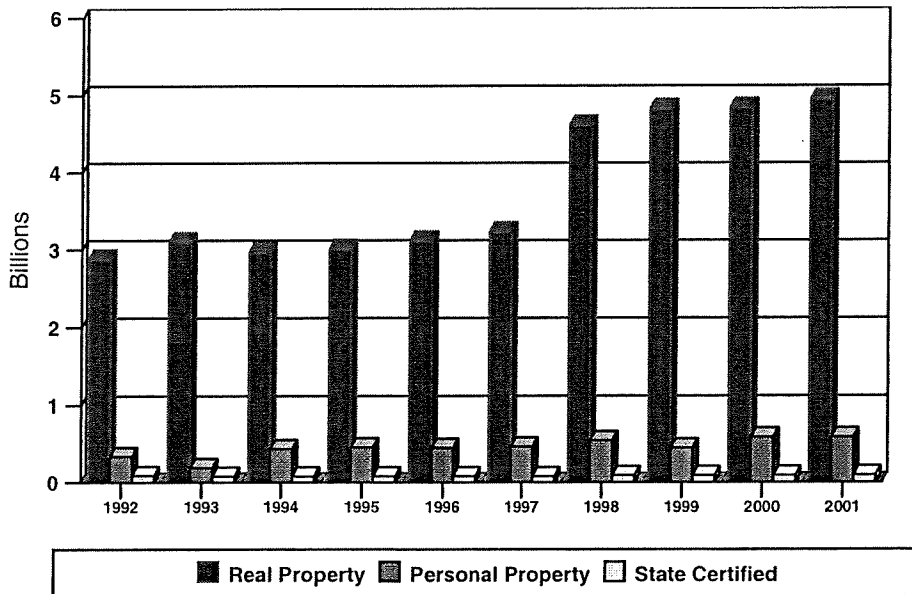
Carteret County, North Carolina
Assessed Value of Property⁽²⁾⁽³⁾
Last Ten Fiscal Years

Table 5

<u>Fiscal Year Ended June 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>State Certified</u>	<u>Total Assessed Valuation</u>
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 ⁽¹⁾	4,611,176,025	544,308,312	92,773,636	5,248,257,973
1999	4,829,925,832	449,038,101	94,814,401	5,373,778,334
2000	4,840,679,280	591,147,538	92,154,411	5,523,981,229
2001	4,951,482,137	692,891,457	97,049,097	5,644,373,594

- 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 Valued)
Last Ten Fiscal Years

Table 6

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<i>Municipalities</i>										
Carteret County	\$0.4100	\$0.4100	\$0.4600	\$0.4600	\$0.5100	\$0.5100	\$0.4200	\$0.4200	\$0.5000	\$0.5100
Atlantic Beach	0.3500	0.4500	0.4500	0.4500	0.4500	0.4500	0.3500	0.3100	0.3100	0.2900
Beaufort	0.4800	0.4050	0.4050	0.4050	0.4050	0.4050	0.3450	0.3450	0.3450	0.3850
Bogue ¹						0.0500	0.0500	0.0500	0.0500	0.0500
Cape Carteret	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.2600	0.2600	0.2600	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	0.2150	0.2150	0.2150	0.2150	0.2000	0.2150	0.1750	0.1850	0.1950	0.1950
Indian Beach	0.2300	0.2300	0.1900	0.1900	0.1900	0.2300	0.1700	0.1700	0.1700	0.1700
Morehead City	0.4800	0.4500	0.4500	0.4500	0.4500	0.4500	0.4000	0.4600	0.4000	0.4000
Newport	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4200	0.4200	0.4200	0.4500
Peletier ²							0.0500	0.0500	0.0500	0.0500
Pine Knoll Shores	0.1500	0.1700	0.2050	0.2050	0.2100	0.2100	0.1600	0.1600	0.1600	0.1600
<i>Fire Districts</i>										
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	0.0825	0.0825	0.0825	0.0825	0.0825	0.0680	0.0600	0.0600	0.0600
Broad & Gales Creek	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0500	0.0400	0.0400	0.0400
Cape Carteret	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0550
Cedar Island	0.0900	0.0900	0.0900	0.0900	0.0900	0.1000	0.1000	0.1000	0.1000	0.1000
Davis	0.0800	0.0880	0.0800	0.0800	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Harkers Island	0.0400	0.0400	0.0400	0.0400	0.0410	0.0410	0.0400	0.0400	0.0400	0.0600
Harlowe	0.0500	0.0500	0.0500	0.0550	0.0500	0.0500	0.0550	0.0550	0.0550	0.0550
Marshallberg	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0600	0.0700	0.0700
Mill Creek	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0550	0.0700
Mitchell Village	0.0600	0.0600	0.0600	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
Newport	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950	0.0650	0.0600	0.0600	0.0600
North River	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900
Otway	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0400	0.0400	0.0400	0.0400
Salter Path	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0500	0.0500	0.0500
Sea Level	0.0800	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
South River/ Merrimon	0.0500	0.0700	0.0700	0.0700	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	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Wildwood	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0600	0.0600	0.0600	0.0600
<i>Rescue Squads</i>										
Beaufort	0.0350	0.0300	0.0330	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450
Broad & Gales Creek	0.0275	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0150	0.0150	0.0200
Cape Carteret	0.0200	0.0270	0.0200	0.0250	0.0250	0.0250	0.0250	0.0200	0.0470	0.0500
Mitchell Village	0.0200	0.0200	0.0200	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
Otway	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0250	0.0500	0.0600
Sea Level	0.0500	0.0500	0.0700	0.0700	0.0700	0.0700	0.0900	0.0900	0.1000	0.1000
Mill Creek ³									0.0100	0.0100

Notes: 1 First Year Tax District 1997
2 First Year Tax District 1998
3 First Year Tax District 2000

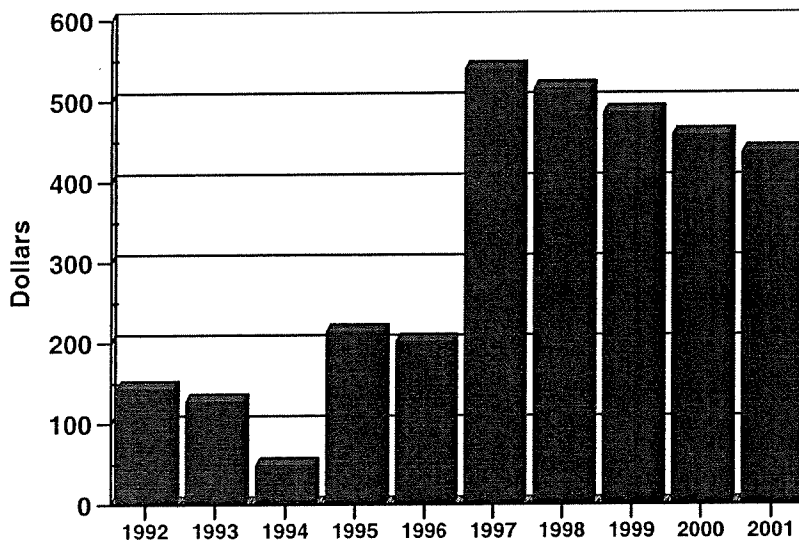
Carteret County, North Carolina
Ratio of General Obligation Debt to Assessed Value
& General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Table 7

<u>Fiscal Year Ended June 30.</u>	<u>Assessed Value</u>	<u>Net General Obligation Bonded Debt</u>	<u>Ratio of net General Obligation Bonded Debt to Assessed Value</u>	<u>Population⁽¹⁾</u>	<u>Net General Obligation Bonded Debt Per Capita</u>
1992	\$3,306,689,039	\$7,893,000	0.24%	55,086	\$143.29
1993	3,373,785,512	7,207,000	0.22%	56,533	127.49
1994	3,488,056,087	2,800,000	0.08%	57,750	48.49
1995	3,548,644,879	12,400,000	0.35%	57,997	213.81
1996	3,647,582,648	11,769,877	0.33%	58,385	201.59
1997	3,781,043,111	32,000,000	0.85%	59,370	539.00
1998	5,248,257,973	30,750,000	0.59%	59,725	514.86
1999	5,373,778,334	29,450,000	0.55%	60,719	485.03
2000	5,523,981,229	28,150,000	0.51%	61,587	457.08
2001	5,644,373,594	26,850,000	0.46%	61,600	435.88

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, 2001

Table 8

Assessed Values of Property		<u>\$5,644,373,594</u>
Debt Limit 8 percent of Assessed Value		451,549,888
Gross Debt:		
Total Bonded Debt	\$26,850,000	
Certificates of Participation	18,070,000	
Installment Debt	2,328,471	
Authorized Unissued Bonded Debt	<u>7,600,000</u>	
Total Amount of Debt Applicable to Debt Limit		<u>54,848,471</u>
Legal Debt Margin		<u>\$396,701,417</u>

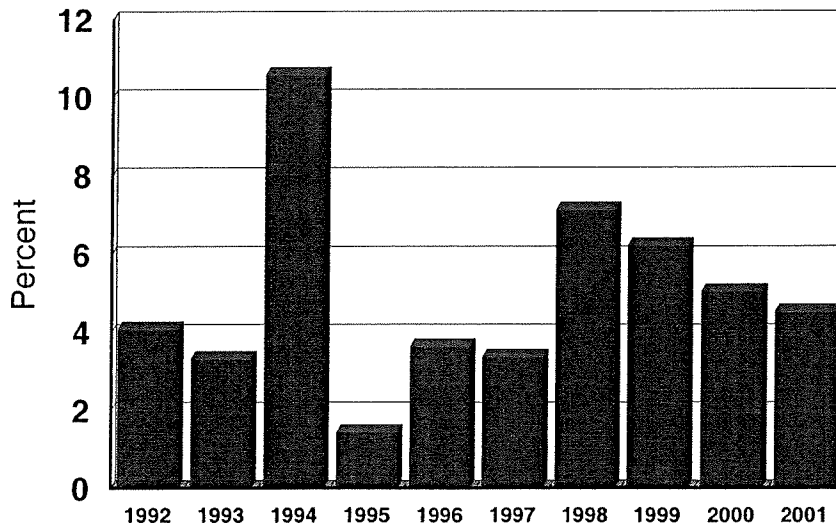
Carteret County, North Carolina
Ratio of Annual Debt Service Expenditures for General Obligation
Bonded Debt to Total General Governmental Expenditures⁽³⁾
Last Ten Fiscal Years

Table 9

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Principal</u>	<u>Interest</u> <u>on Bonds</u>	<u>Total Debt</u> <u>Service⁽²⁾</u>	<u>Total General</u> <u>Governmental</u> <u>Expenditures⁽³⁾</u>	<u>Debt Service to</u> <u>Total General</u> <u>Governmental</u> <u>Expenditures</u>
1992	\$731,660	\$694,953	\$1,426,613	\$34,995,640	4.08%
1993	686,000	629,474	1,315,474	39,655,231	3.32%
1994	4,407,000 ⁽¹⁾	406,994	4,813,994	45,548,405	10.57%
1995	400,000	182,688	582,688	40,868,577	1.43%
1996	700,000	675,538	1,375,538	37,780,191	3.64%
1997	700,000	647,788	1,347,788	40,036,373	3.37%
1998	1,250,000	1,741,538	2,991,538	42,054,677	7.12%
1999	1,250,000	1,699,788	2,949,788	47,512,606	6.21%
2000	1,300,000	1,595,738	2,895,738	57,452,197	5.04%
2001	1,300,000	1,521,488	2,821,488	62,467,594	4.52%

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 annually budgeted funds: General, E-911, Fire Districts, Rescue Districts, Occupancy, Capital Reserve, Capital Improvements, and School Special 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, 2001

Table 10

	<i>Net General Obligation Bonded Debt</i>	<i>Percent Applicable to County</i>	<i>Amount Applicable to County</i>
<i>Direct</i>			
Carteret County	\$26,850,000	100.00%	\$26,850,000
<i>Underlying</i>			
Town of Beaufort	802,292	100.00%	802,292
Town of Atlantic Beach	657,700	100.00%	657,700
Town of Newport	3,353,900	100.00%	3,353,900
Town of Pine Knoll Shores	147,500	100.00%	147,500
Town of Morehead City	<u>33,064</u>	100.00%	<u>33,064</u>
	<u>\$31,844,456</u>		<u>\$31,844,456</u>

Carteret County, North Carolina
Demographic Statistics
Last Ten Fiscal Years

Table 11

<u><i>Fiscal Year</i></u>	<u><i>Population⁽¹⁾</i></u>	<u><i>Per Capita Income⁽²⁾</i></u>	<u><i>Unemployment Rate⁽³⁾</i></u>	<u><i>Public School Enrollment⁽⁴⁾</i></u>
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	4.50%	8,507
1999	60,719	21,375	4.40%	8,221
2000	61,587	21,644	3.80%	8,326
2001	61,600	24,059	3.10%	8,271

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, 2001

Table 12

<u><i>Taxpayer</i></u>	<u><i>Type of Business</i></u>	<u><i>2000 Assessed Valuation</i></u>	<u><i>Percentage of Total Assessed Valuation</i></u>
Carteret Craven Electric.	Utility	\$31,243,108	0.56%
Carolina Telephone.	Utility	29,873,863	0.53%
Carolina Power & Light	Utility	24,388,251	0.44%
Open Ground Farms	Farming	24,320,340	0.43%
Atlantic Veneer Corporation	Manufacturing	16,526,454	0.30%
Atlantic Beach Hotel Limited	Real Estate	14,523,497	0.26%
Weyerhaeuser Company	Forestry	13,917,749	0.25%
Glimcher Properties LTD.	Real Estate	11,955,932	0.22%
Dawcutt Hospitality LLC	Real Estate	10,109,886	0.18%
Southstar Holdings MHC LLC	Retail	<u>9,460,122</u>	<u>0.17%</u>
		<u>\$186,319,202</u>	<u>3.34%</u>

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

Table 13

<u>Fiscal Year Ended June 30,</u>	<u>Property Value</u>	<u>Construction⁽²⁾ Number of Permits Issued</u>	<u>Construction Value</u>	<u>Bank Deposits⁽¹⁾</u>
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	5,248,257,973 ⁽³⁾	3,619	54,069,500	592,710,000
1999	5,373,778,334	2,665	46,128,300	613,821,000
2000	5,523,981,229	2,652	53,631,985	623,397,000
2001	5,644,373,594	1,559	91,224,302	*

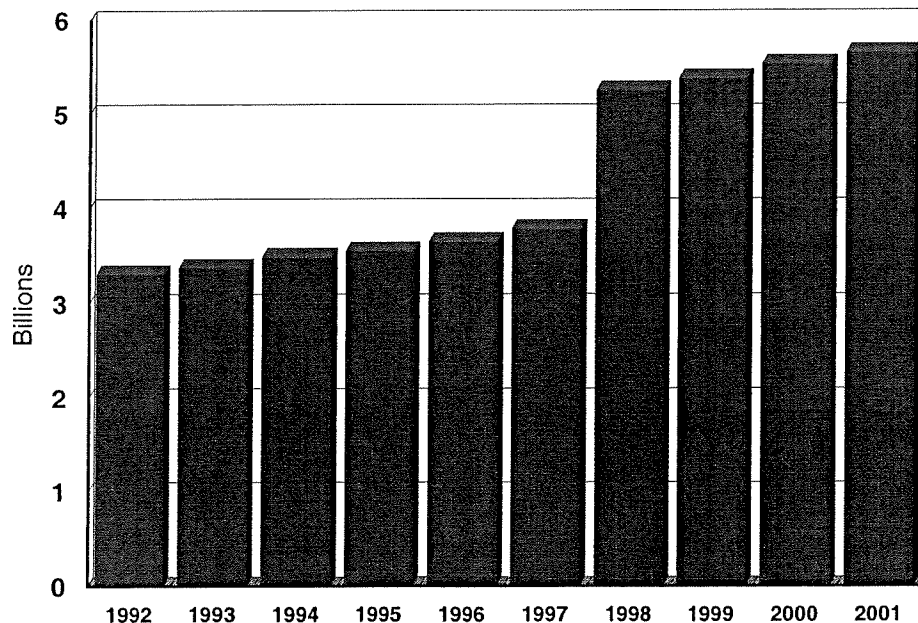
Notes: * Not Available

(1) North Carolina State Banking Commission

(2) Carteret County Planning Department (does not include any incorporated areas for municipalities)

(3) Revaluation Year

Property Value



Carteret County, North Carolina
Miscellaneous Statistics
June 30, 2001

Table 14

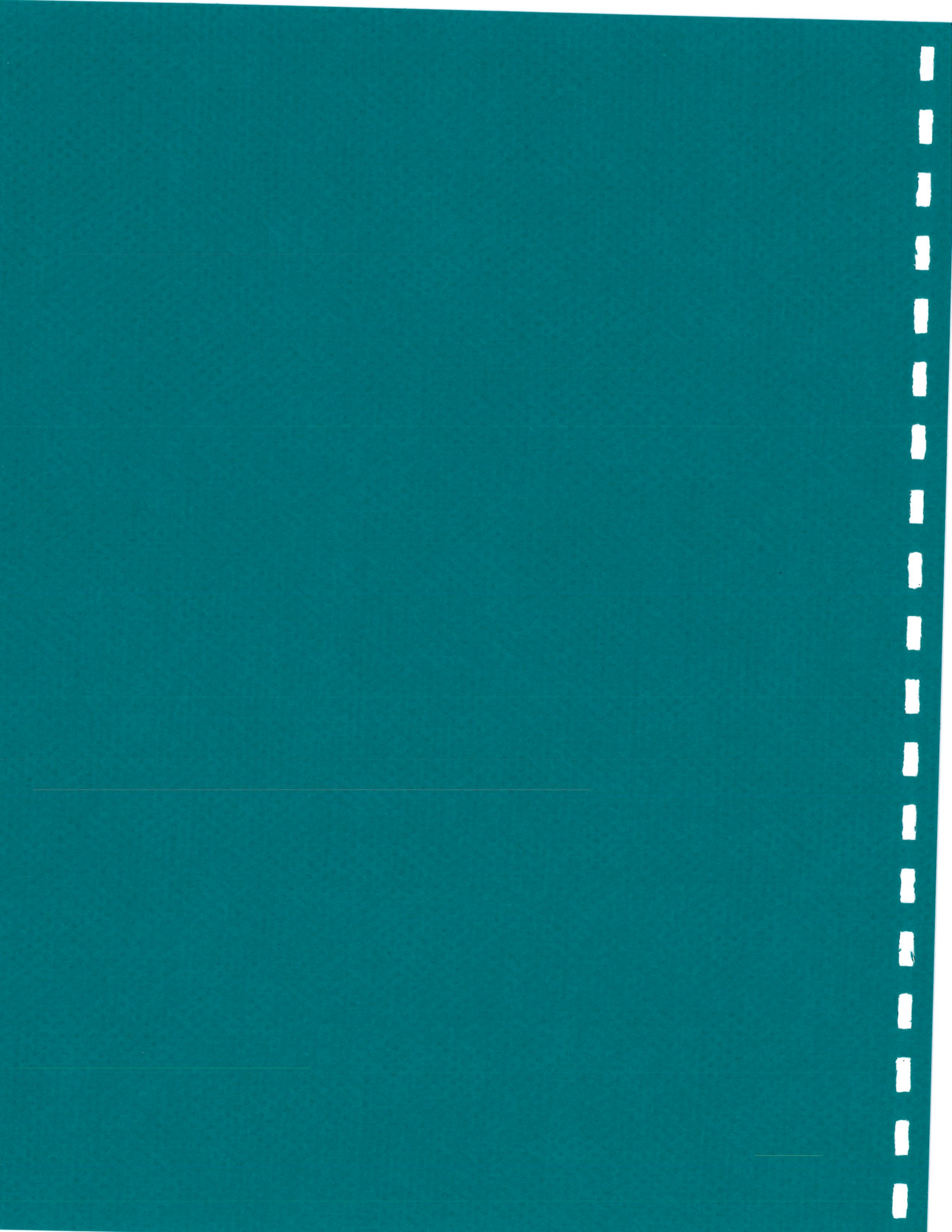
Date of Establishment	1722
Form of Government	Commission-Manager
Area	526 Square Miles
Carteret County Facilities and Services:	
<i>Fire Protection:</i>	
Number of stations	24
Number of firemen and officers	615
Number of calls answered	1,850
<i>Police Protection:</i>	
Number of stations	1
Number of deputies and officers	50
Number of patrol units	20
<i>Inspections:</i>	
Number of building permits issued ⁽¹⁾	1,559
<i>Cultural and Recreational:</i>	
Number of parks	7 with 148 total acres
Number of public beach accesses/ boat ramps	9
Facilities and Services not included in primary government:	
<i>Hospitals⁽²⁾:</i>	
Number of hospitals	1
Number of patients beds	117
Facilities and Services not included in the reporting entity:	
<i>Education⁽³⁾:</i>	
Number of schools	16
Number of teachers	750
Number of students	8,271
<i>Cultural and Recreational⁽⁴⁾:</i>	
Number of libraries	4
Number of volumes	85,820

Sources:

- (1) Permits issued for fiscal year 2001
- (2) Carteret General Hospital
- (3) Carteret County Board of Education
- (4) Carteret County Library

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COMPLIANCE





**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, 2001, and have issued our report thereon dated September 14, 2001, except for Note 22, as to which the date is September 21, 2001. We did not audit the financial statements of Carteret General Hospital Corporation, Carteret County Alcoholic Beverage Control (ABC) Board, Beaufort-Morehead City Airport Authority or 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, Carteret County Alcoholic Beverage Control (ABC) Board, Beaufort-Morehead City Airport Authority or 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The financial statements of Carteret General Hospital Corporation, Carteret County Alcoholic Beverage Control Board and Beaufort-Morehead City Airport Authority 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 those component units. Our audit, described below, also did not include the operation of Carteret County Tourism Development Bureau because that component unit engaged another auditor 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 general purpose 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.

This report is intended solely for the information and use of the county commissioners, management, federal and State awarding agencies and pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be, and should not be, used by anyone other than the specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
September 14, 2001



**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, ABC Board and Beaufort-Morehead Airport Authority were not audited in accordance with Government Auditing Standards, OMB Circular A-133, or the State Single Audit Implementation Act. The financial statement of Carteret County Tourism Development Bureau was audited in accordance with Government Auditing Standards, but not in accordance with OMB Circular A-133 or the State Single Audit Implementation Act. Accordingly, 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, 2001. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 State programs for the year ended June 30, 2001.

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 solely for the information and use of the county commissioners, management, State awarding agencies and pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be, and should not be, used by anyone other than the specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
September 14, 2001

CARTERET COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ending June 30, 2001

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
Food Stamp Cluster	10.551/10.561

CARTERET COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ending June 30, 2001

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 978,264

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

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
Subsidized Child Care Cluster	N/A
Public School Building Capital Fund	N/A

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

None reported.

Section 4. State Award Findings and Questioned Costs

None Reported

**CARTERET COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2001**

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, 2001**

There were no findings for the year ended June 30, 2000.

CARTERET COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2001

(Page 1 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
FEDERAL AWARDS:					
US Department of Agriculture:					
Passed through NC Department of Agriculture:					
Administered by County Finance Department					
Soil and water conservation	10.550		\$ 14,379	\$ -	\$ 52,861
Passed through Neuse River Council of Governments:					
Administered by Carteret Community Action					
USDA Supplement	10.570		12,900	-	-
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		656,087	-	-
Administration	10.557		137,797	-	2,719
			<u>793,884</u>	<u>-</u>	<u>2,719</u>
Passed through NC Department of Health and Human Services:					
Division of Social Services:					
Administered by County Department of Social State Administrative Matching Grants for the Food Stamp Program					
Benefit payments	10.561		185,776	-	185,776
Food Stamp Cluster	10.551		2,049,329	-	-
Total Food Stamp Cluster			<u>2,235,105</u>	<u>-</u>	<u>185,776</u>
			<u>3,056,268</u>	<u>-</u>	<u>241,356</u>
Total US Department of Agriculture					
US Department of Housing and Urban					
Passed through NC Department of Commerce:					
Administered by the Craven County Planning					
Community Development Block Grant	14.228	97-F-0410	312,202	-	-
Community Development Block Grant	14.228	98-E-0479	59,357	-	-
			<u>371,559</u>	<u>-</u>	<u>-</u>
Total US Department of Housing and Urban Development					
US Department of Interior:					
Administered by County Finance Department:					
National Forest, Public Schools	15.225		35,986	-	-
US Department of Justice:					
Direct Programs:					
Community Oriented Policies Services					
COPS Fast	16.710		20,366	-	21,841

CARTERET COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2001

(Page 2 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
US Department of Labor:					
Passed through NC Department of Health and Human Services, NC Division of Aging: Passes through Neuse River Council of Governments: Administered by Coastal Community Action Senior Employment	17.235		\$ 43,310	\$ -	\$ 4,812
US Department of Transportation:					
Passed through NC Department of Transportation: Administered by County Finance Department: Elderly and Disabled Transportation Assistance	20.509		51,020	-	143,020
US Department of Health and Human Services:					
Passed through NC Department of Health and Human Services:					
Division of Social Services:	93.043				
Administered by Carteret County Department of Social Services:	93.044				
TANF Benefit Payments	93.558		588,738	-	-
Work First Administration	93.558		57,743	-	68,113
Work First Service	93.558		471,145	-	508,081
			<u>1,117,626</u>	<u>-</u>	<u>576,194</u>
Passed through NC Department of Economic and Community Development:					
Administered by County Department of Social Low Income Home Energy Assistance:					
Benefit payments	93.568		65,551	-	-
Administration	93.568		17,162	-	-
Crisis Intervention payments	93.568		122,632	-	-
			<u>205,345</u>	<u>-</u>	<u>-</u>
Passes through NC Department of Health and Human Services:					
Administered by the County Department of Social Services:					
Subsidized Child Care Cluster:					
Child Care & Development Fund-Discretionary	93.575		501,860	-	-
Child Care & Development Fund-Mandatory	93.596		383,072	-	-
Child Care & Development Fund-Match	93.596		280,251	23,003	-
SSBG	93.667		18,952	-	-
Temporary Assistance for Needy Families	93.558		172,207	-	-
State Appropriations			-	149,754	-
TANF- MOE			-	229,140	-
			<u>1,356,342</u>	<u>401,897</u>	<u>-</u>

CARTERET COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2001

(Page 3 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Title III F	93.043		\$ 5,913	\$ 311	\$ 692
Administered by Carteret County Department of Social Services:					
Access	93.044		25,593	42,534	7,569
In home level III B (Aging Cluster)	93.044		42,420	146,009	20,936
			<u>68,013</u>	<u>188,543</u>	<u>28,505</u>
Division of Aging:					
Passed through Neuse River Council of Administered by Coastal Community Action:					
Congregate Meals	93.045		31,142	17604	5,416
Home Delivered	93.045		23,664	13,481	4,127
			<u>54,806</u>	<u>31,085</u>	<u>9,543</u>
Permanency Planning:					
Regular	93.645		25,287	8,429	-
Adoption subsidy	93.645		-	30,587	10,196
			<u>25,287</u>	<u>39,016</u>	<u>10,196</u>
Title IV-E Foster Care:					
Administration	93.658		87,308	-	87,308
Foster Care payments	93.658		149,872	58,561	71,538
Title IV-E adoption subsidy	93.659		54,031	16,449	16,449
			<u>291,211</u>	<u>75,010</u>	<u>175,295</u>
SSBG	93.667		11,267	594	1,318
Division of Social Services:					
Administered by County Department of Social Social Services Block Grant:					
Family Planning:					
Other Services and Training	93.667		159,307	16,240	58,515
In-home Services	93.667		22,771	-	3,253
			<u>182,078</u>	<u>16,240</u>	<u>61,768</u>
Administered by County Department of Social Medical Assistance:					
Benefit payments	93.778		25,054,703	12,718,066	2,165,202
Administration	93.778		573,617	49,870	501,455
Transportation	93.778		45,725	-	45,725
			<u>25,674,045</u>	<u>12,767,936</u>	<u>2,712,382</u>
Safe Children's Health Insurance Program	93.767		38,362	6,100	7,567
Total US Department of Health and Human			<u>29,030,295</u>	<u>13,526,732</u>	<u>3,583,460</u>

CARTERET COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2001

(Page 4 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
STATE ASSISTANCE					
NC Department of Health and Human Services:					
Division of Youth Services:					
Community based Alternatives:					
Administered by County Department of Social A.N.C.H.O.R.					
			\$ -	\$ 67,036	\$ -
Administered by County Finance Department:					
Juvenile Restitution Fund					
			-	44,035	-
Teen Court					
			-	47,993	-
			-	92,028	-
Division of Social Services:					
Administered by County Department of Social State/County Special Assistance Benefit payments					
			-	363,427	363,427
Energy Assistance, Carolina Power & Light					
			-	31,212	-
Aid to Counties					
			-	48,204	-
State Foster Home					
			-	12,896	12,896
			-	455,739	12,896
Division of Aging					
Passed through Neuse River Council of Go					
Administered by the County Department of Social Services:					
In-house Services 90% State Funds					
Outreach					
			-	2,525	-
Operation Fan					
			-	386	-
			-	2,911	-
Health Divisions:					
Administered by County Health Department:					
Maternal Health					
			-	45,690	182,907
Tuberculosis					
			-	-	56,901
Child Health					
			-	47,243	119,530
HPromotion/Cancer/Glaucoma/Diabetes					
			-	55,549	35,243
Environmental Health					
			-	35,821	725,551
Child Care Coordination					
			-	33,802	183,669
Immunization					
			-	15,267	-
Kidney					
			-	12,828	2,864
Breast/Cervical Cancer					
			-	24,544	23,881
Communicable Disease Prevention					
			-	23,387	-
Health Center					
			-	21,996	-
			-	316,125	1,330,545
Total NC Department of Health and Human Services					
			-	866,803	1,343,441

CARTERET COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2001

(Page 5 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
NC Department of Environment and Natural Resources division:					
Passed through County Finance Office:					
White Goods Disposal			\$ -	\$ 42,273	\$ -
Scrap Tire Disposal			-	56,729	-
			-	99,002	-
Division of Parks and Recreation:					
Administered by the County Parks and Recreation Department					
Western Park Project			-	217,860	187,207
Total NC Department of Environment and Natural Resources			-	316,862	187,207
NC Department of Corrections:					
Administered by the County Finance Office:					
Criminal Justice Partnership Program			-	98,123	6,122
NC Department of Administration:					
Division of Veterans Affairs:					
Administered by County Veterans Services:					
Sexual Assault/Rape Crisis			-	40,010	-
Victims of Crime Act			-	25,980	-
Domestic Violence			-	36,770	-
Marriage License			-	13,496	-
Child Victims			-	11,613	-
Veterans Services			-	2,000	142,952
ESGP			-	8,033	-
VANA			-	24,865	-
Total NC Department of Administration			-	162,768	142,952
NC Department of Public Instruction:					
Public School Bond Fund					
Passed to Carteret County Board of Education			-	51,358	-
NC Department of Transportation					
Rural Operating Assistance Program			-	21,296	-
DOT Transportation Coordinator Grant			-	39,485	-
DOT Transportation Support			-	18,027	-
			-	78,808	-
NC Office of Budget and Management:					
Administered by the County Finance Department					
Public School Building Capital Fund			-	740,000	1,504,040
NC Department of Transportation:					
Administered by the County Finance Department:					
CCATS Van Program			-	120,818	16,270
Total Federal Expenditures			<u>\$ 32,608,804</u>		
Total State Expenditures				<u>\$ 15,962,272</u>	
Total Local Expenditures					<u>\$ 7,770,714</u>

CARTERET COUNTY, NORTH CAROLINA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2001**

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. The information is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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

