

Carteret County, North Carolina

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022

Prepared by the Finance Department
Dee Meshaw, Assistant County Manager



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Introductory Section

Letter of Transmittal

List of Principal Officials

Organizational Chart

Map of Carteret County, North Carolina

GFOA Certificate of Achievement



CARTERET COUNTY FINANCE

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Finance Department



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January 6, 2023

To the Citizens of Carteret County:

State law requires that all general-purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the County of Carteret (the "County") for the fiscal year ended June 30, 2022.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by PBMares, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Annual Comprehensive Financial Report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the County

Carteret County, incorporated in 1722, is a growing county located on the central coastline of North Carolina with approximately 70,000 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 premier 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 commissioners/manager form of government. Districts elect the seven members of the Board and serve staggered terms. Policy-making and legislative authority are vested in the governing board. The governing board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the County’s manager and attorney. The County manager is responsible for carrying out the policies and ordinances of the governing board, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

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 commissioners to assist their efforts in servicing citizens. Among these are the Carteret County Board of Education, Carteret Community College, and Trillium Health Resources.

The annual budget serves as the foundation for the County’s financial planning and control. All agencies of the County are required to submit requests for appropriation to the county manager’s office on or before the end of February each year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. law enforcement). The legal level for the General Fund budget is the department level, and all other funds legal level of control is the fund level. Regarding the General Fund, department heads may make transfers of appropriations within a department. The County manager may transfer amounts between objects of expenditures and revenues within a department without limitation. Amounts up to \$30,000 between departments of the same fund per occurrence may be transferred by the manager; however, amounts greater than \$30,000 per occurrence require Commission approval. In addition, amounts between funds require Commission approval. Contingency appropriation transfers require Commission approval except for the purpose of funding salary and benefits adjustments consistent with the Carteret County personal policy. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 39 as part of the basic financial statements for the governmental funds. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e. the special revenue funds and the capital projects funds). Annually adopted funds are as follows: General Fund, Occupancy Tax, Emergency Telephone System, Rescue Squad Taxing District, Fire Taxing Districts, County Rescue Services Fund, Register of Deeds Trust Fund, DSS Representative Payee Fund, Salter Path Taxing District, Water Taxing District, County Capital Reserve, County Capital Improvements, County Facilities / Debt Reserve, School Special Project, County Capital Equipment Fund, and Water Fund. All other funds excluding fiduciary funds have been adopted as project length budgets and are listed as follows: School Bond Project Fund, American Rescue Plan Act (ARPA) Fund, County Construction Project, State Capital Grants Fund, and 2019 CDBG Neighborhood Revitalization Fund.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy

The County economy continues to strengthen. Carteret County annual unemployment average was 3.43% compared to 4.85% in the prior fiscal year, and those rates are slightly lower than the state's average unemployment rate of 4.02%.

The tourism industry continues to perform well and illustrate strong growth with 2021 calendar year's tourism visitor spending \$643.38 million. Visitor spending in 2021 was 32.03% more than 2020, and the state average increase was 44.9%. The County ranks eleventh in the state for visitor spending. In addition, the county continues to be diverse with manufacturing, distribution, research, construction and marine trades.

Industrial Parks

The Jarrett Bay Marine Industrial Park is approximately 175 acres north of Beaufort on the Intracoastal Waterway. The Park concentrates on the boat industry, and has rapidly evolved into one of the most comprehensive one stop service supply facilities on the east coast. Jarrett Bay Boatworks Inc. added an ultra-modern 30,000 square foot indoor heated repair facility that is designed to accommodate up to two 100 foot vessels side by side with a 55 foot clearance. This addition brings Jarrett Bay's building square footage to 125,000. The Park continues to expand with 98% of the land sold.

Crystal Coast Business Park is located off US Route 70 in Morehead City. The park is 58 acres with eleven parcels. Nine parcels have been sold. The County continues its efforts to recruit businesses to this park. Parcel sizes vary from approximately 2 acres to over 10 acres.

Morehead City State Port

The Morehead City Port is one of the deepest ports on the east coast with a forty-five foot depth and only four miles from the Atlantic Ocean. The port handles both break bulk and bulk cargo and has break bulk tonnage capacity of 1,080,000 and tonnage capacity of 2,730,000. The Port is the second largest importer in the country for natural rubber. Commodities such as rubber, phosphate, sulfur, metal products, wood chips, aircraft parts, and grain go through the port.

Marine Science

The marine science agencies in Carteret County constitute one of the nation's largest and most diverse concentration of marine related expertise and activity. There are eight major marine science agencies as follows: Duke University Marine Lab, University of North Carolina Institute of Marine Science, North Carolina State University Center for Marine Science and Technology (CMAST), the National Oceanic and Atmospheric Administration (NOAA) Center for Coastal Fisheries and Habitat Research, Carteret Community College Aquaculture and Marine Trades, NC Aquarium at Pine Knoll Shores, NC Division of Coastal Management, and NC Division of Marine Fisheries. Carteret County's eight major marine science agencies account for a total economic impact in the county of \$83 million in economic activity, \$4 million in salary and investment income, and support the employment of 1,063 Carteret residents.

Retail

Retail continues improve and perform well. Retailers in home improvements and lawn and gardening are performing well following the national trend at this time.

The following table lists the 10 largest employers in the County in 2022.

Employer	Service	Employment Range
Carteret County Public Schools	Education	1000+
Carteret General Hospital	Health Services	1000+
Carteret County	Government Service	500-999
Wal-Mart Associates Inc	Retail	250-499
Lowes Home Improvements	Retail	250-499
Food Lion	Retail	250-499
Carteret Community College	Education	250-499
Bally Refrigerated Boxes Inc	Manufacturing	100-249
Lowes Foods, LLC	Retail	100-249
Town of Morehead City	Government Service	100-249

Source: NC Commerce LEAD Division
2022 Employees are full time

During the last ten years, the County's expenses have increased with the most emphasis on public safety, education, and general government. These areas have increased 56.69% in public safety, 23.01% in education, and 86.46% in general government operating expenses. As a result of education funding, Carteret County Schools consistently ranks in the top fifteen school systems in local funding ranking in the state. In public safety, funding increases have resulted in greater levels of services with first responders such as paramedics, the Sheriff's Department and 911 telephone system enhancements. The funding increases have provided resources for more staff and staff training, as well as needed equipment. General government increases are due to increased operating cost in the tax department for increased positions, improved tax technology and real property appraisal expenses for revaluation. The Technology Department has increased due to increased staffing, improving technology for county departments, and cybersecurity. Human services funding increase is 29.63% from 10 years ago. The greatest increases are in Public Health and Social Services Departments. The County continues to make investments and improvements in parks and water accesses, and as a result, cultural and recreation is 13.18% more than ten years ago.

During this same ten year period, revenues have remained stable with modest increases in fees and taxes. Most increased revenue growth has occurred naturally, and is not due to the Board of Commissioners levying taxes and fee increases. Fees and taxes are set annually to support the adopted budget's services and expenses.

Long-Term Financial Planning

The County's total operating budget for the fiscal year ending June 30, 2023 totals \$163,316,000 with a General Fund tax rate of \$.33 per \$100 of assessed value, based on a total valuation of \$16.86 billion. The County's assessed value growth is .88% or \$147.07 million more than the FY22 budgeted assessed values. The County anticipates modest growth in its tax base going forward. For the County's operating budget for the fiscal year ending June 30, 2024, it is anticipated that the tax rate would need to be between \$.33 and \$.35 per \$100 of the current assessed value to maintain the current level of service.

The County may elect to use available fund balance for some capital projects and improvements, but such use will be within the constraints of the County's fund balance policy, which requires the County to maintain a 15% unassigned fund balance in the General Fund.

Major Initiatives

The County has several initiatives for fiscal year 2023. On November 3, 2020, the voters approved \$42 million school referendum for public school building and facilities expansion and improvements. The County anticipates issuing a portion of the \$42 million in general obligation bonds, and thus debt service is budgeted and planned in FY23. The FY23 budget continues to fund pay as you go capital and capital improvements for public schools, the community college, and county buildings and facilities.

Public safety, human services, cultural and recreational, and technology are continued Board priorities. The Sheriff's Division budget is increased for new positions and equipment. One of the Board's top priorities is School Resource Officers in all public schools, and these positions are funded in FY23. The human services funding is expanded in the areas of public health, social services, and mental health. The Board continues to provide funding for information technology, economic development, and parks and recreation increased demands and needs. The county continues its commitment to waterway dredging.

In fiscal year 2020, the County received upset bids in consideration for the sale of the County's Water System. Carolina Water was the highest bid received, \$9.5 million. During the Board of Commissioners' September 2021 meeting, the Commission voted to accept the bid and sell the system. The sell must be approved by the NC Utilities Commission. The County anticipates the sale process to take approximately one year, and will continue to operate and maintain the system until the sale is complete.

In fiscal year 2013, the County completed its \$3.51 million water system improvement project. In fiscal year 2023, the County continues to fund pay as you go capital improvements and maintenance to improve efficiency in operations.

Award and Acknowledgements

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 Annual Comprehensive Financial Report for the year ended June 30, 2021. This was the twentieth consecutive year that Carteret County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our prior year and current reports continue to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2022. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

In summary, this Annual Comprehensive Financial Report provides a source of information to citizens, the Board of Commissions, 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 PBMares, LLP without whose dedicated assistance this report could not have been produced. Gratitude goes to the Board of Commissioners for their continued interest and support throughout the past year.

Sincerely,

Dee Meshaw

Dee H. Meshaw
Assistant County Manager

Carteret County, North Carolina

List of Principal Officials
June 30, 2022

Board of Commissioners

Ed Wheatly
Chairman
Beaufort, North Carolina

Mark Mansfield
Vice Chairman
Morehead City, North Carolina

Bob Cavanaugh
Morehead City, North Carolina

Chris Chadwick
Stacy, North Carolina

Robin Comer
Stella, North Carolina

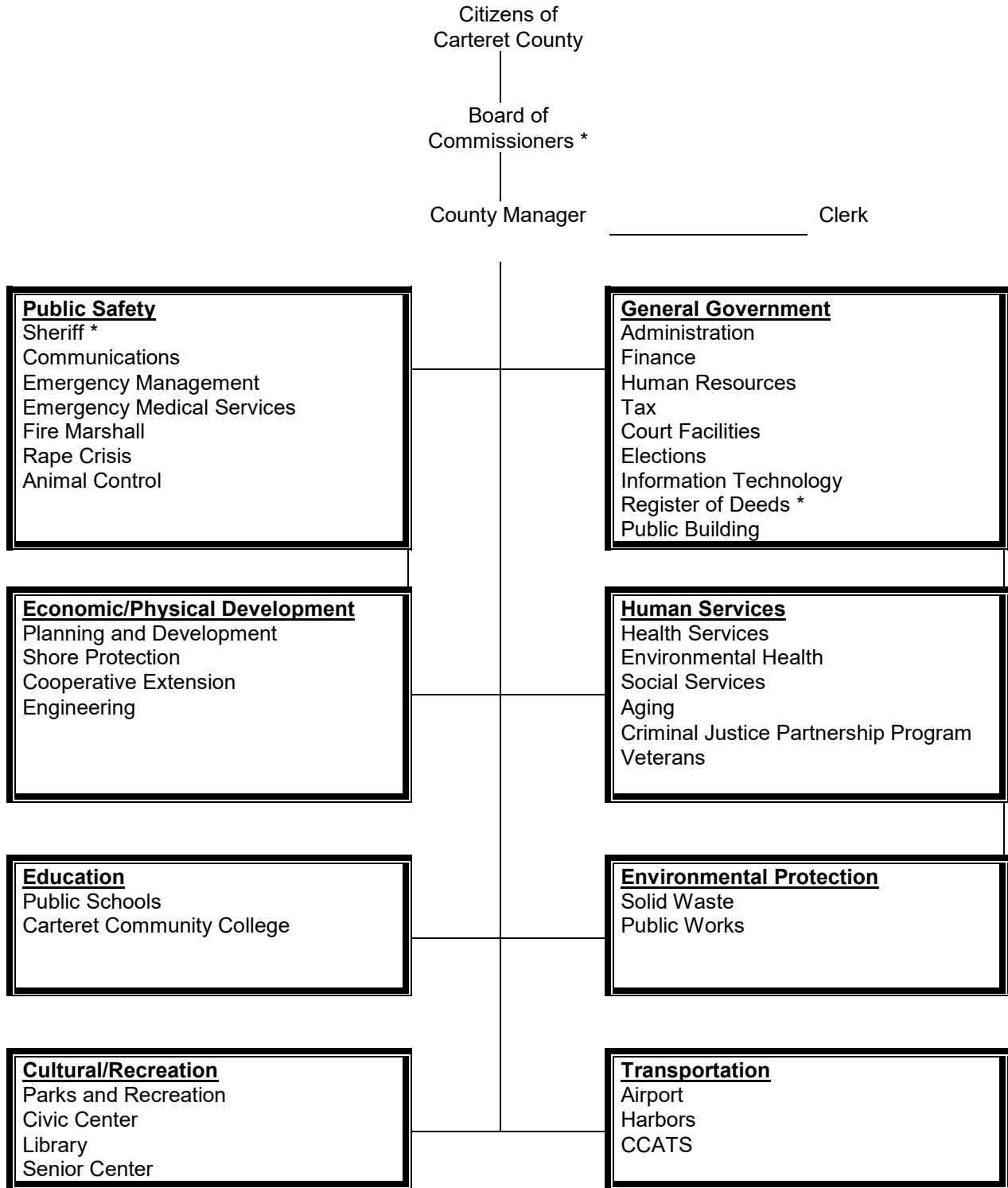
Jimmy Farrington
Emerald Isle, North Carolina

Chuck Shinn
Newport, North Carolina

County Officials

Tommy Burns	County Manager
Dee H. Meshaw	Assistant County Manager Finance Director
Eugene Foxworth	Assistant County Manager, General Services
Asa Buck III	Sheriff
Karen Hardesty	Register of Deeds
Dr. Randall Williams	Human Services Director
Stephen Rae	Emergency Management Director
Ray Hall	Information Technology Director
Jessica Taylor	Tax Administrator
Tina Purifoy	Parks and Recreation/ Civic Center Director

**Carteret County, North Carolina
Organizational Chart**



* Elected Officials

Map of Carteret County, North Carolina



<u>Carteret County</u>	
Population	67,233
Area	526 sq. miles
Date Est.	1722
County Seat	Beaufort



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Carteret County
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



Financial Section

Independent Auditor's Report

**Management's Discussion and Analysis
(Unaudited)**

Basic Financial Statements

Notes to Financial Statements

**Required Supplementary Information
(Unaudited)**





INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and
Members of the Board of Commissioners
Carteret County, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund, Occupancy Tax Fund, and American Rescue Plan Act Fund of Carteret County, North Carolina (the County) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund, Occupancy Tax Fund, and American Rescue Plan Act Fund of Carteret County, North Carolina as of and for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Carteret County Tourism Development Authority, Carteret County-Beaufort City Airport Authority, Carteret County Alcoholic Beverage Control (ABC) Board or Carteret County General Hospital Corporation, which collectively represent 100% of the assets, net position and revenues of the aggregate discretely presented component units of the County. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Carteret County Tourism Development Authority, Carteret County-Beaufort Airport Authority, Carteret County ABC Board and Carteret County General Hospital Corporation, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Carteret County ABC Board and Carteret County General Hospital Corporation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly after.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 17 through 27, the Law Enforcement Officers’ Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Local Governmental Employees’ Retirement System Schedules of Proportionate Share of the Net Pension Liability (Asset) and County Contributions, the Register of Deeds’ Supplemental Pension Fund Schedules of Proportionate Share of the Net Pension Liability (Asset) and County Contributions and the Other Postemployment Benefits Schedule of Changes in Total OPEB Liability, on pages 104 through 117 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The financial statements and schedules listed in the financial section of the table of contents as “other supplemental financial data,” the Schedule of Expenditures of Federal and State Awards, as required by Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act in the compliance section of the table of contents, and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental financial data and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, such information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical tables of the Annual Comprehensive Financial Report but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2023 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PBMares, LLP

Morehead City, North Carolina
January 6, 2023

Carteret County, North Carolina

Management's Discussion and Analysis (Unaudited) June 30, 2022

As management of the County, we offer readers of Carteret County's (the "County") financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

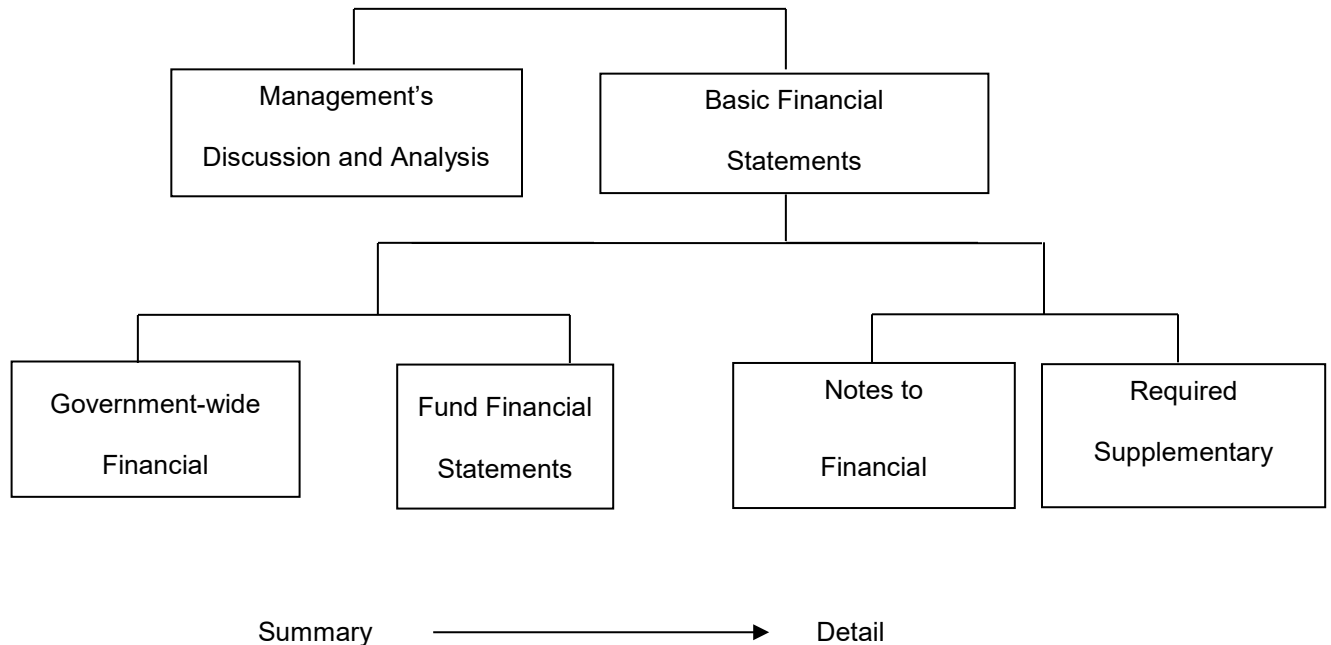
- The assets and deferred outflows of resources of Carteret County (primary government) were greater than its liabilities and deferred inflows of resources at the close of the fiscal year by \$108,348,569 (*net position*).
- The government's total net position increased by \$21,364,170. The increase is primarily due to sales tax revenues exceeding the budget approximately \$3.6 million, approximately \$3.05 million intergovernmental American Rescue Plan (ARPA) revenue offsetting allowable governmental expenses, other revenues such as permits and fees, sales and services, and intergovernmental revenues were greater than anticipated and expenditures were less than expected.
- As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$102,927,047, after a net increase in fund balance of \$16,374,359. Approximately 66.94 percent of this total amount or \$68,903,863 is restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$38,975,108 or 40.30 percent of total General Fund expenditures, excluding other financing uses, for the fiscal year.
- The County's total long-term debt (Figure 5) decreased by \$8,813,857. The County retired debt principal and decrease in net pension liability resulted in a net decrease in long term debt.
- The County maintained its AA+ (Standard & Poor's and Fitch Ratings) and Aa1 (Moody's Investor Services) for the ninth year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension and other postemployment benefit plans.

After the required supplemental information, additional **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short- and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) discretely presented component units. The governmental activities include most of the County's basic services such as general administration, human services, education, public safety and public works. Property and other taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water services offered by the County. The final category is the component units. Although legally separate from the County, the ABC Board, Carteret General Hospital, Tourism Development Authority and the Airport are important to the County because the County exercises control over the Boards by appointing their members.

The government-wide financial statements are on pages 28-31 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Carteret County, North Carolina

Management's Discussion and Analysis (Unaudited) June 30, 2022

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. The governmental fund financial statements are on pages 32 - 41 of this report.

Proprietary Funds – The County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its water activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. The proprietary fund financial statements are on pages 42 - 45 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County has two fiduciary funds which are custodial funds. The fiduciary fund financial statements are on pages 46-47 of this report.

Notes to Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are on pages 49 - 101 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its law enforcement employees. Required supplementary information can be found beginning on page 104 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$108,348,569 as of June 30, 2022. The County's net position increased by \$21,364,170 for the fiscal year ended June 30, 2022. Net position is reported in three categories: net investment in capital assets of \$30,216,011, restricted net position of \$41,518,084, and unrestricted net position of \$36,614,474.

Carteret County, North Carolina

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The net investment in capital assets category is defined as the County's investment in County owned capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities.

Another category of net position is restricted net position. This represents resources that are subject to external restriction on how they may be used. The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligation to citizens and creditors. At June 30, 2022, the unrestricted net position of governmental activities reported \$34,706,796. Of the County's net position, \$41,518,084 represents resources that are subject to external restrictions on how they are to be used.

As with many counties in the State of North Carolina, the County's small unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the County Board of Education (the "school system") and Carteret Community College. Under North Carolina law, the County is responsible for providing capital funding for the school system and the community college. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of County funds, general obligation debt, and installment debt. The assets are funded by the County; however, the assets are owned and utilized by the school system and the community college, and are reported by those entities. The County, as the debt issuing government, acquires no capital assets; the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$14.58 million of the outstanding debt on the County's financial statements was related to assets included in the school system's financial statements. However, as the majority of this school system related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

The County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 127,609,892	\$ 104,811,366	\$ 2,716,779	\$ 2,102,461	\$ 130,326,671	\$ 106,913,827
Capital assets	25,909,804	25,237,224	5,402,027	5,759,214	31,311,831	30,996,438
Total assets	153,519,696	130,048,590	8,118,806	7,861,675	161,638,502	137,910,265
Total deferred outflows of resources	10,088,108	8,551,365	97,391	75,385	10,185,499	8,626,750
Long-term liabilities						
outstanding	35,836,123	44,393,659	1,658,498	1,914,819	37,494,621	46,308,478
Other liabilities	18,941,645	12,299,292	675,502	627,027	19,617,147	12,926,319
Total liabilities	54,777,768	56,692,951	2,334,000	2,541,846	57,111,768	59,234,797
Total deferred inflows of resources	6,294,140	315,503	69,524	2,316	6,363,664	317,819
Net position:						
Net investment in capital assets	26,311,016	25,237,224	3,904,995	4,072,150	30,216,011	29,309,374
Restricted	41,518,084	37,815,978	-	-	41,518,084	37,815,978
Unrestricted (deficit)	34,706,796	18,538,299	1,907,678	1,320,748	36,614,474	19,859,047
Total net position	\$ 102,535,896	\$ 81,591,501	\$ 5,812,673	\$ 5,392,898	\$ 108,348,569	\$ 86,984,399

Carteret County, North Carolina

**Management's Discussion and Analysis (Unaudited)
June 30, 2022**

The County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 10,361,526	\$ 9,863,496	\$ 1,095,905	\$ 737,858	\$ 11,457,431	\$ 10,601,354
Operating grants and contributions	20,032,760	40,086,334	-	-	20,032,760	40,086,334
Capital grants and contributions	3,698,670	623,747	-	-	3,698,670	623,747
General revenues:						
Property taxes	63,952,730	62,590,060	-	-	63,952,730	62,590,060
Other taxes	37,693,262	33,729,100	-	-	37,693,262	33,729,100
Other	3,317,156	1,895,328	-	689	3,317,156	1,896,017
Total revenues	139,056,104	148,788,065	1,095,905	738,547	140,152,009	149,526,612
Expenses:						
General government	11,060,903	10,841,137	-	-	11,060,903	10,841,137
Public safety	28,726,905	25,244,004	-	-	28,726,905	25,244,004
Transportation	3,098,950	5,361,325	-	-	3,098,950	5,361,325
Economic and physical development	11,393,215	40,467,487	-	-	11,393,215	40,467,487
Environmental protection	7,863,001	4,824,986	-	-	7,863,001	4,824,986
Human services	19,804,952	19,965,556	-	-	19,804,952	19,965,556
Cultural and recreation	3,941,443	4,181,010	-	-	3,941,443	4,181,010
Education	31,200,546	30,751,818	-	-	31,200,546	30,751,818
Interest on long-term debt	649,124	723,267	-	-	649,124	723,267
Water	-	-	1,048,800	1,090,992	1,048,800	1,090,992
Total expenses	117,739,039	142,360,590	1,048,800	1,090,992	118,787,839	143,451,582
Increase (decrease) in net position before transfers	21,317,065	6,427,475	47,105	(352,445)	21,364,170	6,075,030
Transfers	(372,670)	(405,000)	372,670	405,000	-	-
Increase (decrease) in net position	20,944,395	6,022,475	419,775	52,555	21,364,170	6,075,030
Net position, beginning as previously reported	81,591,501	75,442,672	5,392,898	5,340,343	86,984,399	80,783,015
Prior period restatement, change in accounting principle	-	126,354	-	-	-	126,354
Net position, beginning as restated	81,591,501	75,569,026	5,392,898	5,340,343	86,984,399	80,909,369
Net position, June 30	\$ 102,535,896	\$ 81,591,501	\$ 5,812,673	\$ 5,392,898	\$ 108,348,569	\$ 86,984,399

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$38,975,108, while total fund balance reached

Carteret County, North Carolina

Management's Discussion and Analysis (Unaudited) June 30, 2022

\$78,980,863. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The County currently has an unassigned fund balance of 39.63 percent of general fund expenditures, while total fund balance represents 80.30 percent of that same amount. The County's unassigned fund balance increased \$4,304,346. The increase in unassigned fund balance is mostly due to increased revenues and FEMA reimbursements received FY22 for hurricane expenditures incurred in FY19. When the budget was adopted, fund balance was planned as the funding source for many capital projects and improvements for public schools, community college, and county. Many revenue categories exceeded budgeted amounts such as sales tax, approximately \$3.62 million, permits, fees, approximately \$1.27 million and intergovernmental, approximately 1.26 million. In addition to revenues exceeding the budget, function level expenditures were less than the budget amount by approximately \$10.94 million. Human services, public safety, and general government functions had the greatest amounts coming in under budget.

At June 30, 2022, the governmental funds of the County reported a combined fund balance of \$102,927,047, a \$16,374,359 increase from last year. The discussion above regarding the General Fund unassigned fund balance increase is the basis for the increase in the governmental funds combined fund balance.

General Fund Budgetary Highlights

During fiscal year 2022, the County's financial picture was good. The County's real property assessed values increase approximately \$285 million or 1.73% from the previous year with total values of \$16.77 billion. The General Fund property tax rate was \$.33 per \$100 of assessed values, and the same adopted General Fund tax rate as FY21. General Fund revenues were more than budgeted by \$6.25 million. Revenues exceeded the budget in the following areas: ad valorem taxes \$.69 million, sales taxes \$3.63 million, permits and fees \$1.27 million, and intergovernmental \$1.27 million. The remaining (\$.61) million, is the net amount of sales and services and interest revenues less than the budgeted amounts offset by miscellaneous revenue exceeding the budgeted amount. As a result, the County finished the year in positive, sound financial condition.

The County revised the budget on several occasions. Generally, budget amendments fall into one of four categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; 3) increases in appropriations that become necessary to maintain services; and 4) to increase debt service for refunding existing debt. Total amendments to the General Fund increased estimated revenues by \$3,096,381 and expenditure appropriations by \$12,465,945. The appropriations increase was mostly due to maintenance and capital projects not completed in fiscal year 2022, as well as market salary adjustments for employees. Expenditures were increased in all functions of government.

The County's expenditures were less than the budgeted amount by \$10.94 million, and most of the savings were in the human services programs of \$3.26 million, public safety programs of \$1.71 million, \$1.44 million general government, \$1.30 million economic development, as well as \$3.23 million in transportation, environmental protection, debt service, and culture and recreation.

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Occupancy Tax Fund. This fund is used to account for the six percent tax collected on hotel, motel condominium room rentals within the County and the subsequent distribution of the tax to the Tourism Development Authority (TDA) and the County General Fund for beach nourishment. Total revenues were \$13,286,146, approximately \$1.83 million or 15.99% more than fiscal year 2021. Fund expenses for the TDA were \$6,573,628, and transfers to the General Fund for beach nourishment and administrative costs were \$6,716,530. The County revised the budget on several occasions increasing revenue \$4.75 million due to occupancy tax revenue greater than estimated. Expenditures were increased \$2.35 million for TDA expenditures that were a result of the increased occupancy tax revenue.

American Rescue Plan Act (ARPA) Fund. This fund accounts for the federal funds allocated to the County through the American Rescue Plan Act of 2021. During fiscal year 2022, the County received \$13,494,320. The County is utilizing \$10 million for lost revenue, and \$3,054,943 was transferred to General Fund for lost revenue. Management is reviewing eligible uses and the best utilization of the approximate \$3.49 million funds that exceeds the \$10 million lost revenue.

School Bond Projects Fund. This fund accounts for the funding and construction of public school bond projects. The primary funding sources are general obligation bonds; however, the County has not issued general obligation bonds. In November 2020, the voters passed a \$42 million general obligation bond referendum. The projects include major building renovations and new construction. In fiscal year 2022, expenditures were \$1,726,617.

Proprietary Funds. The County's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Total net position was \$5,812,673, a \$419,775 increase from the previous year. Unrestricted net position of the Water Fund at the end of the fiscal year was \$1,907,678, a \$586,930 increase. Expenses were less than projected, and combined with the transfer in from the Water Taxing District Special Revenue Fund, net position increased. As in previous years, the Water Fund is not self-supporting and relies on the water taxing district revenues to transfer into the fund. In fiscal year 2022, \$372,670 was transferred from the water taxing district, \$32,330 less than the previous year.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totals \$31,311,831 (net of accumulated depreciation). These assets include land, buildings, automotive equipment, office and other equipment, and water plant and lines.

Major capital asset transactions during the year include:

- Purchase vehicles in several departments including nine Sheriff Department vehicles
- Technology equipment
- Park improvements for water access
- Construction in progress is a County building renovation project for administrative departments.

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**Management's Discussion and Analysis (Unaudited)
June 30, 2022**

The County's Capital Assets

Figure 4

Additional information on the County's capital assets can be found in Note 5 of the basic financial statements.

	Carteret County's Capital Assets (net of depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 10,557,381	\$ 9,456,649	\$ 222,608	\$ 222,608	\$ 10,779,989	\$ 9,679,257
Buildings	6,000,233	6,733,533	800,612	871,254	6,800,845	7,604,787
Water lines	-	-	4,375,020	4,652,568	4,375,020	4,652,568
Vehicles	2,106,399	1,898,005	3,788	11,368	2,110,187	1,909,373
Equipment	676,463	791,170	(1)	1,416	676,462	792,586
Other improvements	4,463,372	4,215,578	-	-	4,463,372	4,215,578
Leasehold improvements	1,045,370	1,174,891	-	-	1,045,370	1,174,891
Construction in progress	1,060,586	967,398	-	-	1,060,586	967,398
Total	\$ 25,909,804	\$ 25,237,224	\$ 5,402,027	\$ 5,759,214	\$ 31,311,831	\$ 30,996,438

General Obligation, Capital Leases and Installment Notes Payable

Long-Term Debt. As of June 30, 2022, the County had total general obligation bonded debt outstanding of \$13,580,000, all of which is debt backed by the full faith and credit of the County. All other debt is covered by pledged collateral and is subject to appropriation. A summary of total long-term debt is shown in Figure 5.

Figure 5

	Carteret County's Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 13,580,000	\$ 16,350,000	\$ -	\$ -	\$ 13,580,000	\$ 16,350,000
Certificate of participation	-	425,000	-	-	-	425,000
Revenue bond	-	-	906,000	925,000	906,000	925,000
Bond premiums	1,082,017	1,312,567	-	-	1,082,017	1,312,567
Leases	1,532,163	-	-	-	1,532,163	-
Direct placement installment purchase	999,562	3,570,074	591,032	762,064	1,590,594	4,332,138
Compensated absences	1,898,677	1,733,627	1,133	19,904	1,899,810	1,753,531
Net pension liability (LGERS)	4,301,285	9,938,648	47,840	110,541	4,349,125	10,049,189
Total pension liability (LEOSSA)	2,138,853	2,150,843	-	-	2,138,853	2,150,843
Net OPEB obligation	10,303,566	8,912,900	112,493	97,310	10,416,059	9,010,210
Total long-term debt	\$ 35,836,123	\$ 44,393,659	\$ 1,658,498	\$ 1,914,819	\$ 37,494,621	\$ 46,308,478

The County's total debt decreased \$8,813,857 during the past fiscal year. The decrease is due to retiring debt principal, and the decrease in net pension liability.

The County's most recent bond ratings are shown below:

Moody's Investor Services	Aa1
Standard & Poor's	AA+
Fitch IBCA	AA+

Carteret County, North Carolina

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These bond ratings are a clear indication of the sound financial condition of the County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin at June 30, 2022, for the County is \$1,284,223,124. Additional information regarding the County's long-term debt can be found in Note 10 on pages 73-79 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County. On June 30, 2022, the unemployment rate for the County averaged 3.43%, compared to the 4.85% for fiscal year 2021. These rates are slightly lower than the state's average unemployment rate of 4.02% for fiscal year 2022. The County is seeing modest residential and commercial development. In addition, the County is realizing increases in sales tax revenues. This growth in development combined with other revenue increases, has allowed the County to continue meeting its capital needs and demands for services with the no property tax increase in the fiscal year ending June 30, 2022. The County adopted an ad valorem tax rate of \$.33 cents per \$100 assessed value in fiscal year 2022.

During the fiscal year, the state and the nation were affected by the spread of COVID-19. In June 2021, when the County adopted its FY22 budget, the County was realizing positive growth in sales tax, permits and fees, as well as sales and services. In addition, unemployment rates decreased. The County continued its practice of conservative budgets for FY22 while balancing the needs of the County as the economy improved. The budget funded capital, large maintenance, and setting aside funds for future debt service of capital construction and improvements. Revenue growth continued in FY22, and the County realized strong growth in sales taxes, fees, and occupancy taxes. In addition, the property tax collection rate improved in FY22, another positive indicator.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities: The County has approved a \$122.20 million general fund budget for fiscal year 2023, which represents a \$3.96 million or 3.24% increase from fiscal year 2022 amended budget. The net increase in the budget is primarily in three areas: public safety, education, and transfers to other funds. Resources were increased to fund additional Sheriff patrol deputies, school resource officers and paramedics with a 9.07 percent funding increase from FY22. In addition, public schools and the community college funding was increased 6.02 percent. Transfers to other funds increased 11.82 percent to set aside funds for capital needs. Other areas the approved budget increased funding are as follows: general government, economic development, and parks and libraries. The Board appropriated funding to continue staff meritorious performance pay increases.

In the budget, the County's Board of Commissioners maintained the General Fund 33 cent ad valorem property tax rate per \$100 assessed valuation. Current year tax revenues are projected to generate \$54.74 million. Due to growth in sales tax revenue, the County budgeted a 14.55% increase from FY22 budgeted revenue that generates \$20.60 million in revenue. All revenues are budgeted conservatively, and sales and services and fees are budgeted with small growth from the previous fiscal year. The fiscal year 2023 General Fund budgets \$3.30 million fund balance appropriation. This amount of fund balance is primarily due to funding public school and community college capital, as well as county capital improvements and large building maintenance needs.

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As in previous years, Education is the largest service area in terms of its portion of total expenditures. Capital and operating education expenditures total \$31.86 million or 27.77% of the fiscal year 2023 budget. This area includes funding for the public school system and the Carteret County Community College.

Business Activities: In fiscal year 2013, the County completed its \$3.51 million construction project to enhance and improve the County's water treatment system. The improvements constructed elevated water storage tanks, a booster pump station, and water plant upgrades; as a result of this improvement, the County does not have any large projects in the next several years. For FY23, the Water Fund adopted budget is \$1,160,000 for operations, debt service, equipment, and contingency. The adopted budget decreased funding \$323,170 (21.8%) for operating expenses and contingency. FY23 annual debt service is \$236,080.

The adopted Water Fund budgets \$1,085,800 user fee revenue, \$25,000 less than FY22. The decrease is due to user consumption decreases. The Board of Commissioners increased user fees in FY22, and therefore, no user fee increase is in FY23. The Board's philosophy is the system should not rely on transfers from the Water Taxing District Special Revenue Fund. As a result, no property tax is levied in the taxing district, and as a result, there is no transfer to the Water Fund. During fiscal year 2021, the Board of Commissioners received bids through the upset bid process from private water providers to purchase the County's water system. After the upset bid process concluded, the County Commissioners accepted the \$9.5 million purchase contract on October 18, 2021. Required due diligence is completed, and approval of the NC Utilities Commission must occur for the system sale to be complete. It is anticipated the sale will be completed FY23.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Assistant County Manager, Finance, Carteret County, 210 Turner Street, Beaufort, NC 28516.

Carteret County, North Carolina

Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 652,515	\$ 2,574,707	\$ 3,227,222
Investments	89,061,607	-	89,061,607
Receivables (net)	19,535,045	98,140	19,633,185
Due from component unit	401,753	-	401,753
Inventories	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	5,826,142	43,932	5,870,074
Investments	10,400,000	-	10,400,000
Net pension asset	225,134	-	225,134
Other assets	-	-	-
Right to use leased assets, net of amortization	1,507,696	-	1,507,696
Capital assets:			
Land, improvements, and construction in progress	11,617,967	222,608	11,840,575
Other capital assets, net of depreciation	14,291,837	5,179,419	19,471,256
Total capital assets	25,909,804	5,402,027	31,311,831
Total assets	153,519,696	8,118,806	161,638,502
Deferred Outflows of Resources	10,088,108	97,391	10,185,499
Liabilities			
Accounts payable and accrued expenses	7,723,049	550,655	8,273,704
Accrued interest payable	144,065	4,432	148,497
Customer deposits	-	120,415	120,415
Due to primary government	-	-	-
Unearned revenue	11,074,531	-	11,074,531
Long-term liabilities:			
Due within one year	4,828,951	192,165	5,021,116
Due in more than one year	31,007,172	1,466,333	32,473,505
Total long-term liabilities	35,836,123	1,658,498	37,494,621
Total liabilities	54,777,768	2,334,000	57,111,768
Deferred Inflows of Resources	6,294,140	69,524	6,363,664
Net Position			
Net investment in capital assets	26,311,016	3,904,995	30,216,011
Restricted for:			
Public Safety	5,192,571	-	5,192,571
Economic Development	20,842,865	-	20,842,865
Cultural and Recreation	33,898	-	33,898
Register of Deeds	264,080	-	264,080
Transportation	321,397	-	321,397
Human Services	903,281	-	903,281
Stabilization by State Statute	13,959,992	-	13,959,992
Other purposes	-	-	-
Unrestricted	34,706,796	1,907,678	36,614,474
Total net position	\$ 102,535,896	\$ 5,812,673	\$ 108,348,569

See Notes to Financial Statements.

Component Units

	Carteret County	Carteret County	
Carteret County Beaufort Airport Authority	Tourism Development Authority	General Hospital Corporation	Carteret County ABC Board
\$ 501,228	\$ 1,543,852	\$ 57,613,262	\$ 1,711,502
-	4,718,334	171,302,757	-
1,470,484	1,708,409	32,665,480	-
-	-	-	-
-	-	4,767,393	2,220,328
1,080	-	3,089,921	1,633
827,861	-	3,729,767	-
-	-	-	-
-	-	-	-
-	-	57,670	-
-	-	-	207,908
5,838,405	-	5,364,571	1,371,373
14,216,984	298,729	81,509,218	3,347,601
20,055,389	298,729	86,873,789	4,718,974
22,856,042	8,269,324	360,100,039	8,860,345
-	-	-	219,545
685,175	296,124	22,444,688	2,120,092
-	-	-	-
11,000	-	-	-
-	-	-	401,753
45,325	-	16,885,288	-
957,120	8,652	554,136	354,399
300,000	19,856	17,032	295,106
1,257,120	28,508	571,168	649,505
1,998,620	324,632	39,901,144	3,171,350
-	-	-	162,138
19,605,389	298,729	86,302,621	4,397,509
-	-	-	454,882
-	-	-	-
-	-	-	-
-	-	-	-
1,470,484	1,708,409	-	-
-	-	9,740,783	673,504
(218,451)	5,937,554	224,155,491	220,507
\$ 20,857,422	\$ 7,944,692	\$ 320,198,895	\$ 5,746,402

Carteret County, North Carolina

Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 11,060,903	\$ 3,151,361	\$ 2,000	\$ 14,722
Public safety	28,726,905	654,018	852,485	783,333
Transportation	3,098,950	187,430	2,879,175	347,041
Economic and physical development	11,393,215	1,487,710	75,296	34,578
Environmental protection	7,863,001	3,362,080	253,310	-
Human services	19,804,952	1,195,560	15,764,029	-
Cultural and recreation	3,941,443	323,367	104,219	2,500,000
Education	31,200,546	-	44,266	18,996
Interest on long-term debt	649,124	-	57,980	-
Total governmental activities	117,739,039	10,361,526	20,032,760	3,698,670
Business-type activities:				
Water	1,048,800	1,095,905	-	-
Total primary government	\$ 118,787,839	\$ 11,457,431	\$ 20,032,760	\$ 3,698,670
Component units:				
Airport Authority	\$ 843,251	\$ 253,357	\$ 112,640	\$ 3,323,748
Tourism Development Authority	3,479,673	6,573,628	142,858	-
Hospital	168,161,462	184,985,169	11,045,090	-
ABC Board	17,070,915	17,511,113	-	-
Total component units	\$ 189,555,301	\$ 209,323,267	\$ 11,300,588	\$ 3,323,748
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local option sales tax				
Occupancy tax				
ABC local bottle tax				
Unrestricted intergovernmental				
Investment earnings (loss), unrestricted				
Miscellaneous, unrestricted				
Total general revenues excluding transfers				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Carteret County			
			Carteret County Beaufort Airport Authority	Tourism Development Authority	Carteret County General Hospital Corporation	Carteret County ABC Board
\$ (7,892,820)	\$ -	\$ (7,892,820)				
(26,437,069)	-	(26,437,069)				
314,696	-	314,696				
(9,795,631)	-	(9,795,631)				
(4,247,611)	-	(4,247,611)				
(2,845,363)	-	(2,845,363)				
(1,013,857)	-	(1,013,857)				
(31,137,284)	-	(31,137,284)				
(591,144)	-	(591,144)				
<u>(83,646,083)</u>	<u>-</u>	<u>(83,646,083)</u>				
-	47,105	47,105				
<u>(83,646,083)</u>	<u>47,105</u>	<u>(83,598,978)</u>				
			\$ 2,846,494	\$ -	\$ -	\$ -
			-	3,236,813	-	-
			-	-	27,868,797	-
			-	-	-	440,198
			<u>2,846,494</u>	<u>3,236,813</u>	<u>27,868,797</u>	<u>440,198</u>
63,952,730	-	63,952,730	-	-	-	-
24,352,848	-	24,352,848	-	-	-	-
13,286,146	-	13,286,146	-	-	-	-
54,268	-	54,268	-	-	-	-
1,735,444	-	1,735,444	-	-	-	-
(482,988)	-	(482,988)	3,235	5,626	1,856,282	-
2,064,700	-	2,064,700	20	-	-	6,551
<u>104,963,148</u>	<u>-</u>	<u>104,963,148</u>	<u>3,255</u>	<u>5,626</u>	<u>1,856,282</u>	<u>6,551</u>
(372,670)	372,670	-	-	-	-	-
<u>104,590,478</u>	<u>372,670</u>	<u>104,963,148</u>	<u>3,255</u>	<u>5,626</u>	<u>1,856,282</u>	<u>6,551</u>
20,944,395	419,775	21,364,170	2,849,749	3,242,439	29,725,079	446,749
81,591,501	5,392,898	86,984,399	18,007,673	4,702,253	290,473,816	5,299,653
<u>\$ 102,535,896</u>	<u>\$ 5,812,673</u>	<u>\$ 108,348,569</u>	<u>\$ 20,857,422</u>	<u>\$ 7,944,692</u>	<u>\$ 320,198,895</u>	<u>\$ 5,746,402</u>

Carteret County, North Carolina

**Balance Sheet - Governmental Funds
June 30, 2022**

	Major Funds		
	General	Occupancy Tax Fund	American Rescue Plan Act Fund
Assets			
Cash and investments	\$ 68,325,051	\$ -	\$ -
Receivables, net	13,893,790	2,336,640	-
Restricted cash and investments	1,237,784	-	10,406,974
Due from other funds	2,592,830	-	-
Due from component unit	401,753	-	-
Total assets	\$ 86,451,208	\$ 2,336,640	\$ 10,406,974
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,401,749	\$ 1,709,790	\$ -
Due to other funds	-	618,715	-
Unearned revenue	140,215	-	10,405,102
Total liabilities	4,541,964	2,328,505	10,405,102
Deferred Inflows of Resources	2,928,381	-	-
Fund balances:			
Restricted:			
Register of deeds	264,080	-	-
Recreation districts	33,898	-	-
Beach nourishment	19,162,260	-	-
Stabilization by state statute	13,959,992	-	-
Sheriff's fund	321,280	-	-
Health and mental health services programs	901,409	-	1,872
Public safety	-	-	-
Transportation	321,397	-	-
Economic development	912,948	2,336,640	-
County capital	-	-	-
Committed:			
Tax revaluation	688,491	-	-
Taylor extended care	-	-	-
School capital	-	-	-
Assigned:			
Subsequent year's expenditures	3,300,000	-	-
County library	140,000	-	-
County capital	-	-	-
Unassigned	38,975,108	(2,328,505)	-
Total fund balances	78,980,863	8,135	1,872
Total liabilities, deferred inflows of resources and fund balances	\$ 86,451,208	\$ 2,336,640	\$ 10,406,974

See Notes to Financial Statements.

School Bond Projects Fund	Total Non-Major Funds	Total Governmental Funds
\$ -	\$ 21,389,071	\$ 89,714,122
-	2,627,510	18,857,940
-	4,581,384	16,226,142
-	-	2,592,830
-	-	401,753
\$ -	\$ 28,597,965	\$ 127,792,787

\$ 684,193	\$ 927,317	\$ 7,723,049
1,939,226	34,889	2,592,830
-	529,214	11,074,531
2,623,419	1,491,420	21,390,410
-	546,949	3,475,330

-	-	264,080
-	-	33,898
-	-	19,162,260
-	-	13,959,992
-	-	321,280
-	104,645	1,007,926
-	4,966,628	4,966,628
-	-	321,397
-	105,918	3,355,506
-	3,173,068	3,173,068
-	-	688,491
-	49,177	49,177
-	1,333,118	1,333,118
-	-	3,300,000
-	-	140,000
-	16,827,042	16,827,042
(2,623,419)	-	34,023,184
(2,623,419)	26,559,596	102,927,047
\$ -	\$ 28,597,965	\$ 127,792,787

Carteret County, North Carolina

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2022**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances for governmental funds	\$ 102,927,047
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the funds	25,909,804
Right of use leased assets used in governmental activities are not current financial resources and, therefore are not reported in the funds	1,507,696
Net pension asset	225,134
Deferred outflows of resources related to pensions are not reported in the fund statements	7,483,631
Deferred outflows of resources related to OPEB are not reported in the fund statements	1,723,374
Deferred outflows of resources related to advance refunding bond issue	881,103
Deferred inflows of resources in the fund statements for taxes, FEMA, and special assessments receivable	3,475,330
Deferred inflows of resources related to pensions	(6,294,140)
Deferred inflows of resources related to OPEB	-
Accrued interest receivable not included in the fund statements	677,105
Accrued interest payable on long-term debt is not a current financial obligation and, therefore, is not in the funds	(144,065)
Long-term liabilities, including bonds payable, are not due and payable in the current period; therefore are not reported in the funds	(35,836,123)
	<hr/>
Net position of governmental activities	<u>\$ 102,535,896</u>

See Notes to Financial Statements.



Carteret County, North Carolina

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2022

	Major Funds		
	General	Occupancy Tax Fund	American Rescue Plan Act Fund
Revenues			
Ad valorem taxes	\$ 55,953,765	\$ -	\$ -
Other taxes	21,278,877	13,286,146	-
Permits and fees	5,827,335	-	-
Intergovernmental	18,113,078	-	3,089,214
Sales and services	4,457,109	-	-
Interest	(482,988)	-	-
Miscellaneous	298,383	-	-
Total revenues	105,445,559	13,286,146	3,089,214
Expenditures			
Current:			
General government	10,903,729	-	-
Public safety	16,019,483	-	-
Transportation	1,606,052	-	-
Environmental protection	4,295,454	-	-
Economic and physical development	7,281,483	6,573,628	-
Human services	18,962,942	-	34,271
Culture and recreation	3,747,161	-	-
Education	27,292,437	-	-
Capital outlay	1,654,610	-	-
Debt service:			
Principal retirement	5,887,959	-	-
Interest and fees	704,245	-	-
Total expenditures	98,355,555	6,573,628	34,271
Excess (deficiency) of revenues over (under) expenditures	7,090,004	6,712,518	3,054,943
Other financing sources (uses)			
Transfers in	9,771,473	-	-
Transfers out	(8,723,690)	(6,716,530)	(3,054,943)
Lease liabilities issued	1,654,610	-	-
Total other financing sources (uses)	2,702,393	(6,716,530)	(3,054,943)
Net change in fund balances	9,792,397	(4,012)	-
Fund balances			
Beginning	69,188,466	12,147	1,872
Ending	\$ 78,980,863	\$ 8,135	\$ 1,872

See Notes to Financial Statements.

School Bond Projects Fund	Total Non-Major Funds	Total Governmental Funds
\$ -	\$ 8,320,720	\$ 64,274,485
-	3,128,239	37,693,262
-	98,462	5,925,797
18,996	5,553,380	26,774,668
-	35,960	4,493,069
-	-	(482,988)
-	-	298,383
18,996	17,136,761	138,976,676
-	98,462	11,002,191
-	11,850,874	27,870,357
-	-	1,606,052
-	-	4,295,454
-	34,864	13,889,975
-	571,535	19,568,748
-	-	3,747,161
-	-	27,292,437
1,726,617	4,638,451	8,019,678
-	-	5,887,959
-	-	704,245
1,726,617	17,194,186	123,884,257
(1,707,621)	(57,425)	15,092,419
-	8,723,690	18,495,163
-	(372,670)	(18,867,833)
-	-	1,654,610
-	8,351,020	1,281,940
(1,707,621)	8,293,595	16,374,359
(915,798)	18,266,001	86,552,688
\$ (2,623,419)	\$ 26,559,596	\$102,927,047

Carteret County, North Carolina

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities - Governmental Funds
Year Ended June 30, 2022**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 16,374,359
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,240,651)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is an increase to net income.	1,766,317
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	2,738,935
OPEB benefit payments and administration cost in the current fiscal year are not included in the Statement of Activities	242,360
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(1,686,889)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of bond premiums and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	2,749,964
Total changes in net position of governmental activities	<u>\$ 20,944,395</u>

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2022

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues				
Ad valorem taxes	\$ 55,260,000	\$ 55,260,000	\$ 55,953,765	\$ 693,765
Other taxes	17,400,000	17,652,955	21,278,877	3,625,922
Permits and fees	3,780,500	4,557,046	5,827,335	1,270,289
Intergovernmental	14,961,880	16,846,560	18,113,078	1,266,518
Sales and services	4,339,550	4,500,550	4,457,109	(43,441)
Interest	200,000	200,000	(482,988)	(682,988)
Miscellaneous	160,270	181,470	298,383	116,913
Total revenues	96,102,200	99,198,581	105,445,559	6,246,978
Expenditures				
Current:				
General government	10,549,050	12,344,509	10,903,729	1,440,780
Public safety	16,409,165	17,727,418	16,019,483	1,707,935
Transportation	1,323,355	1,948,547	1,606,052	342,495
Environmental protection	4,610,150	4,720,690	4,295,454	425,236
Economic and physical development	3,023,155	8,584,072	7,281,483	1,302,589
Human services	19,517,615	22,226,165	18,962,942	3,263,223
Culture and recreation	4,244,410	4,421,544	3,747,161	674,383
Education	27,767,500	27,967,400	27,292,437	674,963
Debt service:				
Principal retirement	6,759,600	6,729,600	5,887,959	841,641
Interest and fees	971,000	971,000	704,245	266,755
Total expenditures	95,175,000	107,640,945	96,700,945	10,940,000
Revenues over (under) expenditures	927,200	(8,442,364)	8,744,614	17,186,978
Other financing sources (uses)				
Transfers in	5,186,300	11,135,000	9,771,473	(1,363,527)
Transfers out	(5,035,000)	(8,818,750)	(8,723,690)	95,060
Contingency reserves	(5,685,000)	(1,780,772)	-	1,780,772
Appropriated fund balance	4,606,500	7,906,886	-	(7,906,886)
Total other financing sources (uses)	(927,200)	8,442,364	1,047,783	(7,394,581)
Net change in fund balance	\$ -	\$ -	9,792,397	\$ 9,792,397
Fund balances				
Beginning			69,188,466	
Ending			<u>\$ 78,980,863</u>	
Adjustments to Modified Accrual GAAP				
Other financing sources leases			1,654,610	
Capital outlay - leases			<u>(1,654,610)</u>	
Fund balance			<u>\$ 78,980,863</u>	

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - Occupancy Tax Fund
 Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Other taxes:				
Occupancy taxes	\$ 10,250,000	\$ 15,000,000	\$ 13,267,678	\$ (1,732,322)
Occupancy taxes, penalties and interest	10,000	10,000	18,468	8,468
Total revenues	10,260,000	15,010,000	13,286,146	(1,723,854)
Expenditures				
Economic and physical development:				
Tourism:				
Tourism Development Authority	5,073,700	7,425,000	6,573,628	851,372
Total expenditures	5,073,700	7,425,000	6,573,628	851,372
Revenues over expenditures	5,186,300	7,585,000	6,712,518	(872,482)
Other financing uses				
Transfers out	(5,186,300)	(7,585,000)	(6,716,530)	868,470
Total other financing uses	(5,186,300)	(7,585,000)	(6,716,530)	868,470
Net change in fund balance	\$ -	\$ -	(4,012)	\$ (4,012)
Fund balances				
Beginning			12,147	
Ending			<u>\$ 8,135</u>	

See Notes to Financial Statements.

Carteret County, North Carolina

American Rescue Plan Act Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and the Year Ended June 30, 2022

	Original Project Estimate	Amended Project Estimate	Prior Years	Actual Current Year	Total to Date
Revenues					
Intergovernmental:					
American Recovery Plan Act	\$ 150,000	\$ 13,494,320	\$ -	\$ 3,089,214	\$ 3,089,214
Interest	-	2,000	1,872	-	1,872
Total revenues	150,000	13,496,320	1,872	3,089,214	3,091,086
Expenditures					
Human Services:					
Supplies	-	45,000	-	-	-
Small equipment	-	-	-	26,785	26,785
Maintenance	150,000	689,000	-	7,486	7,486
Capital	-	2,762,320	-	-	-
Total expenditures	150,000	3,496,320	-	34,271	34,271
Revenues over expenditures	-	10,000,000	1,872	3,054,943	3,056,815
Other financing uses					
Transfer to other funds	-	(10,000,000)	-	(3,054,943)	(3,054,943)
Total other financing uses	-	(10,000,000)	-	(3,054,943)	(3,054,943)
Net change in fund balances	\$ -	\$ -	\$ 1,872	-	\$ 1,872
Fund balances					
Beginning				1,872	
Ending				<u>\$ 1,872</u>	

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Fund Net Position - Proprietary Fund
June 30, 2022

	Water Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 2,574,707
Receivables, net	98,140
Restricted cash and cash equivalents	43,932
Total current assets	2,716,779
Noncurrent assets	
Capital assets:	
Land, improvements, and construction in progress	222,608
Other capital assets, net of depreciation	5,179,419
Total capital assets	5,402,027
Total noncurrent assets	5,402,027
Total assets	8,118,806
Deferred outflows of resources	97,391
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	550,655
Customer deposits	120,415
Accrued interest payable	4,432
Current portion of long-term liabilities	192,165
Total current liabilities	867,667
Noncurrent liabilities	
Installment loan payable and long-term liabilities	1,306,000
Net pension liability	47,840
Total OPEB liability	112,493
Total noncurrent liabilities	1,466,333
Total liabilities	2,334,000
Deferred inflows of resources	69,524
Net Position	
Net investment in capital assets	3,904,995
Unrestricted	1,907,678
Total net position	\$ 5,812,673

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund
Year Ended June 30, 2022

	Water Fund
Operating revenues	
Charges for services	\$ 1,095,320
Other operating revenues	585
Total operating revenues	<u>1,095,905</u>
Operating expenses	
Water plant operations	648,027
Depreciation	357,187
Total operating expenses	<u>1,005,214</u>
Operating income	<u>90,691</u>
Nonoperating revenues (expenses)	
Interest revenue	-
Interest expense	(43,586)
Total nonoperating revenues (expenses)	<u>(43,586)</u>
Income before contributions and transfers	47,105
Transfers in	372,670
Change in net position	<u>419,775</u>
Total net position	
Beginning	5,392,898
Ending	<u>\$ 5,812,673</u>

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2022

	Water Fund
Cash flows from operating activities	
Cash received from customers	\$ 1,075,018
Cash paid for goods and services	(329,000)
Cash paid to employees for services	(295,434)
Customer deposits received	4,650
Other operating revenues	585
Net cash provided by operating activities	455,819
Cash flows from noncapital financing	
Transfers in	372,670
Net cash provided by noncapital financing	372,670
Cash flows from capital and related financing activities	
Principal paid on installment debt	(190,032)
Interest paid on installment debt	(44,441)
Net cash used in capital and related financing activities	(234,473)
Net increase in cash and cash equivalents	594,016
Cash and cash equivalents:	
Beginning	2,024,623
Ending (including restricted of \$43,932)	\$ 2,618,639

(Continued)

Carteret County, North Carolina

Statement of Cash Flows - Proprietary Fund (Continued)
Year Ended June 30, 2022

	Water Fund
Reconciliation of operating loss to net cash used in operating activities	
Operating income	\$ 90,691
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	357,187
Changes in assets, liabilities, and deferred outflows and inflows of resources:	
Increase in accounts receivable	(20,302)
Increase in accounts payable and accrued liabilities	44,680
Increase in customer deposits	4,650
Decrease in accrued vacation pay	(18,771)
Increase in deferred outflows of resources - pensions	(13,886)
Increase in deferred outflows of resources - OPEB	(8,120)
Decrease in net pension liability	(62,701)
Increase in total OPEB liability	15,183
Increase in deferred inflows of resources - pensions	67,652
Decrease in deferred inflows of resources - OPEB	(444)
Net cash provided by operating activities	\$ 455,819

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2022

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 184,263
Taxes receivable for other governments, net	<u>138,467</u>
Total assets	<u><u>\$ 322,730</u></u>
Liabilities	
Due to other governments	<u>281,458</u>
	<u>281,458</u>
Net Position	
Restricted for individuals, organizations and other governments	<u>41,272</u>
Total net position	<u><u>\$ 41,272</u></u>

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended June 30, 2022

	Custodial Funds
Additions	
Ad valorem taxes collected for other governments	\$ 15,003,170
Collections on behalf of inmates	392,823
Total Additions	<u>15,395,993</u>
Deductions	
Tax distributions to other governments	15,004,392
Payments on behalf of inmates	383,556
Total Deductions	<u>15,387,948</u>
Net increase in fiduciary net position	<u>8,045</u>
Net position, beginning	<u>33,227</u>
Net position, ending	<u><u>\$ 41,272</u></u>

See Notes to Financial Statements.



Notes to Financial Statements

These notes are intended to communicate information necessary for a fair presentation of financial position and changes in financial position 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.

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies

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 system.

Reporting entity

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

Carteret County – Beaufort Airport Authority (“Airport”): The Airport 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 Airport board members. The Airport also receives a majority of its revenue from County sources. The Airport has a June 30 year-end.

Carteret County Tourism Development Authority (“TDA”): The TDA 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 TDA Board is governed by a board appointed by the County Commissioners. The County does not have authority to designate management of the TDA nor remove board members of the TDA. The TDA receives substantially all its revenue from an occupancy tax implemented, and revocable, by the County Commissioners and has a June 30 year-end.

Carteret County General Hospital Corporation (“Hospital”): The Hospital is a public hospital operated by a nonprofit 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 has a September 30 year-end.

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 has a June 30 year-end.

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

- Carteret County – Beaufort Airport Authority, 180 Airport Road, Beaufort, NC 28516
- Carteret County Tourism Development Authority, 3409 Arendell Street, Morehead City, NC 28557
- Carteret County General Hospital Corporation, 3500 Arendell Street, Morehead City, NC 28557
- Carteret County ABC Board, 410 Live Oak Street, Beaufort, NC 28516

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

Carteret County Industrial Facility and Pollution Control Financing Authority (“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 of its own; therefore, it is not presented in the financial statements. The Authority does not issue separate financial statements.

The following corporation is included as a blended component unit:

County of Carteret Public Facilities Financing Corporation (“Corporation”): The Corporation is a nonprofit corporation. The Corporation was organized and shall be operated exclusively for the purpose of providing debt financing for the County, to fulfill various statutory obligations involving but not limited to, purchase and sale, construction and/or lease of real estate and improvements, facilities, and equipment. The Corporation has a three-member board of directors who are established through the bylaws of the Articles of Incorporation and will consist of the County Manager, Deputy Clerk to the Board, and Chair of the County Commissioners. 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 as of and for the year ended June 30, 2015 and subsequent years.

Summary of significant accounting policies

The basic financial statements of Carteret County, North Carolina have been prepared in conformity with 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.

Basis of presentation

Government-wide statements: The statement of net position and the statement of activities display information about the primary government net position (the “County”) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

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

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

The County reports the following major governmental funds:

General Fund: This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Occupancy Tax Fund: This special revenue fund is used to account for financial resources generated from tax collected on hotel and motel room rentals within the County that is used to help promote tourism.

American Rescue Plan Act (ARPA) Fund: This special revenue fund accounts for the transactions related to the American Rescue Plan Funds.

School Bond Projects Fund: This capital projects fund is used to account for financial resources to be used for various construction projects which include building expansions and extensive renovations to public schools.

The County reports the following major enterprise fund:

Water Fund: This fund is used to account for the operations of the County's water system.

The County reports the following fiduciary fund types:

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

The County reports the following non-major funds. The County maintains sixteen non-major funds.

Special Revenue Funds: Non-major special revenue funds are as follows: Emergency Telephone System Fund, Rescue Squad Fund, Fire District Fund, Rescue Services Fund, Water Tax District Fund, Salter Path District Fund, Deed of Trust Fund, Representative Payee Fund, Opioid Settlement Fund, and 2019 CDBG Neighborhood Revitalization Fund.

Capital Project Funds: Non-major capital project funds are as follows: County Capital Reserve Fund, County Capital Improvements Fund, County Facilities Debt Reserve Fund, School Special Projects Fund, County Construction Projects Fund, County Capital Equipment Fund, and State Capital Grant Fund are reported as capital projects funds.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

Measurement focus and basis of accounting

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

Government-wide, proprietary, and fiduciary fund financial statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The custodial funds have the economic resources measurement focus. The government-wide, proprietary fund, and custodial funds financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise fund are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

The County recognizes assets of non-exchange 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. Non-exchange 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 non-exchange transactions.

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied, subject to availability.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgets and budgetary accounting: The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted on the modified accrual basis for the general fund, the special revenue funds (excluding the American Rescue Act Fund, the Opioid Settlement Fund, and the 2019 CDBG Neighborhood Revitalization Fund), the capital projects funds (excluding the County Construction Projects Fund, the State Capital Grants Projects Fund, and School Bond Project Fund) and the Water Operating fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for those capital projects funds and special revenue funds which do not adopt annual budgets and water construction projects. In accordance with the Local Government Budget and Fiscal Control Act, the County follows these procedures in establishing the budgetary data reflected in the financial report:

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

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

Carteret County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

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 fund level for the capital projects funds. All budgets are fixed in nature. The County Manager is authorized to approve transfers between departments not to exceed \$30,000. Transfers between departments that exceed \$30,000 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.

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position/Fund Balance

Deposits and investments: All deposits of the County, the Hospital, ABC Board, the TDA, and the 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 TDA, and the 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 TDA, and the Airport may establish time deposit accounts, such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] 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 non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust Government Portfolio ("NCCMT").

The majority of the County's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost, which approximate fair value. The NC Capital Management Trust Government (NCCMT) which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAmf by Moody Investor Services. The Government Portfolio is reported at fair value.

Cash and cash equivalents: The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments of the Water Enterprise Fund in the pool are essentially demand deposits and are considered cash and cash equivalents for purposes of reporting cash flows. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of each quarter. The County's component units consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Restricted cash and investments: Certain proceeds of debt issuances are classified as restricted cash and cash equivalents and investments because their use is limited by applicable debt instruments. Additional restricted cash includes rescue and fire districts' cash balances that are completely restricted for rescue and fire district use in the future, compensating cash balance, which offsets fees associated with the County's banking account, USDA revenue bond compliance requires restricted cash, as well as other miscellaneous restricted accounts.

Carteret County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

Ad valorem taxes receivable: Ad valorem taxes receivable are not recognized as revenue in the governmental fund financial statements 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 net taxes receivable that was not recognized as revenue is shown as a deferred inflow.

The property tax calendar for Carteret County, North Carolina according to North Carolina general statutes 105-347 and 159-13(a) is as follows:

Levy date	July 1
Due date (lien date)	September 1
Past due date	January 6

The taxes for the current fiscal year are generally based on January 1, 2021 assessed values.

Allowances for doubtful accounts: All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Inventories and prepaid items: The inventories of the Hospital and the ABC Board are valued at the lower of cost, on a first-in, first-out (“FIFO”) basis, or net realizable value. The Hospital inventory consists of expendable items, including pharmaceuticals and general supplies, held for sale to patients or 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County and Airport utilize the consumption method for prepaid items.

Capital assets: Capital 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 capitalized and reported in the government-wide financial statements as capital assets of governmental activities. Capital assets are capitalized in proprietary fund financial statements and in business-type activities of the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The County has no significant amount, other than the water system, of public domain or infrastructure capital assets. Minimum capitalization costs are as follows: buildings, improvements, and infrastructure, \$50,000; furniture and equipment, \$5,000; and vehicles, \$10,000. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend assets’ lives are not capitalized.

The County holds title to certain Carteret County Board of Education (“Board of Education”) properties, which have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for 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 capital assets in the financial statements of the Board of Education. Revenues and expenditures related to these construction projects are reflected in governmental funds financial statements of Carteret County during construction.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

Capital assets of the Hospital, the ABC Board, the Airport, and the TDA are recorded at original cost at the time of acquisition. Capital assets donated to these entities for operations are recorded at the estimated fair market value at the date of donation or acquisition value after July 1, 2015. Any interest incurred during the construction phase of the capital assets of the Hospital or the ABC Board is reflected in the capitalized value of the asset constructed. 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.

Capital assets of the County, Hospital, and the ABC Board are depreciated (expensed) over their estimated useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Buildings and improvements	5 - 40 years
Furniture and equipment	3 - 20 years
Improvements other than building	5 - 20 years

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements	25 years
Furniture and equipment	10 -15 years
Vehicles	6 years
Computer equipment	3 years

The Airport's capital assets are depreciated using the straight-line method over the following estimated useful lives: buildings and improvements and infrastructure, 30 years; furniture and equipment, 10 years; vehicles, 7 years; and computer equipment and software, 5 years.

Right to use leased assets: The County has recorded right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at any amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease ranging from 3 - 17 years.

Deferred outflows/inflows of resources: In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion- a charge on refunding, pension and OPEB related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of net position and balance sheet can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represent an acquisition of net assets or fund balance that applies to future periods and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category – prepaid taxes, property taxes and special assessments receivable, and other pension, OPEB, and FEMA related deferrals.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

Compensated absences: The vacation policies of the County, the Hospital, the TDA, and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary fund financial statements, the TDA, the Hospital, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned and are accounted for on a last-in, first-out ("LIFO") basis, assuming that employees are taking time as it is earned.

The sick leave policies of the County, the Airport, the TDA, the Hospital, and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

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

In the governmental fund financial statements, the face amount of debt issued is reported as another financing source and is not considered a fund liability.

In accordance with GASB Statement No. 23, as amended by GASB Statement No. 63, an unamortized charge, the difference between the reacquisition price and the net carrying amount of old debt on refunding of debt, is deferred and amortized to interest expense using the proportionate-to-stated-interest method in governmental activities. The unamortized charge is reported as a deferred outflow of resources.

Bond premiums: In the government-wide and proprietary fund financial statements, bond premiums are amortized over the life of the bonds using the proportionate-to stated-interest method. Long-term debt is reported inclusive of the applicable bond premium. In the fund financial statements, governmental fund types recognize bond premiums during the current period. Premiums received on debt issuances are reported as other financing sources.

Opioid Settlement Funds: In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmericourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments
- 5% to a County Incentive Fund.

The County received \$279,214 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

Reimbursements for Pandemic-related Expenditures: In FY21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated \$13,494,316 of fiscal recovery funds to be paid in two equal installments. The first installment of \$6,747,158 was received in June 2021. The second installment was received in June 2022. County staff and the Board of Commissioners have elected to use \$10,000,000 for revenue replacement in fiscal years 2022 and 2023. Revenue replacement is transferred to the General Fund.

Net position/fund balances:

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

Fund balances: In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law. The following are the County's restricted fund balances as of June 30, 2022:

- Restricted for Register of Deeds — portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.
- Restricted for Recreation Districts — represents amounts restricted for specific recreation purposes.
- Restricted for Beach Nourishment — represents amount reserved for beach nourishment. Restricted for Beach Nourishment includes the amount of accounts receivable at June 30, 2022. This is done due to the great reliance of this restricted amount by the Board of Commissioners and the Beach Commission.
- Restricted for Sheriff's fund – represents amounts restricted for expenditures relating to special drug programs and concealed weapons programs.

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

- Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted governmental funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by laws through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet. Restricted for Stabilization by State Statute does not include the accounts receivable amount for beach nourishment. Instead, that receivable amount is included in the restricted for beach nourishment. The purpose for that is due to the reliance of the Board of Commissioners and the Beach Commission on the Restricted for Beach Nourishment balance.
- Restricted for Health services programs – represents amounts restricted to expenditures in specific health programs, and a portion of fund balance that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.
- Restricted for Public Safety – portion of fund balance that is restricted by revenue source for expenditures relating to the Emergency Telephone System Fund, fire protection expenditures and rescue protection expenditures.
- Restricted for Economic Development – portion of fund balance that can only be used for economic development purposes derived from Industrial Park lot sales and proceeds from the former Eastern Region.
- Restricted for Transportation – portion of fund balance that is restricted by revenue source for transportation programs.
- Restricted for County capital – portion of fund balance that is restricted by revenue source for County capital.

Committed Fund Balance – portion of fund balance that can only be used for specific purpose imposed by majority vote of Carteret County's Board of Commissioners (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the Board of Commissioners. This action is accomplished by a formal motion and approval vote by a majority of the Board of Commissioners. The following are the County's committed fund balances as of June 30, 2022:

- Committed for Tax Revaluation – a portion of fund balance that can only be used for Tax Revaluation.
- Committed for School Capital – portion of fund balance that can only be used for school capital projects.
- Committed for Taylor Extended Care – portion of fund balance that can only be used for maintenance of Taylor Extended Care.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

Assigned Fund Balance - portion of fund balance that the Carteret County governing board has budgeted. The governing board (County Board of Commissioners) and management have authority to assign amounts to a specific purpose. The following are the County's assigned fund balances as of June 30, 2022:

- Subsequent year's expenditures — portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.
- County capital – portion of fund balance that has been budgeted by the board for future County capital improvements.
- County library – portion of fund balance that has been assigned for County library capital.

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

Carteret County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

Carteret County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that requires the County to maintain a 15% unassigned fund balance in the General Fund. The General Fund is the only governmental fund where it is appropriate to report a positive unassigned fund balance amount.

Defined Benefit Pension Plans: The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Registers of Deeds' Supplemental Pension Fund (RODSPF), and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$391,151) consists of several elements as follows:

Carteret County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	\$ 70,356,646
Less accumulated depreciation	44,446,842
Net capital assets	<u>25,909,804</u>
Right of use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,654,610
Less accumulated amortization	146,914
Net capital assets	<u>1,507,696</u>
Net pension asset	225,134
Deferred outflows of resources related to pensions are not reported in the fund statements	7,483,631
Deferred outflows of resources related to OPEB are not reported in the fund statements	1,723,374
Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not a current financial resources	881,103
Accrued interest receivable	677,105
Deferred inflows of resources reported in the fund statements but not in the government-wide statements	3,475,330
Deferred inflows of resources related pensions	(6,294,140)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, leases and installment financing	(16,111,725)
Premiums on refundings	(1,082,017)
Accrued interest payable	(144,065)
Compensated absences	(1,898,677)
Accrued postemployment and retirement obligations	(16,743,704)
Long-term liabilities	<u>(35,980,188)</u>
Total adjustment	<u>\$ (391,151)</u>

Carteret County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, and Summary of Significant Accounting Policies (Continued)

1. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$5,159,344 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,385,147
Depreciation and amortization expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(2,647,739)
Net gain on donated and disposed capital assets not recorded in the fund statements	1,766,317
Principal payments on debt owed are recorded as an use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	5,874,905
Bond premiums and other similar items, are amortized in the government-wide statements but not in the fund statements because they do not use current resources.	16,008
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	2,738,935
OPEB benefit payments and administrative cost made in the current fiscal year are not included in the Statement of Activities	242,360
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Compensated absences	(165,050)
OPEB expense	(848,534)
County's portion of collective pension expense	(2,179,536)
Decrease in interest payable on long-term debt at June 30, 2022	38,869
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in deferred inflows of resources - taxes, special assessment, and FEMA receivable as of June 30, 2022	(994,545)
Decrease in accrued interest on taxes receivable for year ended June 30, 2022	(67,793)
Total adjustment	\$ 5,159,344

Carteret County, North Carolina

Notes to Financial Statements

Note 2. Effect of component units with differing fiscal year ends

A disparity in fiscal year between the primary government and one of its component units may affect how balances and activity are reported between them. The Hospital, a component unit of the County, has a fiscal year end September 30, 2021. This fiscal year end is nine months prior to the County's fiscal year June 30, 2022. As a result of the September 30, 2021 year end, the Hospital was not required to implement GASB Statement No. 87 Leases. The County has implemented GASB 87 as required. There are no leases that qualify under GASB 87 between the Hospital and the County.

Note 3. Cash and Investments

Cash on hand: The County had \$2,270 in petty cash on hand at June 30, 2022.

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 non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the 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 and minimum capitalization for each depository that collateralizes public deposits under the Pooling Method. The County and its component units do not have formal policies regarding custodial credit risk for deposits and rely on the State Treasurer to monitor those financial institutions. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the County's unrestricted and restricted deposits, excluding petty cash and custodial fund deposits had a carrying amount of \$9,095,026 and a bank balance of \$12,521,085. Of the bank balance, \$70,260 was covered by federal depository insurance and \$12,450,825 was covered by collateral held under the Pooling Method. Restricted cash deposits, excluding custodial funds, in the amount of \$5,870,074 are as follows: held in noninterest-bearing deposits for banking services in the amount of \$2,861, \$1,571,347 for capital projects, \$2,752,170 is restricted for fire and rescue special taxing districts, \$796,842 tax revaluation, \$321,397 transportation, \$102,311 operating grants, \$279,214 Opioid Settlement Fund, and \$43,932 in the Water Fund is restricted in accordance with the County's USDA revenue bond requirements.

At June 30, 2022, the County's custodial fund deposits had a carrying amount of \$184,263 and a bank balance of \$182,601. All of the bank balance was covered by federal depository insurance.

Carteret County, North Carolina

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

Investments:

At June 30, 2022, the County had the following investments and maturities.

Investment Type	Valuation Measurement Method	Fair Value	Less Than	
			1 Year	1-5 Years
Commercial Paper	Fair Value - Level 2	\$ 11,136,482	\$ 11,136,482	\$ -
US Government Agencies	Fair Value - Level 2	13,217,296	-	13,217,296
US Treasuries	Fair Value - Level 1	1,968,752	1,968,752	-
NC Capital Management Trust Government Portfolio*	Fair Value - Level 1	73,139,077	73,139,077	N/A
Total		\$ 99,461,607	\$ 86,244,311	\$ 13,217,296

*Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT government Portfolio has an AAAM rating from S &P and AAA-mf by Moody's Investor Service.

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than twenty years.

Credit risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on managing credit risk. As of June 30, 2022, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's. The County's investments in US Government Agencies (Federal Home Loan Bank, Federal National Mortgage Association and Federal Farm Credit Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Custodial credit risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy on custodial credit risk.

Concentration of credit risk. The County places no limit on the amount that the County may invest in any one issuer. More than 5 percent of the County's investments are in Commercial Paper, \$11,136,482 (11.20%) and Freddie Mac Securities, \$5,628,658 (5.66%). It is the County's intention to hold these investments until maturity. The County has no formal policy on concentration of credit risk.

Carteret County, North Carolina

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

At June 30, 2022, the County had restricted investments in the governmental activities of \$10,406,974. In the American Rescue Plan Act Fund these are unassigned proceeds.

Note 4. Receivables

Receivables at the government-wide level are comprised of the following major categories as of June 30, 2022:

	Governmental Activities	Business-Type Activity, Water	Total
Receivables:			
Interest	\$ 677,105	\$ -	\$ 677,105
Taxes	2,600,353	-	2,600,353
Accounts	532,092	98,140	630,232
Intergovernmental	11,756,146		11,756,146
Other	2,336,640		2,336,640
Special assessment	441,660		441,660
Loan	1,257,120		1,257,120
Gross receivables	19,601,116	98,140	19,699,256
Less allowance for uncollectibles	(66,071)	-	(66,071)
Net total receivables	\$ 19,535,045	\$ 98,140	\$ 19,633,185

Property tax - use-value assessment on certain lands: In accordance with North Carolina general statutes, agriculture, horticulture, and forestland may be taxed at present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years along with accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that 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
2019	\$ 471,340	\$ 111,943	\$ 583,283
2020	483,059	71,251	554,310
2021	491,137	28,240	519,377
2022	350,749	-	350,749
Total	\$ 1,796,285	\$ 211,434	\$ 2,007,719

Carteret County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets

The following is a summary of changes in the County's capital assets during the fiscal year ended June 30, 2022:

	Capital Assets July 1, 2021	Additions	Retirements	Adjustments and Transfers	Capital Assets June 30, 2022
Governmental activities:					
Capital assets, not being depreciated:					
Land, airport	\$ 169,549	\$ -	\$ -	\$ -	\$ 169,549
Land, other	9,287,100	1,214,000	(113,268)	-	10,387,832
Construction in progress	967,398	93,188	-	-	1,060,586
Total capital assets not being depreciated	10,424,047	1,307,188	(113,268)	-	11,617,967
Capital assets, being depreciated:					
Buildings	28,499,423	-	-	-	28,499,423
Vehicles	6,620,335	961,411	(247,195)	-	7,334,551
Equipment	6,269,572	281,961	(172,004)	-	6,379,529
Airport facilities	1,524,747	-	-	-	1,524,747
Other improvements	11,672,756	737,245	-	-	12,410,001
Leasehold improvements	2,590,428	-	-	-	2,590,428
Total capital assets being depreciated	57,177,261	1,980,617	(419,199)	-	58,738,679
Less accumulated depreciation for:					
Buildings	21,765,890	733,300	-	-	22,499,190
Vehicles	4,722,330	753,017	(247,195)	-	5,228,152
Equipment	5,478,402	373,595	(148,931)	-	5,703,066
Airport facilities	1,524,747	-	-	-	1,524,747
Other improvements	7,457,178	489,451	-	-	7,946,629
Leasehold improvements	1,415,537	129,521	-	-	1,545,058
Total accumulated depreciation	42,364,084	\$ 2,478,884	\$ (396,126)	\$ -	44,446,842
Total capital assets, being depreciated, net	14,813,177				14,291,837
Governmental activity capital assets, net	\$ 25,237,224				\$ 25,909,804

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

Governmental activities:	
General government	\$ 360,373
Public Safety	820,005
Transportation	204,180
Economic & Physical Development	115,558
Human Services	290,275
Culture & Recreation	589,179
Environmental Protection	99,314
Total depreciation expense - governmental activities	\$ 2,478,884

Carteret County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets (Continued)

	Capital Assets July 1, 2021	Additions	Retirements	Adjustments and Transfers	Capital Assets June 30, 2022
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 222,608	\$ -	\$ -	\$ -	\$ 222,608
Total capital assets, not being depreciated	222,608	-	-	-	222,608
Capital assets, being depreciated:					
Buildings	2,119,264	-	-	-	2,119,264
Infrastructure	9,618,564	-	-	-	9,618,564
Vehicles	75,129	-	-	-	75,129
Equipment	159,478	-	-	-	159,478
Total capital assets, being depreciated	11,972,435	-	-	-	11,972,435
Less accumulated depreciation for:					
Buildings	1,248,010	70,642	-	-	1,318,652
Infrastructure	4,965,996	277,548	-	-	5,243,544
Vehicles	63,761	7,580	-	-	71,341
Equipment	158,062	1,417	-	-	159,479
Total accumulated depreciation	6,435,829	\$ 357,187	\$ -	\$ -	6,793,016
Total capital assets, being depreciated, net	5,536,606				5,179,419
Business-type activities capital assets, net	\$ 5,759,214				\$ 5,402,027

The above depreciation was charged to water activities and the Water Fund.

Carteret County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets (Continued)

Discretely presented component unit information

Legal title to the Hospital's capital assets, 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 Airport's capital assets at June 30, 2022:

Construction in progress	\$ 3,745,358
Land	1,516,047
Aviation easement	577,000
Equipment	178,159
Vehicle	19,066
Hangers	2,166,008
Land/runway improvements	16,023,826
	24,225,464
Less accumulated depreciation	4,170,075
	<u>\$ 20,055,389</u>

Note 6. Right to Use Leased Assets

The County has recorded several right to use leased assets. The right to use assets are for leased buildings and leased equipment. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2022 were as follows:

	Beginning Balance July 1, 2021	Additions	Decreases	Ending Balance June 30, 2022
Right to use assets:				
Leased buildings	\$ -	\$1,587,837	\$ -	1,587,837
Leased equipment	-	66,773	-	66,773
Total right to use assets	-	1,654,610	-	1,654,610
Less accumulated amortization for:				
Leased buildings	-	117,869	-	117,869
Leased equipment	-	29,045	-	29,045
Total accumulated amortization	-	146,914	-	146,914
Total right to use assets, net	-	1,507,696	-	1,507,696

Carteret County, North Carolina

Notes to Financial Statements

Note 7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses (including liabilities to be paid from restricted assets) at the government-wide level at June 30, 2022, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General	\$ 2,888,372	\$ 1,513,377	\$ 4,401,749
Occupancy Tax	1,709,790	-	1,709,790
School Bond Projects	684,193	-	684,193
Other governmental	927,317	-	927,317
Total governmental activities (1)	\$ 6,209,672	\$ 1,513,377	\$ 7,723,049
Business-type activities:			
Water	\$ 539,839	\$ 10,816	\$ 550,655
Total business - type activities	\$ 539,839	\$ 10,816	\$ 550,655

(1) Includes amounts in liabilities to be paid from restricted assets.

Carteret County, North Carolina

Notes to Financial Statements

Note 8. Deferred Outflows and Inflows of Resources

The amount of deferred outflows of resources on the government-wide statements and the balance in deferred inflows of resources on the fund statements and government-wide statements at year-end are composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred outflows/inflows of resources on the government-wide statements:		
Charges on refunding of debt	\$ 881,103	\$ -
Difference between expected and actual experience		
Pensions	1,383,613	16,652
OPEB	28,608	-
Pensions - difference between projected and actual investment earnings	-	6,214,284
Changes in assumptions		
Pensions	3,116,178	-
OPEB	1,468,576	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	293,323	132,728
Contributions to plans in fiscal year 2022		
Pensions	2,769,092	-
OPEB	245,006	-
Total	\$ 10,185,499	\$ 6,363,664
Deferred outflows / inflows of resources on the fund statements:		
Taxes receivable, net (General)	\$ -	\$ 1,987,333
Taxes receivable, net (Special Revenue)	-	546,949
Solid waste fees receivable (General)	-	499,388
Special assessments (General)	-	441,660
Total	\$ -	\$ 3,475,330

Note 9. Risk Management

The County 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 County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency. Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence. The pools also provide \$1,000,000 in Cyber Event Coverage per loss occurrence. The County has the option to purchase higher liability and cyber limits. Auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits are provided by the pools. All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$750,000, up to \$2 million limit for liability coverage and limits above the \$2 million are provided by private reinsurers. For Cyber, the pool retains the first \$250,000 per loss occurrence. Single occurrence losses in excess of \$750,000 for workers' compensation are provided by a combination of the captive and a private reinsurer.

The County carries flood insurance for properties located in the AE zone. For health and dental insurance, the County is insured through a commercial carrier.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial crime coverage with a \$250,000 occurrence limit. The director of finance and tax collector are each individually bonded for \$100,000 and \$50,000, respectively. The remaining employees that have access to funds are bonded under a \$250,000 blanket bond.

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Long-Term Obligations

General obligation bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of capital facilities for general government activities and for the construction of Board of Education and Community College properties, which are not recorded as capital assets by the County as disclosed in Note 1. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County and are serviced by the General Fund. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under this Agreement. The County's general obligation bonds payable at June 30, 2022, are comprised of the following individual issues:

\$12,700,000 - 2013 Refunding of 2006 School bonds due on October 1 and April 1 in varying installments through April 1, 2026; interest at varying rates ranging from 4.00% to 5.00%	\$ 5,035,000
\$12,250,000 - 2015 Refunding of 2007 School bonds due on October 1 and April 1 in varying installments through April 1, 2027; interest rate at 2.13%	5,325,000
\$4,600,000 - 2015 School bonds, due on November 1 and May 1 in varying installments through November 1, 2035; interest at interest rates ranging from 3.00% to 5.00%	3,220,000
	<u>\$ 13,580,000</u>

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest
2023	\$ 2,755,000	\$ 469,711
2024	2,745,000	367,836
2025	2,720,000	265,886
2026	2,605,000	164,470
2027	685,000	81,279
2028 – 2032	1,150,000	230,288
2033 – 2037	920,000	56,206
	<u>\$ 13,580,000</u>	<u>\$ 1,635,676</u>

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Long-Term Obligations (Continued)

Leases

The County has entered into agreements to lease certain equipment and buildings. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 Leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

As a result of the leases, the County has recorded a right to use leased asset with a net book value of \$1,507,696 at June 30, 2022. The right to use leased asset is discussed in more detail in the right to use leased asset section of this note.

The leases term ranges vary with maturing in fiscal year 2023 to 2042. The lease liability is measured at a discount rate of 4%. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest
2023	\$ 118,907	\$ 59,277
2024	89,851	54,557
2025	81,089	51,562
2026	77,480	48,282
2027	80,636	45,126
2028-2032	421,985	176,578
2033-2037	539,467	81,675
2038-2042	122,748	2,676
	<u>\$ 1,532,163</u>	<u>\$ 519,733</u>

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Long-Term Obligations (Continued)

Installment Purchase Obligations

As authorized by State law, G.S. 160A-20 and 153A-153.1, the County has entered into various installment-financing agreements in a direct placement for equipment and capital improvements. The installment purchases issued pursuant to a deed of trust because as long as the debt is outstanding the property is pledged as collateral for the debt. The County's installment-financing agreements at June 30, 2022, are comprised of the following:

\$1,781,354 - Renovations of Newport Elementary School for 15 consecutive annual debt service fund installments beginning fiscal year 2009-2010, held by Galena Bank & Trust	\$ 246,354
\$4,000,000 QZAB - Renovations of East Carteret High School for 13 consecutive annual installments, beginning in fiscal year 2011-2012, including interest at 5.22%, held by BB&T	615,386
\$1,653,860 QSCB - Renovations of schools for 12 consecutive annual installments, beginning in fiscal year 2011-2012, including interest at 4.81%, held by BB&T	137,822
	<u>999,562</u>

Business-type activities (serviced by the Water Fund):

\$589,608 - Construction of water treatment and distribution facilities for 19 consecutive installments, beginning in fiscal year 2004-2005, including interest at 5.75% annual funds provided by State Revolving Fund, held by NCDENR	31,032
\$2,800,000 - Construction of Phase II Waterline extension for 20 consecutive annual installments, beginning in fiscal year 2005 - 2006, including interest at 2.205%, funds provided by State Revolving Fund, held by NCDENR	560,000
	<u>591,032</u>
	<u>\$ 1,590,594</u>

Annual debt service requirements to maturity for installment financing at June 30, 2022, are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 570,514	\$ 38,752	\$ 171,032	\$ 14,132	\$ 741,546	\$ 52,884
2024	429,048	16,061	140,000	9,261	569,048	25,322
2025	-	-	140,000	6,174	140,000	6,174
2026	-	-	140,000	3,087	140,000	3,087
	\$ 999,562	\$ 54,813	\$ 591,032	\$ 32,654	\$ 1,590,594	\$ 87,467

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Long-Term Obligations (Continued)

Revenue Bond

\$1,046,000 USDA water revenue bond issued on November 26, 2012; interest at 2.75%
bonds due on June 1 in varying installments through June 1, 2052

\$ 906,000

Annual debt service requirements to maturity for revenue bonds June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest
2023	\$ 20,000	\$ 24,915
2024	20,000	24,365
2025	21,000	23,815
2026	21,000	23,238
2027	22,000	22,660
2028-2032	120,000	103,841
2033-2037	137,000	86,433
2038-2042	157,000	66,496
2043-2047	180,000	43,724
2048-2052	208,000	17,517
	\$ 906,000	\$ 437,004

The County has pledged future water revenues, net of specified operating expenses, to repay the revenue bond issued on November 26, 2012. The County is in compliance with the covenants contained in the USDA bond order as set forth in Article V through VII. The significant bond covenants require: a) that the net revenues (excluding depreciation) for each fiscal year shall not be less than 110% of the debt service requirement for such Fiscal Year and not less than 100% of the amount necessary to meet annual debt service obligations coming due in that Fiscal Year with respect to the County's general obligation bonds and installment financing obligations, if used to finance System Improvements and b) The County shall establish a Debt Service Reserve account to provide for at least one average annual loan installment.

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Long-Term Obligations (Continued)

The net revenues coverage calculation for the year ended June 30, 2022, is as follows:

Water Revenue Bond
Covenant Compliance Calculation

Operating revenues	\$ 1,095,905
Operating expenses *	(669,114)
Operating income	<u>426,791</u>
Nonoperating revenues (expenses)**	-
Nonoperating revenues (expenses)**	-
Miscellaneous revenues and transfers	<u>372,670</u>
Net revenues available for debt service	<u><u>\$ 799,461</u></u>
110% of FY 21-22 revenue bond debt service requirement	\$ 48,881
100% of FY 21-22 DENR installment loan debt service requirement	<u>190,036</u>
Total FY 21-22 debt service subject to net revenue covenant compliance	<u><u>\$ 238,917</u></u>
Debt Service coverage ratio	335%

* Per covenants, this does not include depreciation expense of \$357,187.

** Per covenants, this does not include revenue bond and installment interest paid of \$44,441.

Advance Refundings:

On April 25, 2013, the County issued \$12,700,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$13,400,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The current balance outstanding is \$5,035,000.

On March 12, 2015, the County issued \$12,250,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$11,300,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The current balance outstanding is \$5,325,000.

Debt Related to Capital Activities – Of the total Governmental Activities debt listed, no debt relates to assets for which the County holds title. No restricted cash relates to this debt amount.

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Long-Term Obligations (Continued)

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2022:

	Beginning Balance June 30, 2021	Additions	Retirements	Ending Balance June 30, 2022	Due Within One Year
Governmental activities:					
Bonds/certificates payable:					
General obligation bonds	\$ 16,350,000	\$ -	\$ 2,770,000	\$ 13,580,000	\$ 2,755,000
Certificates of participation	425,000	-	425,000	-	-
Bond premiums	1,312,567	-	230,550	1,082,017	-
Total bonds payable	18,087,567	-	3,425,550	14,662,017	2,755,000
Leases	-	1,654,610	122,447	1,532,163	118,907
Direct placement installment purchase	3,570,074	-	2,570,512	999,562	570,514
Compensated absences	1,733,627	1,715,188	1,550,138	1,898,677	1,384,530
Net pension liability (LGRS)	9,938,648	-	5,637,363	4,301,285	-
Total pensions liability (LEOSSA)	2,150,843	-	11,990	2,138,853	-
Total OPEB liability	8,912,900	1,390,666	-	10,303,566	-
Governmental activity long-term liabilities	\$ 44,393,659	\$ 4,760,464	\$ 13,318,000	\$ 35,836,123	\$ 4,828,951
Business-type activities:					
Revenue Bond from direct placement	\$ 925,000	\$ -	\$ 19,000	\$ 906,000	\$ 20,000
Direct placement installment purchase	762,064	-	171,032	591,032	171,032
Compensated absences	19,904	12,104	30,875	1,133	1,133
Net pension liability (LGRS)	110,541	-	62,701	47,840	-
Total OPEB liability	97,310	15,183	-	112,493	-
Business-type activity long-term liabilities	\$ 1,914,819	\$ 27,287	\$ 283,608	\$ 1,658,498	\$ 192,165

Separation allowance pension obligations and net OPEB liability for governmental activities typically have been liquidated in the General Fund and are funded on a "pay-as-you-go" basis and "as they come due", respectively.

Compensated absences for governmental activities typically have been liquidated in the General Fund and are accounted for on a Last-In, First-Out ("LIFO") basis, assuming that employees are taking leave as it is earned.

At June 30, 2022, Carteret County had bonds authorized but unissued of \$42,000,000 and a legal debt margin of \$1,284,223,124.

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Long-Term Obligations (Continued)

Net investment in capital assets

Net investment in capital assets calculation for the year ended June 30, 2022 is as follows:

Governmental activities:

Capital assets	\$ 70,356,646
Less accumulated depreciation	44,446,842
Net capital assets	<u>25,909,804</u>
Right of use lesaed assets	1,654,610
Less accumulated amortization	146,914
Net right of use leased assets	<u>1,507,696</u>
Total debt, gross	17,193,742
Less school debt for assets the county does not hold title	14,579,562
Less unamortized assets related to capital debt	1,507,696
Total capital debt	<u>1,106,484</u>
Net investment in capital assets	<u>\$ 26,311,016</u>

Business-type activities:

Capital Assets	\$ 12,195,043
Less accumulated depreciation	6,793,016
Net capital assets	<u>5,402,027</u>
Less capital debt	<u>1,497,032</u>
Net investment in capital assets	<u>\$ 3,904,995</u>

Note 11. Retirement Systems

A. North Carolina Local Governmental Employees' Retirement System

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

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

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

Contributions: Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2022, was 12.10% of compensation for law enforcement officers and 11.35% for general employees and fire fighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,741,566 for the year ended June 30, 2022.

Refunds of Contributions: County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after

Carteret County, North Carolina

Notes to Financial Statements

Note 11. Retirement Systems (Continued)

service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2022, the County reported a liability of \$4,349,125 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the County's proportion was .284% (measured as of June 30, 2021), which was an increase of .003% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022, the County recognized pension expense of \$1,927,327. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,383,613	\$ -
Changes of assumptions	2,732,361	-
Net difference between projected and actual earnings on pension plan investments	-	6,213,593
Changes in proportion and differences between County contributions and proportionate share of contributions	285,639	106,723
County contributions subsequent to the measurement date	2,741,566	-
Total	<u>\$ 7,143,179</u>	<u>\$ 6,320,316</u>

\$2,741,566 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:

2023	\$ 466,719
2024	(69,948)
2025	(414,076)
2026	(1,901,398)
2027	-
Thereafter	-
	<u>\$ (1,918,703)</u>

Carteret County, North Carolina

Notes to Financial Statements

Note 11. Retirement Systems (Continued)

Actuarial Assumptions: The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 - 2.5 percent
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on the Pub-2010 Public Retirement Plans Mortality Tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy) projected on scale MP-2019. The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

Discount rate: The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily

Notes to Financial Statements

Note 11. Retirement Systems (Continued)

required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension asset to changes in the discount rate: The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 6.5 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County’s proportionate share of the net pension liability (asset)	\$ 16,882,941	\$ 4,349,125	\$ (5,965,477)

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

B. Law Enforcement Officers’ Special Separation Allowance

1. Plan Description

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2020 valuation date, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	5
Active plan members	66
Total	71

2. Summary of Significant Accounting Policies

Basis of Accounting: The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers.

Note 11. Retirement Systems (Continued)

3. Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

The discount rate used to measure the Total Pension Liability is the S&P Municipal Bond 20 Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2019.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Before Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration cost of the Separation Allowance are financed through investment earnings. The County has paid \$28,941 as benefits came due for the reporting period.

Carteret County, North Carolina

Notes to Financial Statements

Note 11. Retirement Systems (Continued)

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

At June 30, 2021, the County reported a total pension liability of \$2,138,853. The total pension liability was measured as of December 31, 2021, based on a December 31, 2020 actuarial valuation. For the year ended June 30, 2022 the County recognized pension expense of \$287,772.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,324
Changes in assumptions	367,400	-
County benefit payments and plan administrative expense made subsequent of the measurement date	15,328	-
Total	\$ 382,728	\$ 16,324

\$15,328 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:

2023	\$ 115,800
2024	110,021
2025	98,172
2026	47,519
2027	(20,436)
Thereafter	-
	<u>\$ 351,076</u>

\$14,328 paid as benefits came due and \$1,000 administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following present the County's total pension liability calculated using the discount rate of 2.25%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.25%) or 1 percentage-point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 2,317,376	\$ 2,138,853	\$ 1,947,712

Carteret County, North Carolina

Notes to Financial Statements

Note 11. Retirement Systems (Continued)

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

	<u>2022</u>
Beginning Balance as of December 31, 2020	\$ 2,150,843
Service Cost	126,258
Interest on the total pension liability	41,194
Difference between expected and actual experience	(90,995)
Changes of assumptions or other inputs	(55,591)
Benefit payments	<u>(32,856)</u>
Ending balance as of December 31, 2021	<u><u>\$ 2,138,853</u></u>

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

Note 11. Retirement Systems (Continued)

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan description: The County contributes to the Supplemental Retirement Income Plan (“Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State’s Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding policy: Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions from the County for the year ended June 30, 2022 were \$319,865, which consisted of \$191,860 from the County and \$128,005 from law enforcement officers. No amounts were forfeited.

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 five 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, 2022, were \$1,585,085, which consisted of \$1,018,011 from the County and \$567,074 from the employees. No amounts were forfeited.

D. Register of Deeds’ Supplemental Pension Fund

Plan description: Carteret County also contributes to the Registers of Deeds’ Supplemental Pension Fund (RODSPF), a noncontributory, cost sharing multiple employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees’ Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and the State Superintendent, who serve as ex-officio members. The Register of Deeds’ Supplemental Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State’s Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Registers of Deeds’ Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Carteret County, North Carolina

Notes to Financial Statements

Note 11. Retirement Systems (Continued)

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

Contributions: Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contribution to the pension plan from the County were \$12,198 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$225,134 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2021, the County's proportion was 1.172%, which was an increase of .13% from its proportion measured as of June 30, 2020.

At June 30, 2022, the County recognized pension expense of \$3,957. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 328
Changes of assumptions	16,417	-
Net difference between projected and actual earnings on pension plan investments	-	691
Changes in proportion and differences between County contributions and proportionate share of contributions	7,684	26,005
County contributions subsequent to the measurement date	12,198	-
Total	<u>\$ 36,299</u>	<u>\$ 27,024</u>

\$12,198 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Carteret County, North Carolina

Notes to Financial Statements

Note 11. Retirement Systems (Continued)

Years ending June 30:

2023	\$	(3,296)
2024		(4,351)
2025		(527)
2026		5,249
2027		-
Thereafter		-
	\$	<u>(2,923)</u>

Actuarial Assumptions: The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.0 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2022 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.5%. All rates of return and inflation are annualized.

Discount rate: The discount rate used to measure the total pension liability was 3.0%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Carteret County, North Carolina

Notes to Financial Statements

Note 11. Retirement Systems (Continued)

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate: The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension asset	\$ 178,825	\$ 225,134	\$ 264,049

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020. The total pension liability for LEOSSA was measured as of June 30, 2021, with an actuarial valuation date of December 31, 2020. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	LEOSSA	ROD	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 4,349,125	n/a	\$ (225,134)	\$ 4,123,991
Proportion of the Net Pension Liability (Asset)	0.28359%	n/a	1.17178%	
Total Pension Liability	\$ -	\$ 2,138,853	\$ -	\$ 2,138,853
Pension Expense	\$ 1,927,327	\$ 287,722	\$ 3,957	\$ 2,219,006

Carteret County, North Carolina

Notes to Financial Statements

Note 11. Retirement Systems (Continued)

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	LEOSSA	ROD	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 1,383,613	\$ -	\$ -	\$ 1,383,613
Change of assumptions	2,732,361	367,400	16,417	3,116,178
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	285,639	-	7,684	293,323
County contributions (LGERS, ROD) / benefit payments and administration cost (LEOSSA) subsequent to the measurement date	2,741,566	15,328	12,198	2,769,092
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ -	\$ 16,324	\$ 328	\$ 16,652
Net difference between projected and actual earnings on pension plan investments	6,213,593	-	691	6,214,284
Changes in proportion and differences between County contributions and proportionate share of contributions	106,723	-	26,005	132,728

Carteret County, North Carolina

Notes to Financial Statements

Note 12. Other Post-Employment Benefits

Healthcare Benefits

Plan description. Under the terms of a County personnel policy, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of August 5, 2002, this plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) for at least 20 years, and retire with at least ten years of creditable service with the County. The Plan is available to qualified retirees until Medicare eligible. Prior to August 5, 2002, employees qualified for similar level benefits after at least five years of creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers. Also, the County's retirees can purchase coverage for themselves and their spouses at the County's group rates. The County Commissioners may amend the benefit provisions. A separate report was not issued for the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

County Contributions to HCB Plan based on years of creditable service		
Retiered Employees' Years of Creditable Service	Pre-August 5, 2002	On or after August 5, 2002
Less than 5 years	Not eligible for coverage	Not eligible for coverage
5 - 20 years	Full coverage paid for by County	Not eligible for coverage
20+ years	Full coverage paid for by County	Full coverage paid for by County

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Retirees and spouses receiving benefits	34
Active plan members	466
Total	500

Total OPEB Liability

The county's total OPEB liability at June 30, 2022 of \$10,416,059 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified.

Carteret County, North Carolina

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (Continued)

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increase, including wage inflation:	
General Employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law Enforcement Officers	3.25% - 7.90%
Municipal Bond Index Rate:	
Prior measurement date	2.21%
Measurement date	2.16%
Health Care Cost Trends:	
Pre-Medicare and Prescription Drug	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031

The County selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal bond Index rate as of the measurement date as the discount rate used to measure the TOL.

Mortality rates were based on the Pub- 2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increased used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2020	\$ 9,010,210
Changes for the year:	
Service cost at the end of the year	534,331
Interest on TOL and cash flows	207,288
Difference between expected and actual experience	77,838
Changes of assumptions or other inputs	918,170
Net Benefit payments and implicit subsidy credit	(331,778)
Net Changes	1,405,849
Total OPEB Liability as of June 30, 2021	<u>\$ 10,416,059</u>

The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2021.

Carteret County, North Carolina

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (Continued)

The actuarial study has assumed no significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the Valuation Date and the Measurement Date. Since the Prior Measurement Date, the Discount Rate has changed from 2.21% to 2.16% due to a change in the Municipal Bond Rate. There are no changes in benefit terms since the Prior Measurement Date. No benefit payments are attributable to the purchase of allocated insurance contracts.

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

	Discount Rate Sensitivity		
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 11,485,698	\$ 10,416,059	\$ 9,454,002

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

	Health Care Cost Trend Rate Sensitivity		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 9,197,167	\$ 10,416,059	\$ 11,862,735

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$930,354. At June 30, 2022, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,608	\$ -
Changes of assumptions or other inputs	1,468,576	-
Benefit payments and administrative costs made subsequent to the measurement date	245,006	-
Total	\$ 1,742,190	\$ -

\$245,006 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Carteret County, North Carolina

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (Continued)

Measurement Period Ended June 30:

2023	\$	182,735
2024		191,148
2025		237,344
2026		262,354
2027		262,354
Thereafter		361,249
	\$	<u>1,497,184</u>

Note 13. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System ("Death Benefit Plan"), a multiemployer, 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 will be a minimum of \$25,000 and will not exceed \$50,000 for the County. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

For the fiscal year ended June 30, 2022 the County made contributions to the State for death benefits of \$21,477. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.8% and 0.14% of covered payroll, respectively.

Note 14. Additional Social Welfare Expenditures

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 76,827,252	\$ 29,142,876
TANF	121,743	-
WIC	806,259	-
Health Choice	925,934	207,592
IV-E Adoption Subsidy and vendor	523,782	114,879
Special Assistance	-	278,720
CWS Adoption Subsidy	-	165,154
	<u>\$ 79,204,970</u>	<u>\$ 29,909,221</u>

Note 15. Joint Ventures

The County, in conjunction with Craven County and Pamlico County, participates in the Coastal Regional Solid Waste Management Authority ("Waste Management Authority"). Carteret County appoints two members of the seven-member board. The Waste Management Authority is a joint venture established to provide solid waste management within these counties. The County has an ongoing financial responsibility for the Waste Management Authority because it and the other counties are legally obligated under the intergovernmental agreement that created the Waste Management Authority to honor any deficiencies in the event that proceeds from other sources are insufficient. The County did not contribute any funds to the Waste Management Authority during the fiscal year ended June 30, 2022. 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, 2022. Complete financial statements for the Waste Management Authority can be obtained from the Waste Management Authority's administrative offices at 7400 Old Highway 70 West, Cove City, North Carolina 28523.

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 community 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. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds and bank installment loans to provide financing for new and restructured facilities. There is no community college debt outstanding. 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 \$3,299,937 to the Community College during the fiscal year ended June 30, 2022. 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, 2022. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 3505 Arendell Street, Morehead City, North Carolina 28557.

Note 16. 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.

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.

Carteret County, North Carolina

Notes to Financial Statements

Note 17. Inter-fund and Intra-Entity Receivables and Payables

Due to/ from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Occupancy Tax	
	Occupancy tax distribution due to General Fund	\$ 618,715
	Water Special Taxing District	
	Water Special Taxing District funds upfronted and due to General Fund	34,889
	School Bond Fund	
	School bond projects upfronted and due to General Fund	1,939,226
		<u>\$ 2,592,830</u>

Due to/ from other entities:

Receivable Entity	Payable Entity	Amount
Primary government:	Component unit:	
General Fund	Carteret County ABC Board	
	Net income distribution due to County June 30, 2022	\$ 401,753

Carteret County, North Carolina

Notes to Financial Statements

Note 18. Inter-fund Transfers and Intra-Entity Transactions with Component Units

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers, and are reported as other financing sources (uses) in the Governmental funds and non-operating revenues (expenses) in the Enterprise Fund.

Inter-fund transfers for the year ended June 30, 2022 are as follows:

Transfers consist primarily of the following:

\$ 8,723,690	Transfer from General Fund for various current and future capital projects and to supplement other funding sources in the special revenue and capital projects funds
6,716,530	Transfer from Occupancy Tax Fund in accordance with North Carolina General Statutes
3,054,943	Transfer from American Rescue Plan Act to the General Fund for governmental lost revenue purposes
372,670	Transfer from Water Taxing District Fund to the Water Fund to fund capital and debt service

Intra-entity transactions with discretely presented component units for the year ended June 30, 2022, are as follows:

Expenditures from General Fund to Carteret County Beaufort Airport Authority for operations and capital improvements	\$ 70,307
Expenditures from Occupancy Tax Fund to Carteret County Tourism Development Authority for portion of Room Occupancy Tax	<u>6,573,628</u>
	<u>\$ 6,643,935</u>
Profit Contributions from ABC Board to General Fund	<u><u>\$ 1,386,936</u></u>

Notes to Financial Statements

Note 19. Pronouncements Issued, Not Yet Effective

The GASB has issued several pronouncements prior to June 30, 2022, that have effective dates that may affect future financial presentation.

Management has not currently determined what, if any, effect implementation of the following statements may have on the financial statements of Carteret County.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement is effective for reporting periods beginning with the fiscal year that ends December 31, 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to the public-private and public-public partnership arrangements (PPPs). This Statement is effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement is effective for reporting periods beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Note 19. Pronouncements Issued, Not Yet Effective (continued)

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Note 20. Subsequent Events

The County has evaluated its subsequent events (events occurring after June 30, 2022) through January 6, 2023, which represents the date the financial statements were available to be issued.

On October 18, 2021, The Board of Commissioners accepted Carolina Water Service's \$9.5 million purchase contract for Carteret County's Water System. The sale of the water system will require approval of the NC Utilities Commission. Two required NC Utilities Commission Public Hearings have been conducted. Currently, the NC Utilities Commission has not provided a decision.



Required Supplemental Financial Data

(Unaudited)

This section contains additional information required by generally accepted accounting principles.

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance

Schedule of County's Proportionate Share of Net Pension Liability (LGERS)

Schedule of County Contributions (LGERS)

Schedule of County's Proportionate Share of Net Pension (ROD)

Schedule of County Contributions (ROD)

Schedule of Changes in the Total OPEB Liability

Carteret County, North Carolina

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Six Fiscal Years

	2022	2021	2020
Beginning balance	\$ 2,150,843	\$1,528,461	\$1,127,500
Service cost	126,258	79,376	78,385
Interest on the total pension liability	41,194	49,369	40,632
Differences between expected and actual experience in the measurement of the total pension liability	(90,995)	(80,827)	256,196
Changes of assumptions or other inputs	(55,591)	602,636	48,239
Benefit payments	(32,856)	(28,172)	(22,491)
Ending balance of the total pension liability	\$ 2,138,853	\$ 2,150,843	\$ 1,528,461

The amounts presented for the fiscal year were determined as of the prior December 31

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

2019	2018	2017
\$ 1,108,206	\$ 968,325	\$ 912,139
66,838	58,188	63,079
34,689	37,022	32,336
(14,112)	(18,303)	-
(47,228)	81,366	(26,491)
(20,893)	(18,392)	(12,738)
\$ 1,127,500	\$ 1,108,206	\$ 968,325

Carteret County, North Carolina

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance**

Last Six Fiscal Years

	2022	2021	2020
Total pension liability	\$ 2,138,853	\$ 2,150,843	\$ 1,528,461
Covered employee payroll	3,423,584	3,256,690	3,349,736
Total pension liability as a percentage of covered payroll	62.47%	66.04%	45.63%

Notes to the schedules:

The County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73 nor does the Plan provided pay related benefits.

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

	2019		2018		2017
\$	1,127,500	\$	1,108,206	\$	968,325
	2,638,514		2,590,646		2,577,824
	42.73%		42.78%		37.56%

Carteret County, North Carolina

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

**Required Supplementary Information
Local Governmental Employees' Retirement System
Last Nine Fiscal Years***

	2022	2021	2020
County's proportion of the net pension liability (asset) %	0.28359%	0.28122%	0.30071%
County's proportionate share of the net pension liability (asset) \$	\$ 4,349,125	\$ 10,049,189	\$ 8,212,156
County's covered payroll	22,433,718	21,005,204	20,750,389
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	19.39%	47.84%	39.58%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	88.61%	92.00%

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

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

	2019	2018	2017	2016	2015	2014
	0.27648%	0.28040%	0.29078%	0.25893%	0.25688%	0.24810%
\$	6,559,051	\$ 4,283,735	\$ 6,171,326	\$ 1,162,062	\$ (1,514,940)	\$ 2,990,558
	18,490,395	18,208,239	17,057,781	15,801,403	14,891,061	14,737,702
	35.47%	23.53%	36.18%	7.35%	-10.17%	20.29%
	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

Carteret County, North Carolina

**Schedule of County Contributions
Required Supplementary Information
Local Governmental Employee's Retirement System
Last Nine Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 2,741,566	\$ 2,278,751	\$ 1,889,036
Contributions in relation to the contractually required contribution	2,741,566	2,278,751	1,889,036
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 24,197,407	\$ 22,433,718	\$ 21,005,204
Contributions as a percentage of covered payroll	11.33%	10.16%	8.99%

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

	2019	2018	2017	2016	2015	2014
\$	1,622,959	\$ 1,391,865	\$ 1,315,412	\$ 1,167,788	\$ 1,150,353	\$ 1,062,954
	1,622,959	1,391,865	1,315,412	1,167,788	1,150,353	1,062,954
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	20,750,389	\$ 18,490,395	\$ 18,208,239	\$ 17,057,781	\$ 15,801,403	\$ 14,891,061
	7.82%	7.53%	7.22%	6.85%	7.28%	7.14%

Carteret County, North Carolina

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

Required Supplementary Information

Registers of Deeds' Supplemental Pension Fund

Last Nine Fiscal Years*

	2022	2021	2020
County's proportion of the net pension liability (asset) %	1.17178%	1.04512%	0.90764%
County's proportionate share of the net pension liability (asset) \$	\$ (225,134)	\$ (239,521)	\$ (179,186)
County's covered payroll	55,827	54,325	52,113
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-403.27%	-440.90%	-343.84%
Plan fiduciary net position as a percentage of the total pension liability	156.53%	173.62%	153.31%

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

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

	2019	2018	2017	2016	2015	2014
	1.06630%	0.93938%	1.33673%	1.09128%	1.10071%	1.12857%
\$	(176,611)	\$ (160,343)	\$ (249,915)	\$(252,893)	\$ (249,489)	\$ (241,063)
	47,636	47,761	41,841	46,233	46,233	46,233
	-370.75%	-335.72%	-597.30%	-547.00%	-539.63%	-521.41%
	153.77%	160.17%	197.29%	193.88%	190.50%	189.65%

Carteret County, North Carolina

**Schedule of County Contributions
 Required Supplementary Information
 Registers of Deeds' Supplemental Pension Fund
 Last Nine Fiscal Years**

	2022	2021	2020
Contractually required contribution	\$ 12,198	\$ 14,063	\$ 10,007
Contributions in relation to the contractually required contribution	12,198	14,063	10,007
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 66,116	\$ 55,827	\$ 54,325
Contributions as a percentage of covered payroll	18.45%	25.19%	18.42%

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

	2019	2018	2017	2016	2015	2014
\$	8,627	\$ 9,125	\$ 9,588	\$ 9,494	\$ 8,732	\$ 8,987
	8,627	9,125	9,588	9,494	8,732	8,987
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	52,113	\$ 46,025	\$ 41,841	\$ 46,233	\$ 46,233	\$ 46,233
	16.55%	19.83%	22.92%	20.54%	18.89%	19.44%

Carteret County, North Carolina

Schedule of Changes in Total OPEB Liability

Last Five Fiscal Years

	Measurement Period Ending	
	2021	2020
Beginning balance	\$ 9,010,210	\$ 7,605,662
Service cost	534,331	394,910
Interest on the total pension liability	207,288	274,248
Differences between expected and actual experience	77,838	18,295
Changes of assumptions or other inputs	918,170	1,049,790
Benefit payments	(331,778)	(332,695)
Ending balance of the total OPEB liability	\$ 10,416,059	\$ 9,010,210
Covered employee payroll	19,800,356	18,339,543
Total OPEB liability as a percentage of covered-employee payroll	52.61%	49.13%

Notes to Schedule

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

Fiscal year	Measurement Period	Rate
2018	2017	3.56%
2019	2018	3.89%
2020	2019	3.50%
2021	2020	2.21%
2022	2021	2.16%

The schedule is intended to show information for ten years, and additional years' information will be displayed as it becomes available.

2019	2018	2017
\$ 7,294,191	\$ 7,230,171	\$7,297,781
413,040	425,449	407,537
276,362	250,233	213,683
(122,530)	26,801	40,986
127,802	(232,621)	(329,477)
(383,203)	(405,842)	(400,339)
\$ 7,605,662	\$ 7,294,191	\$7,230,171

18,339,543	16,873,606	16,873,606
41.47%	43.23%	42.85%



Major Governmental Funds



Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Ad valorem taxes:			
Current period	\$ 54,070,000	\$ 54,539,419	\$ 469,419
Prior years	850,000	931,145	81,145
Interest and penalties	340,000	483,201	143,201
	<u>55,260,000</u>	<u>55,953,765</u>	<u>693,765</u>
Other taxes:			
ABC local bottle tax	50,000	54,268	4,268
Local option sales tax	17,602,955	21,224,609	3,621,654
	<u>17,652,955</u>	<u>21,278,877</u>	<u>3,625,922</u>
Permits and fees:			
Sheriff fees	100,000	104,812	4,812
Register of deeds	1,801,000	2,461,004	660,004
Franchise fees	385,000	349,903	(35,097)
Building and Inspection fees	880,000	1,352,766	472,766
Environmental health fees	350,000	371,377	21,377
Public Health fees	409,300	824,183	414,883
Other fees	631,746	363,290	(268,456)
	<u>4,557,046</u>	<u>5,827,335</u>	<u>1,270,289</u>
Intergovernmental:			
Restricted:			
Federal and State grants	15,650,960	16,236,381	585,421
Municipal contributions	9,600	1,500	(8,100)
Court facilities fees	75,000	95,487	20,487
Unrestricted:			
Beer and wine tax	170,000	146,699	(23,301)
Payments in lieu of taxes	-	201,809	201,809
ABC profits	900,000	1,386,936	486,936
Croatan National Forest	41,000	44,266	3,266
	<u>16,846,560</u>	<u>18,113,078</u>	<u>1,266,518</u>
Sales and services:			
Solid waste	3,400,000	3,362,080	(37,920)
Civic center fees	243,000	196,171	(46,829)
Other	857,550	898,858	41,308
	<u>4,500,550</u>	<u>4,457,109</u>	<u>(43,441)</u>
Interest	200,000	(482,988)	(682,988)
Miscellaneous:			
Other	181,470	298,383	116,913
	<u>181,470</u>	<u>298,383</u>	<u>116,913</u>
Total revenues	<u>99,198,581</u>	<u>105,445,559</u>	<u>6,246,978</u>

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2022

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Expenditures			
General government:			
Governing body:			
Salaries and employee benefits		71,136	
Operating expenses		168,320	
Professional services		100,500	
	347,895	339,956	7,939
Administration:			
Salaries and employee benefits		443,141	
Operating expenses		17,486	
	484,978	460,627	24,351
Information systems:			
Salaries and employee benefits		913,203	
Operating expenses		1,498,353	
Capital outlay		119,971	
	2,582,031	2,531,527	50,504
Finance:			
Salaries and employee benefits		700,916	
Operating expenses		115,623	
	855,770	816,539	39,231
Human resources:			
Salaries and employee benefits		456,192	
Operating expenses		114,184	
	607,735	570,376	37,359
Tax and revaluation:			
Salaries and employee benefits		1,211,501	
Operating expenses		89,844	
Contract services		1,409,053	
	3,521,147	2,710,398	810,749
Legal:			
Professional services	170,000	133,596	36,404
Court facilities:			
Operating expenses		56,900	
	62,715	56,900	5,815
Elections:			
Salaries and employee benefits		395,292	
Operating expenses		122,240	
	636,279	517,532	118,747
Register of deeds:			
Salaries and employee benefits		452,204	
Operating expenses		158,871	
	677,207	611,075	66,132

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2022

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Public buildings:			
Salaries and employee benefits		632,364	
Operating expenses		1,425,803	
Capital outlay		97,036	
	<u>2,398,752</u>	<u>2,155,203</u>	<u>243,549</u>
Total general government	12,344,509	10,903,729	1,440,780
Public safety:			
Sheriff:			
Salaries and employee benefits		5,571,097	
Operating expenses		1,069,489	
Contract services		128,278	
Capital outlay		345,402	
	<u>7,362,944</u>	<u>7,114,266</u>	<u>248,678</u>
Sheriff - Jail division:			
Salaries and employee benefits		2,857,155	
Operating expenses		1,407,187	
Contract services		450,647	
	<u>5,114,474</u>	<u>4,714,989</u>	<u>399,485</u>
Paramedic operations:			
Salaries and employee benefits		672,574	
Operating expenses		118,082	
Capital outlay		17,471	
	<u>831,350</u>	<u>808,127</u>	<u>23,223</u>
County rescue services:			
Salaries and employee benefits		248,930	
Operating expenses		11,178	
	<u>282,000</u>	<u>260,108</u>	<u>21,892</u>
Emergency management:			
Salaries and employee benefits		296,025	
Operating expenses		40,622	
Contracted services		61,624	
	<u>440,904</u>	<u>398,271</u>	<u>42,633</u>
Rape crisis program:			
Salaries and employee benefits		212,468	
Operating expenses		8,994	
	<u>224,282</u>	<u>221,462</u>	<u>2,820</u>
Fire Marshall:			
Salaries and employee benefits		226,406	
Operating expenses		87,747	
	<u>347,963</u>	<u>314,153</u>	<u>33,810</u>
Consolidated Communications:			
Salaries and employee benefits		1,383,658	
Operating expenses		315,540	
	<u>2,519,961</u>	<u>1,699,198</u>	<u>820,763</u>
Medical examiner:			
Professional services		102,600	
	<u>103,000</u>	<u>102,600</u>	<u>400</u>

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2022

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Animal control:			
Salaries and employee benefits		196,631	
Operating expenses		189,678	
	500,540	386,309	114,231
Total public safety	17,727,418	16,019,483	1,707,935
Transportation:			
Harbors:			
Operating expenses	35,500	34,774	726
Beaufort-Morehead City Airport Authority			
Salaries and employee benefits		66,989	
Operating expenses		70,307	
	142,075	137,296	4,779
CCATS:			
Salaries and employee benefits		744,240	
Operating expenses		248,617	
Capital outlay		441,125	
	1,770,972	1,433,982	336,990
Total transportation	1,948,547	1,606,052	342,495
Environmental protection:			
Forest fire control	139,000	116,211	22,789
Tri-County solid waste collections	3,615,600	3,376,028	239,572
Public works:			
Salaries and employee benefits		533,806	
Operating expenses		255,168	
Capital outlay		14,241	
	966,090	803,215	162,875
Total environmental protection	4,720,690	4,295,454	425,236
Economic and physical development:			
Economic development:			
Salaries and employee benefits		178,469	
Operating expenses		395,149	
	810,055	573,618	236,437
Beach nourishment:			
Salaries and employee benefits		149,341	
Operating expenses		2,635,709	
Contract services		2,340,923	
	6,054,765	5,125,973	928,792

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2022

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Planning and zoning:			
Salaries and employee benefits		1,004,051	
Operating expenses		105,736	
Contract services		64,257	
Capital outlay		23,822	
	1,324,819	1,197,866	126,953
General services:			
Salaries and employee benefits		100,620	
Operating expenses		247	
	101,960	100,867	1,093
Cooperative extension:			
Salaries and employee benefits		71,127	
Operating expenses		212,032	
	292,473	283,159	9,314
Total economic and physical development	8,584,072	7,281,483	1,302,589
Human Services:			
Health center:			
Salaries and employee benefits		2,620,119	
Operating expenses		749,732	
	4,824,442	3,369,851	1,454,591
Dental program			
Salaries and employee benefits		280,317	
Operating expenses		80,755	
	455,359	361,072	94,287
Women, infants, and children:			
Salaries and employee benefits		245,935	
Operating expenses		21,532	
	335,311	267,467	67,844
Environmental health:			
Salaries and employee benefits		1,073,893	
Operating expenses		96,414	
Capital outlay		44,038	
	1,369,265	1,214,345	154,920
Mental health:			
Mental health center and other		498,000	
Schools Drug Free Education		30,718	
Mental health, ABC		30,000	
	566,000	558,718	7,282
DSS administration:			
Salaries and employee benefits		8,591,569	
Operating expenses		766,564	
	9,743,566	9,358,133	385,433
General assistance	752,000	647,868	104,132
TANF Block grant:			
TANF Block grant		8,929	
Operating expenses		7,092	
	50,000	16,021	33,979

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2022

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
DSS special assistance	934,000	568,011	365,989
Special projects	1,435,641	1,149,543	286,098
Other human services	721,635	623,848	97,787
Veteran services:			
Salaries and employee benefits		366,044	
Operating expenses		56,599	
	443,520	422,643	20,877
Senior center aging programs:			
Salaries and employee benefits		263,812	
Operating expenses		35,516	
Contract services		106,094	
	595,426	405,422	190,004
Total human services	22,226,165	18,962,942	3,263,223
Culture and recreation:			
Senior center:			
Salaries and employee benefits		157,872	
Operating expenses		52,204	
Contract services		10,639	
	264,928	220,715	44,213
Carteret County Library:			
Salaries and employee benefits		995,752	
Operating expenses		312,468	
Contract services		52,999	
	1,593,219	1,361,219	232,000
Parks and recreation:			
Salaries and employee benefits		586,829	
Operating expenses		224,344	
Contract services		23,656	
	903,606	834,829	68,777
Parks and recreation maintenance:			
Salaries and employee benefits		513,469	
Operating expenses		300,979	
Capital outlay		125,873	
	1,222,571	940,321	282,250
Civic center:			
Salaries and employee benefits		258,286	
Operating expenses		131,791	
	437,220	390,077	47,143
Total culture and recreation	4,421,544	3,747,161	674,383

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2022

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Education:			
Public schools, current expense	23,992,500	23,992,500	-
Community college, current expense	2,775,000	2,775,000	-
Community college, capital outlay	1,199,900	524,937	674,963
Total education	27,967,400	27,292,437	674,963
Debt service:			
Principal retirement	6,729,600	5,887,959	841,641
Interest and fees	971,000	704,245	266,755
Total debt service	7,700,600	6,592,204	1,108,396
Total expenditures	107,640,945	96,700,945	10,940,000
Revenues (under) over expenditures	(8,442,364)	8,744,614	17,186,978
Other financing sources (uses)			
Transfers in (out):			
From Occupancy Tax Fund	7,585,000	6,716,530	(868,470)
From American Rescue Plan Fund	3,550,000	3,054,943	(495,057)
To School Project Fund	(3,309,835)	(3,309,835)	-
To Capital Improvement Fund	(850,000)	(850,000)	-
To Facilities / Debt Reserve Fund	(1,500,000)	(1,500,000)	-
To County Equipment Fund	(3,150,000)	(3,054,943)	95,057
To Emergency Telephone System Fund	(8,915)	(8,912)	3
Contingency reserves	(1,780,772)	-	1,780,772
Appropriated fund balance	7,906,886	-	(7,906,886)
Total other financing sources (uses)	8,442,364	1,047,783	(7,394,581)
Net change in fund balance	\$ -	9,792,397	\$ 9,792,397
Fund balance			
Beginning		69,188,466	
Ending		<u>\$ 78,980,863</u>	

Carteret County, North Carolina

School Bond Projects Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	Original Project Estimate	Amended Project Estimate	Actual		
			Prior Years	Current Year	Total to Date
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ 18,996	\$ 18,996
Total revenues	-	-	-	18,996	18,996
Expenditures					
Capital outlay:					
Renovations and improvements	\$ 1,173,730	\$ 13,805,730	\$ 865,800	\$ 932,762	\$ 1,798,562
Architect and engineering	-	-	-	693,859	693,859
Construction management	91,272	209,272	49,998	99,996	149,994
Total expenditures	1,265,002	14,015,002	915,798	1,726,617	2,642,415
Revenues (under) expenditures	(1,265,002)	(14,015,002)	(915,798)	(1,707,621)	(2,623,419)
Other financing sources (uses)					
General obligation bonds issued	1,265,002	14,115,002	-	-	-
Issuance expense	-	(100,000)	-	-	-
Total other financing sources	1,265,002	14,015,002	-	-	-
Net change in fund balances	\$ -	\$ -	\$ (915,798)	(1,707,621)	\$ (2,623,419)
Fund balance					
Beginning				(915,798)	
Ending				<u>\$ (2,623,419)</u>	

Summary of Nonmajor Governmental Funds



Carteret County, North Carolina

Combining Balance Sheet - Non-major Governmental Fund Types
June 30, 2022

	Government Fund Types		
	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Assets:			
Cash and investments	\$ 1,511,282	\$ 19,877,789	\$ 21,389,071
Receivables, net	1,538,801	1,088,709	2,627,510
Restricted cash and investments	3,031,384	1,550,000	4,581,384
Total assets	\$ 6,081,467	\$ 22,516,498	\$ 28,597,965
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 43,224	\$ 884,093	\$ 927,317
Due to other funds	34,889	-	34,889
Unearned revenues	279,214	250,000	529,214
Total liabilities	357,327	1,134,093	1,491,420
Deferred inflows of resources	546,949	-	546,949
Fund balances:			
Restricted:			
Public safety	1,275,994	-	1,275,994
Economic development	105,918	-	105,918
Rescue protection	1,375,111	-	1,375,111
Fire protection	2,315,523	-	2,315,523
Human services	104,645	-	104,645
County capital	-	3,173,068	3,173,068
Committed:			
Taylor Extended Care	-	49,177	49,177
School capital	-	1,333,118	1,333,118
Assigned:			
County capital	-	16,827,042	16,827,042
Total fund balances	5,177,191	21,382,405	26,559,596
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,081,467	\$ 22,516,498	\$ 28,597,965

Carteret County, North Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Non-major Governmental Fund Types
 Year Ended June 30, 2022

	Government Fund Types		
	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Ad valorem taxes	\$ 8,320,720	\$ -	\$ 8,320,720
Other taxes	3,128,239	-	3,128,239
Permits and fees	98,462	-	98,462
Intergovernmental	581,860	4,971,520	5,553,380
Sales and services	35,960	-	35,960
Total revenues	12,165,241	4,971,520	17,136,761
Expenditures			
Current:			
General government	98,462	-	98,462
Public safety	11,850,874	-	11,850,874
Economic and physical development	34,864	-	34,864
Human services	571,535	-	571,535
Capital outlay	-	4,638,451	4,638,451
Total expenditures	12,555,735	4,638,451	17,194,186
Revenues (under) over expenditures	(390,494)	333,069	(57,425)
Other financing sources (uses)			
Transfers in	8,912	8,714,778	8,723,690
Transfers out	(372,670)	-	(372,670)
Total other financing sources (uses)	(363,758)	8,714,778	8,351,020
Net change in fund balances	(754,252)	9,047,847	8,293,595
Fund balances			
Beginning	5,931,443	12,334,558	18,266,001
Ending	\$ 5,177,191	\$ 21,382,405	\$ 26,559,596

Non-major Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than Special Assessments) or to finance specified activities as required by law or administrative regulation.

Carteret County, North Carolina

Non-major Special Revenue Funds

Combining Balance Sheet

June 30, 2022

	Rescue Squad Fund	Fire District Fund	Emergency Telephone System Fund	Rescue Services Fund
Assets				
Cash and investments	\$ -	\$ -	\$ 1,295,087	\$ -
Receivables:				
Property taxes receivable, net	207,809	323,303	-	-
Accounts receivable	400,813	554,284	-	-
Restricted cash and investments	988,806	1,763,364	-	-
Total assets	\$ 1,597,428	\$ 2,640,951	\$ 1,295,087	\$ -
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 14,508	\$ 2,125	\$ 19,093	\$ -
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	14,508	2,125	19,093	-
Deferred inflows of resources	207,809	323,303	-	-
Fund balances:				
Restricted:				
Public safety	-	-	1,275,994	-
Economic development	-	-	-	-
Rescue protection	1,375,111	-	-	-
Fire protection	-	2,315,523	-	-
Human Services	-	-	-	-
Unassigned:	-	-	-	-
Total fund balances	1,375,111	2,315,523	1,275,994	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,597,428	\$ 2,640,951	\$ 1,295,087	\$ -

Salter Path District Fund	Water Tax District Fund	Deed of Trust Fund	Representative Payee Fund	Opioid Settlement Fund	2019 CDBG Neighborhood Revitalization Fund	Totals
\$ 104,054	\$ -	\$ 7,496	\$ 104,645	\$ -	\$ -	\$ 1,511,282
-	15,837	-	-	-	-	546,949
709	36,046	-	-	-	-	991,852
-	-	-	-	279,214	-	3,031,384
\$ 104,763	\$ 51,883	\$ 7,496	\$ 104,645	\$ 279,214	\$ -	\$ 6,081,467
\$ -	\$ 2	\$ 7,496	\$ -	\$ -	\$ -	\$ 43,224
-	34,889	-	-	-	-	34,889
-	-	-	-	279,214	-	279,214
-	34,891	7,496	-	279,214	-	357,327
-	15,837	-	-	-	-	546,949
-	-	-	-	-	-	1,275,994
104,763	1,155	-	-	-	-	105,918
-	-	-	-	-	-	1,375,111
-	-	-	-	-	-	2,315,523
-	-	-	104,645	-	-	104,645
-	-	-	-	-	-	-
104,763	1,155	-	104,645	-	-	5,177,191
\$ 104,763	\$ 51,883	\$ 7,496	\$ 104,645	\$ 279,214	\$ -	\$ 6,081,467

Carteret County, North Carolina

Non-major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2022

	Rescue Squad Fund	Fire District Fund	Emergency Telephone System Fund	Rescue Services Fund
Revenues				
Ad valorem taxes	\$ 3,314,853	\$ 4,979,923	\$ -	\$ -
Other taxes	1,273,406	1,730,907	-	-
Permits and fees	-	-	-	-
Intergovernmental	2,103	-	-	-
Sales and services	-	-	-	35,960
Total revenues	4,590,362	6,710,830	-	35,960
Expenditures				
General government	-	-	-	-
Public safety	4,765,532	6,907,627	177,715	-
Economic and physical development	-	-	-	-
Human Services	-	-	-	-
Total expenditures	4,765,532	6,907,627	177,715	-
Revenues (under) over expenditures	(175,170)	(196,797)	(177,715)	35,960
Other financing sources (uses)				
Transfers in	-	-	8,912	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	8,912	-
Net change in fund balances	(175,170)	(196,797)	(168,803)	35,960
Fund balances				
Beginning	1,550,281	2,512,320	1,444,797	(35,960)
Ending	\$ 1,375,111	\$ 2,315,523	\$ 1,275,994	\$ -

Salter Path District Fund	Water Tax District Fund	Deed of Trust Fund	Representative Payee Fund	2019 CDBG Neighborhood Revitalization Fund	Totals
\$ 6,038	\$ 19,906	\$ -	\$ -	\$ -	\$ 8,320,720
2,394	121,532	-	-	-	3,128,239
-	-	98,462	-	-	98,462
-	-	-	545,179	34,578	581,860
-	-	-	-	-	35,960
8,432	141,438	98,462	545,179	34,578	12,165,241
-	-	98,462	-	-	98,462
-	-	-	-	-	11,850,874
1	285	-	-	34,578	34,864
-	-	-	571,535	-	571,535
1	285	98,462	571,535	34,578	12,555,735
8,431	141,153	-	(26,356)	-	(390,494)
-	-	-	-	-	8,912
-	(372,670)	-	-	-	(372,670)
-	(372,670)	-	-	-	(363,758)
8,431	(231,517)	-	(26,356)	-	(754,252)
96,332	232,672	-	131,001	-	5,931,443
\$ 104,763	\$ 1,155	\$ -	\$ 104,645	\$ -	\$ 5,177,191

Carteret County, North Carolina

Rescue Squad Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 3,220,985	\$ 3,314,853	\$ 93,868
Other taxes:			
Local option sales tax	1,057,000	1,273,406	216,406
Intergovernmental	-	2,103	2,103
Total revenues	4,277,985	4,590,362	312,377
Expenditures			
Public safety:			
Beaufort	1,070,440	1,070,386	54
Broad and Gales Creek	351,290	328,798	22,492
Mill Creek	144,910	144,850	60
Mitchell Village	148,585	148,519	66
Otway	326,965	326,874	91
Sea Level	237,705	237,648	57
South River	203,050	202,990	60
Western Carteret	763,495	763,385	110
District reserves	611,325	534,500	76,825
Local sales tax	1,018,000	1,007,582	10,418
Total expenditures	4,875,765	4,765,532	110,233
Revenues (under) expenditures	(597,780)	(175,170)	422,610
Other financing sources			
Fund balance appropriated	597,780	-	(597,780)
Net change in fund balance	\$ -	(175,170)	\$ (175,170)
Fund balances			
Beginning		1,550,281	
Ending		<u>\$ 1,375,111</u>	

Carteret County, North Carolina

Fire District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 4,836,570	\$ 4,979,923	\$ 143,353
Other taxes:			
Local option sales tax	1,411,500	1,730,907	319,407
Total revenues	6,248,070	6,710,830	462,760
Expenditures			
Public safety:			
Fire Districts:			
Atlantic	63,350	63,318	32
Beaufort	602,550	602,471	79
Broad and Gales Creek	354,835	354,781	54
Cedar Island	46,535	46,514	21
Davis	62,645	62,611	34
Harkers Island	359,965	359,881	84
Harlowe	85,305	85,276	29
Marshallberg	176,715	147,541	29,174
Mill Creek	35,985	35,907	78
Mitchell Village, Crab Point	515,815	515,699	116
Newport	571,635	571,576	59
North River	48,590	48,560	30
Otway	194,165	194,090	75
Salter Path	92,655	92,612	43
Sea Level	39,240	39,196	44
South River	77,575	77,537	38
Stacy	21,635	21,611	24
Stella	252,685	252,666	19
Western Carteret	765,820	765,714	106
Wildwood	790,660	790,603	57
District reserves	945,490	796,300	149,190
Local sales tax	993,500	983,163	10,337
Total expenditures	7,097,350	6,907,627	189,723
Revenues (under)expenditures	(849,280)	(196,797)	652,483
Other financing sources			
Fund balance appropriated	849,280	-	(849,280)
Net change in fund balance	\$ -	(196,797)	\$ (196,797)
Fund balances			
Beginning		2,512,320	
Ending		\$ 2,315,523	

Carteret County, North Carolina

Emergency Telephone System Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Expenditures			
Public safety:			
Operating expenses	\$ 275,000	\$ 105,883	\$ 169,117
Contracted services	190,000	71,832	118,168
Capital outlay	315,000	-	315,000
Total expenditures	<u>780,000</u>	<u>177,715</u>	<u>602,285</u>
Revenues (under) expenditures	<u>(780,000)</u>	<u>(177,715)</u>	<u>602,285</u>
Other financing sources			
Fund balance appropriated	771,085	-	(771,085)
Transfer in General Fund	8,915	8,912	(3)
Total other financing sources	<u>780,000</u>	<u>8,912</u>	<u>(771,088)</u>
Net change in fund balance	<u>\$ -</u>	<u>(168,803)</u>	<u>\$ (168,803)</u>
Fund balances			
Beginning		<u>1,444,797</u>	
Ending		<u>\$ 1,275,994</u>	

Carteret County, North Carolina

Rescue Services Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 35,960	\$ 35,960	\$ -
Total revenues	35,960	35,960	-
Expenditures			
Public safety:			
Total expenditures	-	-	-
Revenues over expenditures	35,960	35,960	-
Other financing uses			
Advance from other funds	(35,960)	-	35,960
Total other financing sources	(35,960)	-	35,960
Net change in fund balance	\$ -	35,960	\$ 35,960
Fund balances			
Beginning		(35,960)	
Ending		\$ -	

Carteret County, North Carolina

Salter Path District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 6,000	\$ 6,038	\$ 38
Other taxes:			
Local option sales tax	2,000	2,394	394
Total revenues	8,000	8,432	432
Expenditures			
Economic and physical development:			
Beach nourishment	8,000	1	7,999
Total expenditures	8,000	1	7,999
Revenues over expenditures	-	8,431	8,431
Net change in fund balance	\$ -	8,431	\$ 8,431
Fund balances			
Beginning		96,332	
Ending		\$ 104,763	

Carteret County, North Carolina

Water Tax District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 16,000	\$ 19,906	\$ 3,906
Other taxes			
Local option sales tax	125,000	121,532	(3,468)
Total revenues	141,000	141,438	438
Expenditures			
Economic and Physical Development			
Operating expenses	1,000	285	715
Total expenditures	1,000	285	715
Revenues over expenditures	140,000	141,153	1,153
Other financing sources (uses)			
Transfers out	(372,670)	(372,670)	-
Fund balance appropriated	232,670	-	(232,670)
Total other financing sources (uses)	(140,000)	(372,670)	(232,670)
Net change in fund balance	\$ -	(231,517)	\$ (231,517)
Fund balances			
Beginning		232,672	
Ending		<u>\$ 1,155</u>	

Carteret County, North Carolina

Deed of Trust Fund

Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Permits and fees:			
Register of deeds	\$ 130,000	\$ 98,462	\$ (31,538)
Total revenues	130,000	98,462	(31,538)
Expenditures			
General government:			
Payments of fees collected to the State of North Carolina	130,000	98,462	31,538
Total expenditures	130,000	98,462	31,538
 Net change in fund balance	 \$ -	 -	 \$ -
 Fund balances			
Beginning		-	
Ending		-	

Carteret County, North Carolina

Representative Payee Fund

Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Restricted intergovernmental	\$ 800,000	\$ 545,179	\$ (254,821)
Total revenues	800,000	545,179	(254,821)
Expenditures			
Human services:			
Payments made for the benefit of beneficiaries	800,000	571,535	228,465
Total expenditures	800,000	571,535	228,465
Net change in fund balance	\$ -	(26,356)	\$ (26,356)
Fund balance			
Beginning		131,001	
Ending		\$ 104,645	

Carteret County, North Carolina

2019 CDBG Neighborhood Revitalization

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and the Year Ended June 30, 2022

	Total Project Estimate	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental:				
2019 CDBG-NR neighborhood revitalization	\$ 750,000	\$ -	\$ 34,578	\$ 34,578
Total revenues	750,000	-	34,578	34,578
Expenditures				
Economic and physical development:				
2019 CDBG - NR				
C-1 private rehabilitation	680,000	-	10,652	10,652
C-1 Administration	70,000	-	23,926	23,926
	750,000	-	34,578	34,578
Total expenditures	750,000	-	34,578	34,578
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balances				
Beginning			-	
Ending			\$ -	

Non-major Capital Projects Funds

Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities.

Carteret County, North Carolina

Non-major Capital Projects Fund

Combining Balance Sheet
June 30, 2022

	County Capital Reserve Fund	County Capital Improvements Fund	County Facilities / Debt Reserve Fund
Assets			
Cash and investments	\$ 1,090,777	\$ 1,919,470	\$ 8,939,494
Accounts receivable	-	1,088,709	-
Restricted cash and investments	-	1,300,000	-
Total assets	\$ 1,090,777	\$ 4,308,179	\$ 8,939,494
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 583,410	\$ -
Unearned revenue	-	-	-
Total liabilities	-	583,410	-
Fund balances:			
Restricted:			
County capital	-	-	-
Committed:			
Taylor Extended Care	-	49,177	-
School capital	-	-	-
Assigned:			
County capital	1,090,777	3,675,592	8,939,494
Total fund balances	1,090,777	3,724,769	8,939,494
Total liabilities and fund balances	\$ 1,090,777	\$ 4,308,179	\$ 8,939,494

School Special Projects Fund	County Capital Equipment Fund	State Capital Grants Fund	County Construction Projects Fund	Totals
\$ 1,633,075	\$ 3,054,943	\$ 3,173,068	\$ 66,962	\$ 19,877,789
-	-	-	-	1,088,709
-	-	250,000	-	1,550,000
\$ 1,633,075	\$ 3,054,943	\$ 3,423,068	\$ 66,962	\$ 22,516,498

\$ 299,957	\$ -	\$ -	\$ 726	\$ 884,093
-	-	250,000	-	250,000
299,957	-	250,000	726	1,134,093

-	-	3,173,068	-	3,173,068
-	-	-	-	49,177
1,333,118	-	-	-	1,333,118
-	3,054,943	-	66,236	16,827,042
1,333,118	3,054,943	3,173,068	66,236	21,382,405
\$ 1,633,075	\$ 3,054,943	\$ 3,423,068	\$ 66,962	\$ 22,516,498

Carteret County, North Carolina

Non-major Capital Projects Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2022

	County Capital Reserve Fund	County Capital Improvements Fund	County Facilities / Debt Reserve Fund
Revenues			
Intergovernmental	\$ -	\$ 1,673,465	\$ -
Total revenues	-	1,673,465	-
Expenditures			
Capital outlay	-	2,297,798	-
Revenues over (under) expenditures	-	(624,333)	-
Other financing sources			
Transfers in	-	850,000	1,500,000
Total other financing sources	-	850,000	1,500,000
Net change in fund balances	-	225,667	1,500,000
Fund balances			
Beginning	1,090,777	3,499,102	7,439,494
Ending	\$ 1,090,777	\$ 3,724,769	\$ 8,939,494

School Special Projects Fund	County Capital Equipment Fund	State Capital Grants Fund	County Construction Projects Fund	Totals
\$ -	\$ -	\$ 3,283,333	\$ 14,722	\$ 4,971,520
-	-	3,283,333	14,722	4,971,520
2,181,492	-	110,265	48,896	4,638,451
(2,181,492)	-	3,173,068	(34,174)	333,069
3,309,835	3,054,943	-	-	8,714,778
3,309,835	3,054,943	-	-	8,714,778
1,128,343	3,054,943	3,173,068	(34,174)	9,047,847
204,775	-	-	100,410	12,334,558
\$ 1,333,118	\$ 3,054,943	\$ 3,173,068	\$ 66,236	\$ 21,382,405

Carteret County, North Carolina

County Capital Reserve Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance Positive
Revenues			
Interest	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances			
Beginning		<u>1,090,777</u>	
Ending		<u>\$ 1,090,777</u>	

Carteret County, North Carolina

County Capital Improvements Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 3,357,555	\$ 1,673,465	\$ (1,684,090)
Total revenues	3,357,555	1,673,465	(1,684,090)
Expenditures			
Capital outlay:			
Aerial pictometry	100,000	-	100,000
Building renovations	400,000	-	400,000
Waterway dredging	4,936,200	1,727,857	3,208,343
Beach replenishment	420,000	409,189	10,811
Taylor Extended Care improvements	25,000	-	25,000
Cape Carteret project match	63,670	63,670	-
Park improvements	69,145	52,790	16,355
Water access improvements	289,355	44,292	245,063
Total expenditures	6,303,370	2,297,798	4,005,572
Revenues (under) expenditures	(2,945,815)	(624,333)	2,321,482
Other financing sources (uses)			
Transfer from General Fund	850,000	850,000	-
Fund balance appropriated	2,095,815	-	(2,095,815)
Total other financing sources (uses)	2,945,815	850,000	(2,095,815)
Net change in fund balance	\$ -	225,667	\$ 225,667
Fund balances			
Beginning		3,499,102	
Ending		<u>\$ 3,724,769</u>	

Carteret County, North Carolina

County Facilities / Debt Reserve Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Expenditures			
Capital outlay:			
Future Projects / Capital Debt	\$ 1,500,000	\$ -	\$ 1,500,000
Total expenditures	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
Revenues (under) expenditures	<u>(1,500,000)</u>	<u>-</u>	<u>1,500,000</u>
Other financing sources			
Transfer from General Fund	1,500,000	1,500,000	-
Total other financing sources	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,500,000</u>	<u>\$ 1,500,000</u>
Fund balances			
Beginning		<u>7,439,494</u>	
Ending		<u>\$ 8,939,494</u>	

Carteret County, North Carolina

School Special Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Expenditures			
Capital outlay, Board of Education	\$ 3,415,895	\$ 2,181,492	\$ 1,234,403
Revenues (under) expenditures	(3,415,895)	(2,181,492)	1,234,403
Other financing sources			
Transfer from other funds	3,309,835	3,309,835	-
Fund balance appropriated	106,060	-	(106,060)
Total other financing sources	3,415,895	3,309,835	(106,060)
Net change in fund balance	\$ -	1,128,343	\$ 1,128,343
Fund balances			
Beginning		204,775	
Ending		<u>\$ 1,333,118</u>	

Carteret County, North Carolina

County Capital Equipment Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Expenditures			
Capital outlay:			
Future Capital Equipment	\$ 3,150,000	\$ -	\$ 3,150,000
Total expenditures	<u>3,150,000</u>	<u>-</u>	<u>3,150,000</u>
Revenues (under) expenditures	<u>(3,150,000)</u>	<u>-</u>	<u>3,150,000</u>
Other financing sources			
Transfer from General Fund	3,150,000	3,054,943	(95,057)
Total other financing sources	<u>3,150,000</u>	<u>3,054,943</u>	<u>(95,057)</u>
Net change in fund balance	<u>\$ -</u>	<u>3,054,943</u>	<u>\$ 3,054,943</u>
Fund balances			
Beginning		-	
Ending		<u>\$ 3,054,943</u>	

Carteret County, North Carolina

State Capital Grants Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	Total Project Estimate	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Intergovernmental	\$ 4,783,335	\$ -	3,283,333	\$ 3,283,333
Total revenues	4,783,335	-	3,283,333	3,283,333
Expenditures				
Capital outlay:				
Detention center improvements	283,335	-	110,265	110,265
Downeast BRIC improvements	500,000	-	-	-
Flood mitigation improvements	250,000	-	-	-
Economic development improvements	250,000	-	-	-
Water access improvements	3,500,000	-	-	-
Total Expenditures	4,783,335	-	110,265	110,265
Revenues over expenditures	-	-	3,173,068	3,173,068
Net change in fund balances	\$ -	\$ -	3,173,068	\$ 3,173,068
Fund balance				
Beginning			-	
Ending			\$ 3,173,068	

Carteret County, North Carolina

County Construction Projects Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	Total Project Estimate	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental	\$ -	\$ -	\$ 14,722	\$ 14,722
Interest	-	160	-	160
Total revenues	-	160	14,722	14,882
Expenditures				
Capital outlay:				
Construction	821,000	761,121	36,916	798,037
Furnishings / equipment	134,000	109,434	11,230	120,664
Professional services / design	70,000	54,195	750	54,945
Total Expenditures	1,025,000	924,750	48,896	973,646
Revenue (under) expenditures	(1,025,000)	(924,590)	(34,174)	(958,764)
Other financing sources				
Transfer in from general fund	990,000	990,000	-	990,000
Transfer in from other funds	35,000	35,000	-	35,000
Total other financing sources	1,025,000	1,025,000	-	1,025,000
Net change in fund balances	\$ -	\$ 100,410	(34,174)	\$ 66,236
Fund balance				
Beginning			100,410	
Ending			<u>\$ 66,236</u>	

Enterprise Fund



Water Fund



Carteret County, North Carolina

Water Operating Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues, Operating			
Charges for services	\$ 1,109,500	\$ 1,095,320	\$ (14,180)
Other operating revenue	500	585	85
Total operating revenues	1,110,000	1,095,905	(14,095)
Expenditures, Operating			
Cost of sales and services:			
Salaries and benefits	388,400	295,805	92,595
Operating expense	773,335	373,309	400,026
Total operating expenditures	1,161,735	669,114	492,621
Operating revenues (under) over operating expenditures	(51,735)	426,791	478,526
Nonoperating Revenues (Expenditures)			
Interest earnings	500	-	(500)
Interest payments	(46,000)	(44,441)	1,559
Principal payments	(190,080)	(190,032)	48
Total nonoperating revenues (expenditures)	(235,580)	(234,473)	1,107
Revenues under expenditures	(287,315)	192,318	479,633
Other Financing Sources (Uses)			
Transfer from other funds	372,670	372,670	-
Contingency	(85,355)	-	85,355
Total other financing sources (uses)	287,315	372,670	85,355
Revenues and other financing sources over expenditures and other financing sources (uses)	\$ -	\$ 564,988	\$ 564,988
Reconciliation of modified accrual basis to full accrual basis:			
Revenues and other financing uses over expenditures		\$ 564,988	
Decrease in debt interest accrued		855	
Decrease in accrued vacation pay		18,771	
Depreciation		(357,187)	
Increase in deferred outflows of resources pensions		13,886	
Increase in deferred outflows of resources OPEB		8,120	
Decrease in net pension liability		62,701	
Increase in OPEB liability		(15,183)	
Increase in deferred inflows of resources pensions		(67,652)	
Decrease in deferred inflows of resources OPEB		444	
Principal on debt		190,032	
Change in net position		\$ 419,775	



Fiduciary Funds



Carteret County, North Carolina

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2022

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
Assets			
Cash and cash equivalents	\$ 136,277	\$ 47,986	\$ 184,263
Taxes receivable for other governments, net	138,467	-	138,467
Total assets	\$ 274,744	\$ 47,986	\$ 322,730
Liabilities			
Due to other governments	281,458	-	281,458
Total liabilities	281,458	-	281,458
Net Position			
Restricted for Individuals, organizations, and other governments	(6,714)	47,986	41,272
Total net position	\$ (6,714)	\$ 47,986	\$ 41,272

Carteret County, North Carolina

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

Year Ended June 30, 2022

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
Additions			
Ad valorem taxes collected for other governments	\$ 15,003,170	\$ -	\$ 15,003,170
Collections on behalf of inmates	-	392,823	392,823
Total Additions	<u>15,003,170</u>	<u>392,823</u>	<u>15,395,993</u>
Deductions			
Tax distributions to other governments	15,004,392	-	15,004,392
Payments on behalf of inmates	-	383,556	383,556
Total Deductions	<u>15,004,392</u>	<u>383,556</u>	<u>15,387,948</u>
Net (decrease) increase in fiduciary net position	<u>(1,222)</u>	<u>9,267</u>	<u>8,045</u>
Net position, beginning	<u>(5,492)</u>	<u>38,719</u>	<u>33,227</u>
Net position, ending	<u>\$ (6,714)</u>	<u>\$ 47,986</u>	<u>\$ 41,272</u>

Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

**Comparative Schedules by Source
June 30, 2022**

	2022	2021
Governmental funds capital assets:		
Land, airport	\$ 169,549	\$ 169,549
Land, other	10,387,832	9,287,100
Construction in progress	1,060,586	967,398
Buildings	28,499,423	28,499,423
Vehicles	7,334,551	6,620,335
Equipment	6,379,529	6,269,572
Airport facilities	1,524,747	1,524,747
Other improvements	12,410,001	11,672,756
Leasehold improvements	2,590,428	2,590,428
Total governmental funds capital assets	\$ 70,356,646	\$ 67,601,308
Investment in governmental funds capital assets		
General Fund	\$ 55,824,971	\$ 53,162,821
Special Revenue Funds	173,616	173,616
Capital Project Funds	14,358,059	14,264,871
Total investment in governmental funds capital assets	\$ 70,356,646	\$ 67,601,308

Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity
June 30, 2022

Function and Activity	Land	Buildings	Vehicles	Equipment
General Government:				
County Administration	\$ -	\$ -	\$ -	\$ 25,802
Tax Administration	184,998	114,001	127,166	244,283
Register of Deeds	-	17,665	-	170,735
Elections	-	-	-	687,837
Information Technology	-	-	-	1,432,570
Public Buildings	2,684,900	5,861,108	247,213	64,725
Other	-	-	-	28,648
Total General Government	2,869,898	5,992,774	374,379	2,654,600
Public Safety:				
Law Enforcement	417,991	8,614,309	3,010,191	336,488
Emergency Services	43,000	80,699	624,879	1,345,750
Total Public Safety	460,991	8,695,008	3,635,070	1,682,238
Transportation	230,589	-	1,325,315	15,324
Environmental Protection	153,877	2,738,447	582,081	471,068
Economic and Physical Development	486,287	-	211,134	108,619
Human Services	303,778	7,240,066	944,709	569,406
Culture and Recreation	6,051,961	3,833,128	261,863	878,274
Total governmental funds capital assets	\$ 10,557,381	\$ 28,499,423	\$ 7,334,551	\$ 6,379,529

Airport Facilities	Other Improvements	Leasehold Improvements	Construction in Progress	Total
\$ -	\$ -	\$ -	\$ -	\$ 25,802
-	-	-	-	670,448
-	16,000	-	-	204,400
-	-	-	-	687,837
-	-	-	-	1,432,570
-	2,089,997	-	973,646	11,921,589
-	-	-	-	28,648
-	2,105,997	-	973,646	14,971,294
-	249,590	-	-	12,628,569
-	-	1,108,727	-	3,203,055
-	249,590	1,108,727	-	15,831,624
1,524,747	41,142	-	-	3,137,117
-	663,186	-	-	4,608,659
-	-	-	-	806,040
-	-	-	-	9,057,959
-	9,350,086	1,481,701	86,940	21,943,953
\$ 1,524,747	\$ 12,410,001	\$ 2,590,428	\$ 1,060,586	\$ 70,356,646

Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity
Year Ended June 30, 2022

Function and Activity	Governmental Funds				Governmental Funds
	Capital Assets June 30, 2021	Additions	Deductions	Transfers	Capital Assets June 30, 2022
General Government:					
County administration	\$ 25,802	\$ -	\$ -	\$ -	\$ 25,802
Tax administration	775,267	-	104,819	-	670,448
Register of Deeds	215,800	-	11,400	-	204,400
Elections	687,837	-	-	-	687,837
Information technology	1,455,858	119,971	143,259	-	1,432,570
Public buildings	10,570,106	1,359,932	8,449	-	11,921,589
Other	28,648	-	-	-	28,648
Total General Government	13,759,318	1,479,903	267,927	-	14,971,294
Public Safety:					
Law enforcement	12,317,025	352,901	41,357	-	12,628,569
Emergency services	3,122,602	80,453	-	-	3,203,055
Total Public Safety	15,439,627	433,354	41,357	-	15,831,624
Transportation	2,848,662	441,125	152,670	-	3,137,117
Environmental protection	4,627,748	14,240	33,329	-	4,608,659
Economic and physical development	782,218	23,822	-	-	806,040
Human services	9,044,515	44,039	30,595	-	9,057,959
Culture and recreation	21,099,220	851,322	6,589	-	21,943,953
Total governmental funds capital assets	\$ 67,601,308	\$ 3,287,805	\$ 532,467	\$ -	\$ 70,356,646

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, 2022

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections	Adjustments	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 55,505,173	\$ 54,539,419	\$ (152,429)	\$ 813,325
2020-2021	882,002	-	423,418	(9,614)	448,970
2019-2020	438,775	-	184,919	(4,216)	249,640
2018-2019	255,651	-	96,875	(2,471)	156,305
2017-2018	192,895	-	65,760	(2,208)	124,927
2016-2017	153,056	-	53,183	(935)	98,938
2015-2016	101,504	-	38,092	(789)	62,623
2014-2015	78,650	-	31,599	(260)	46,791
2013-2014	60,760	-	23,750	(143)	36,867
2012-2013	42,700	-	13,444	(28,497)	759
2011-2012	1,139	-	105	(4)	1,030
	<u>\$ 2,207,132</u>	<u>\$ 55,505,173</u>	<u>\$ 55,470,564</u>	<u>\$ (201,566)</u>	<u>2,040,175</u>
Less write-off 2011-2012 tax year					<u>(1,030)</u>
					<u>2,039,145</u>
Less allowance for uncollectible ad valorem taxes receivable					<u>51,812</u>
Net property taxes receivable - General Fund					<u>\$ 1,987,333</u>
Reconciliation with revenue:					
Ad valorem taxes - General Fund					<u>\$ 55,470,564</u>
Interest collected - General Fund					<u>483,201</u>
Total Collections					<u>\$ 55,953,765</u>

Carteret County, North Carolina

Analysis of Current Year's Tax Levy
Year Ended June 30, 2022

	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	\$ 16,819,749,394	0.33	\$ 55,505,173	\$ 52,085,903	\$ 3,419,270
Total	16,819,749,394		55,505,173	52,085,903	3,419,270
Discoveries:					
Current year taxes	236,322,121		779,863	779,863	-
Corrections	(1,334,545)		(4,404)	(4,404)	-
Total	234,987,576		775,459	775,459	-
Abatements	(281,178,182)		(927,888)	(927,888)	-
Total property valuation	\$ 16,773,558,788				
Net levy-General Fund			55,352,744	51,933,474	3,419,270
Uncollected taxes at June 30, 2022 - General Fund			813,325	813,325	-
Current year's taxes collected - General Fund			\$ 54,539,419	\$ 51,120,149	\$ 3,419,270
Current levy collection percentage - General Fund			98.53%	98.43%	100.00%



Statistical Section (Unaudited)

This part of the Carteret County's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	178
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	190
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	202
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	209
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	212
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Carteret County, North Carolina

**Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 25,250,857	\$ 23,480,626	\$ 22,736,938	\$ 24,089,921
Restricted	17,586,592	20,852,514	23,967,802	31,480,559
Unrestricted	(23,716,266)	(14,716,290)	(8,948,033)	(9,879,406)
Total governmental activities net position	\$ 19,121,183	\$ 29,616,850	\$ 37,756,707	\$ 45,691,074
Business-type activities				
Net investment in capital assets	\$ 5,558,997	\$ 5,353,434	\$ 5,133,724	\$ 4,900,315
Unrestricted	656,050	700,030	816,057	908,143
Total business-type activities	\$ 6,215,047	\$ 6,053,464	\$ 5,949,781	\$ 5,808,458
Primary government				
Net investment in capital assets	\$ 30,809,854	\$ 28,834,060	\$ 27,870,662	\$ 28,990,236
Restricted	17,586,592	20,852,514	23,967,802	31,480,559
Unrestricted	(23,060,216)	(14,016,260)	(8,131,976)	(8,971,263)
Total primary government net position	\$ 25,336,230	\$ 35,670,314	\$ 43,706,488	\$ 51,499,532

Schedule 1

	2017	2018	2019	2020	2021	2022
\$	22,009,903	\$ 22,912,344	\$ 22,984,640	\$ 24,982,364	\$ 25,237,224	\$ 26,311,016
	31,325,245	31,744,580	25,009,402	42,439,846	37,815,978	41,518,084
	(3,998,944)	(281,156)	31,040	8,020,462	18,538,299	34,706,796
\$	49,336,204	\$ 54,375,768	\$ 48,025,082	\$ 75,442,672	\$ 81,591,501	\$ 102,535,896
\$	4,721,740	\$ 4,581,483	\$ 4,422,243	\$ 4,246,388	\$ 4,072,150	\$ 3,904,995
	913,436	835,400	973,978	1,093,955	1,320,748	1,907,678
\$	5,635,176	\$ 5,416,883	\$ 5,396,221	\$ 5,340,343	\$ 5,392,898	\$ 5,812,673
\$	26,731,643	\$ 27,493,827	\$ 27,406,883	\$ 29,228,752	\$ 29,309,374	\$ 30,216,011
	31,325,245	31,744,580	25,009,402	42,439,846	37,815,978	41,518,084
	(3,085,508)	554,244	1,005,018	9,114,417	19,859,047	36,614,474
\$	54,971,380	\$ 59,792,651	\$ 53,421,303	\$ 80,783,015	\$ 86,984,399	\$ 108,348,569

Carteret County, North Carolina

**Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 5,946,901	\$ 6,442,611	\$ 6,949,982	\$ 7,278,369
Public safety	18,335,600	18,792,650	19,162,990	18,561,573
Transportation	2,447,821	1,076,768	1,442,425	1,066,561
Economic and physical development	12,020,756	5,031,505	5,538,785	7,064,127
Environmental protection	3,150,593	3,158,629	3,417,029	2,060,267
Human Services	15,277,891	15,324,864	15,635,355	16,754,822
Cultural and recreation	3,485,610	3,783,152	3,711,166	4,452,951
Education	25,364,930	24,135,533	27,466,650	27,494,565
Interest on long term debt	2,095,322	2,097,621	1,596,808	1,594,653
Total governmental activities	88,125,424	79,843,333	84,921,190	86,327,888
Business-type activities:				
Water	909,307	1,027,308	983,971	1,045,568
Total primary government expenses	\$ 89,034,731	\$ 80,870,641	\$ 85,905,161	\$ 87,373,456

(Continued)

2017	2018	2019	2020	2021	2022
\$ 9,236,447	\$ 8,144,384	\$ 9,357,478	\$ 9,600,044	\$ 10,841,137	\$ 11,060,903
20,595,208	20,981,474	23,453,487	25,184,103	25,244,004	28,726,905
1,837,842	1,628,539	1,841,321	3,545,761	5,361,325	3,098,950
5,691,825	6,248,400	23,043,843	35,662,784	40,467,487	11,393,215
3,671,733	3,835,482	18,482,660	4,381,762	4,824,986	7,863,001
16,666,930	15,878,033	16,619,956	17,824,420	19,965,556	19,804,952
4,222,782	4,159,922	4,375,740	4,102,082	4,181,010	3,941,443
31,315,293	29,442,864	28,549,195	32,392,870	30,751,818	31,200,546
1,452,491	1,284,366	1,100,892	912,665	723,267	649,124
94,690,551	91,603,464	126,824,572	133,606,491	142,360,590	117,739,039
1,118,055	1,259,889	1,159,290	1,186,034	1,090,992	1,048,800
\$ 95,808,606	\$ 92,863,353	\$ 127,983,862	\$ 134,792,525	\$ 143,451,582	\$ 118,787,839

Carteret County, North Carolina

**Changes in Net Position
Last Ten Fiscal Years (Continued)
(accrual basis of accounting)**

	Fiscal Year			
	2013	2014	2015	2016
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 1,638,250	\$ 1,552,817	\$ 1,612,251	\$ 1,768,252
Public safety	308,908	293,299	212,708	290,455
Transportation	184,316	193,228	177,027	135,956
Economic and physical development	611,160	513,351	544,236	646,629
Environmental protection	2,198,355	2,398,662	2,431,367	3,299,900
Human services	334,799	370,946	367,114	642,414
Cultural and recreation	252,227	269,228	297,915	318,530
Operating grants and contributions:				
General government	22,592	-	-	-
Public safety	1,067,750	1,150,055	1,201,955	1,187,152
Transportation	525,199	643,090	737,800	778,800
Economic and physical development	1,103,253	119,025	547,165	95,577
Environmental protection	3,885	406,301	149,085	295,188
Human services	9,652,900	9,349,318	10,211,027	10,372,796
Cultural and recreation	1,280	26,761	88,314	-
Education	71,025	45,159	48,172	40,695
Interest on long term debt	965,660	921,831	904,198	865,552
Capital grants and contributions:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	305,185	-	-	222,389
Economic and physical development	-	-	-	-
Environmental protection	-	-	-	-
Cultural and recreation	-	-	-	168,320
Education	-	-	-	-
Total governmental activities program revenues	19,246,744	18,253,071	19,530,334	21,128,605

(Continued)

	2017	2018	2019	2020	2021	2022
\$	1,805,126	\$ 1,896,230	\$ 3,036,312	\$ 2,042,325	\$ 3,303,306	\$ 3,151,361
	269,190	276,373	240,284	272,614	581,923	654,018
	140,384	157,348	152,241	108,324	98,560	187,430
	805,826	862,490	755,176	1,018,108	1,154,846	1,487,710
	3,271,073	3,451,334	3,533,805	3,527,031	3,478,132	3,362,080
	816,799	489,837	431,438	872,936	1,125,766	1,195,560
	361,398	350,294	373,935	286,923	120,963	323,367
	-	-	-	6,377	310,433	2,000
	1,249,821	892,343	1,180,590	1,469,968	1,206,077	852,485
	1,071,285	1,092,649	1,473,993	2,654,344	4,330,229	2,879,175
	661,609	342,557	5,510,341	42,738,966	18,846,363	75,296
	216,576	174,854	9,558,750	6,593,546	545,377	253,310
	10,836,099	9,272,539	9,496,266	10,269,441	13,470,186	15,764,029
	-	-	-	-	121,048	104,219
	36,276	32,605	72,866	41,856	35,781	44,266
	762,829	742,161	720,967	700,201	1,220,840	57,980
	-	-	-	-	-	14,722
	-	-	-	-	-	783,333
	26,130	274,956	228,231	-	58,747	347,041
	-	22,481	-	-	-	34,578
	-	-	-	-	565,000	-
	175,470	5,500	100,000	4,154,597	-	2,500,000
	2,044	54,015	-	-	-	18,996
	22,507,935	20,390,566	36,865,195	76,757,557	50,573,577	34,092,956

Carteret County, North Carolina

**Changes in Net Position
Last Ten Fiscal Years (Continued)
(accrual basis of accounting)**

	Fiscal Year			
	2013	2014	2015	2016
Business-type activities:				
Charge for services - Water	\$ 575,338	\$ 562,238	\$ 576,057	\$ 576,598
Capital grants and contributions - Water	1,751,350	-	-	-
Total business-type activities program revenues	2,326,688	562,238	576,057	576,598
Total primary government program revenues	\$ 21,573,432	\$ 18,815,309	\$ 20,106,391	\$ 21,705,203
Governmental activities	\$ (68,878,680)	\$ (61,590,262)	\$ (65,390,856)	\$ (65,199,283)
Business-type activities	1,417,381	(465,070)	(407,914)	(468,970)
Total primary government net (expense)/revenue	\$ (67,461,299)	\$ (62,055,332)	\$ (65,798,770)	\$ (65,668,253)

**General Revenues and Other
Changes in Net Position**

Governmental activities:				
Property taxes	\$ 50,250,954	\$ 50,921,192	\$ 52,302,979	\$ 49,616,653
Local option sales tax	13,718,008	13,640,870	14,800,458	15,429,458
Other taxes	4,615,833	5,240,019	6,476,176	6,761,921
Intergovernmental	793,818	964,088	966,265	1,073,420
Investment earnings	(69,957)	285,376	198,419	269,450
Miscellaneous	142,562	205,888	764,879	306,748
Special Item	2,000,000	1,128,496	-	-
Transfers	(231,565)	(300,000)	(324,000)	(324,000)
Total governmental activities	71,219,653	72,085,929	75,185,176	73,133,650
Business-type activities:				
Investment earnings	1,219	3,487	2,200	3,647
Miscellaneous	-	-	1,163	-
Transfers	231,565	300,000	324,000	324,000
Total business-type activities	232,784	303,487	327,363	327,647
Total primary government	\$ 71,452,437	\$ 72,389,416	\$ 75,512,539	\$ 73,461,297

Change in Net Position

Governmental activities	\$ 2,340,973	\$ 10,495,667	\$ 9,794,320	\$ 7,934,367
Business-type activities	1,650,165	(161,583)	(80,551)	(141,323)
Total primary government	\$ 3,991,138	\$ 10,334,084	\$ 9,713,769	\$ 7,793,044

	2017	2018	2019	2020	2021	2022
\$	584,344	\$ 678,879	\$ 711,732	\$ 693,744	\$ 737,858	\$ 1,095,905
	-	-	-	-	-	-
	584,344	678,879	711,732	693,744	737,858	1,095,905
\$	23,092,279	\$ 21,069,445	\$ 37,576,927	\$ 77,451,301	\$ 51,311,435	\$ 35,188,861
\$	(72,182,616)	\$ (71,212,898)	\$ (89,959,377)	\$ (56,848,934)	\$ (91,787,013)	\$ (83,646,083)
	(533,711)	(582,010)	(447,558)	(492,290)	(353,134)	47,105
\$	(72,716,327)	\$ (71,794,908)	\$ (90,406,935)	\$ (57,341,224)	\$ (92,140,147)	\$ (83,598,978)
\$	52,093,862	\$ 53,338,473	\$ 54,449,182	\$ 54,313,866	\$ 62,590,060	\$ 63,952,730
	15,628,026	17,148,416	18,298,871	19,061,509	22,220,692	24,352,848
	7,077,155	7,626,941	7,759,109	7,316,586	11,508,408	13,340,414
	1,144,245	1,084,553	1,195,756	1,274,575	1,620,055	1,735,444
	359,363	633,393	1,617,950	979,978	97,429	(482,988)
	251,132	285,414	687,823	1,740,010	177,844	2,064,700
	-	-	-	-	-	-
	(355,000)	(433,600)	(400,000)	(420,000)	(405,000)	(372,670)
	76,198,783	79,683,590	83,608,691	84,266,524	97,809,488	104,590,478
	4,881	9,403	26,896	16,412	689	-
	548	-	-	-	-	-
	355,000	433,600	400,000	420,000	405,000	372,670
	360,429	443,003	426,896	436,412	405,689	372,670
\$	76,559,212	\$ 80,126,593	\$ 84,035,587	\$ 84,702,936	\$ 98,215,177	\$ 104,963,148
\$	4,016,167	\$ 8,470,692	\$ (6,350,686)	\$ 27,417,590	\$ 6,022,475	\$ 20,944,395
	(173,282)	(138,007)	(20,662)	(55,878)	52,555	419,775
\$	3,842,885	\$ 8,332,685	\$ (6,371,348)	\$ 27,361,712	\$ 6,075,030	\$ 21,364,170

Carteret County, North Carolina

**Fund Balances, Governmental funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)**

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Restricted:				
Stabilization by state statute	\$ 5,614,618	\$ 5,613,195	\$ 6,457,421	\$ 6,608,370
Sheriff's fund	403,907	437,789	426,804	508,301
Recreation districts	102,739	102,739	104,081	104,081
Transportation				
Health programs	812,855	797,986	615,523	364,036
Register of deeds	383,149	375,918	394,275	297,572
Beach nourishment	5,723,261	7,312,865	10,283,851	13,083,623
Economic development	-	1,705,420	1,128,497	1,128,496
Total restricted	13,040,529	16,345,912	19,410,452	22,094,479
Committed:				
Tax revaluation	-	-	-	-
Assigned:				
Subsequent year's expenditures	1,000,000	5,254,210	3,717,325	3,775,000
County Library	-	-	-	-
Unassigned	30,527,492	30,092,051	30,644,570	27,941,462
Total General Fund	\$ 44,568,021	\$ 51,692,173	\$ 53,772,347	\$ 53,810,941
All Other Governmental Funds				
Restricted:				
Public safety	\$ 766,750	\$ 688,078	\$ 881,162	\$ 1,238,771
Rescue protection	1,150,716	713,377	820,427	927,601
Fire protection	1,601,729	1,723,198	1,656,221	1,261,069
School capital	12,114	12,139	-	4,512,122
Economic development	1,041,645	1,290,682	1,494,748	1,578,144
Health programs	-	-	-	-
County capital	-	-	-	-
Total restricted	4,572,954	4,427,474	4,852,558	9,517,707
Committed:				
Economic development	729,674	732,706	734,594	-
County capital	500,000	403,529	403,529	267,038
School capital	1,540,719	903,468	2,130,637	1,157,070
Community college capital	-	-	-	750,000
Assigned:				
Subsequent year's expenditures	779,040	1,451,065	2,139,650	1,113,105
County capital	1,083,346	1,005,471	820,877	3,581,667
Unassigned:				
Special revenue funds	(855,743)	(1,033,467)	(1,181,701)	(1,295,796)
Capital projects funds	-	-	-	-
Total all other governmental funds	\$ 8,349,990	\$ 7,890,246	\$ 9,900,144	\$ 15,090,791

Schedule 3

	2017	2018	2019	2020	2021	2022
\$	6,881,419	\$ 7,170,172	\$ 8,143,941	\$ 17,871,225	\$ 11,573,033	\$ 13,959,992
	547,341	329,103	313,632	412,053	541,534	321,280
	116,336	33,898	33,898	33,898	33,898	33,898
					174,965	321,397
	121,577	481,368	484,242	482,776	754,744	901,409
	264,390	203,560	204,369	199,720	221,977	264,080
	15,986,798	18,631,010	10,679,909	17,164,659	17,714,605	19,162,260
	1,096,663	617,948	1,029,885	962,948	962,948	912,948
	25,014,524	27,467,059	20,889,876	37,127,279	31,977,704	35,877,264
	-	-	-	-	-	688,491
	5,205,000	5,324,430	5,300,000	1,600,000	2,400,000	3,300,000
	-	-	-	-	140,000	140,000
	28,626,430	29,046,079	21,801,623	26,838,581	34,670,762	38,975,108
\$	58,845,954	\$ 61,837,568	\$ 47,991,499	\$ 65,565,860	\$ 69,188,466	\$ 78,980,863
\$	1,003,977	\$ 918,267	\$ 1,301,653	\$ 1,399,418	\$ 1,444,797	\$ 1,275,994
	710,162	862,519	1,081,077	1,211,152	1,550,281	1,375,111
	1,493,758	1,249,282	1,521,484	1,839,316	2,512,320	2,315,523
	1,438,366	139,641	-	-	-	-
	1,457,269	1,500,474	1,611,696	1,932,459	2,519,536	2,442,558
	-	-	-	3,092	132,873	106,517
	-	-	-	-	-	3,173,068
	6,103,532	4,670,183	5,515,910	6,385,437	8,159,807	10,688,771
	-	-	-	-	-	-
	231,541	74,436	49,177	49,177	49,177	49,177
	566,343	146,313	162,112	622,820	204,775	1,333,118
	765,000	1,425,000	1,425,000	-	-	-
	593,185	774,740	90,000	130,000	-	-
	3,268,990	3,910,622	6,364,555	9,452,301	12,080,606	16,827,042
	(1,203,874)	(1,226,875)	(1,352,346)	(1,632,365)	(2,214,345)	(2,328,505)
	-	-	-	-	(915,798)	(2,623,419)
\$	10,324,717	\$ 9,774,419	\$ 12,254,408	\$ 15,007,370	\$ 17,364,222	\$ 23,946,184

Carteret County, North Carolina

**Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes:				
Property	\$ 50,110,266	\$ 50,941,906	\$ 52,173,675	\$ 49,621,522
Sales and other taxes	18,333,841	18,880,889	21,276,634	22,191,379
Total taxes	68,444,107	69,822,795	73,450,309	71,812,901
Permits and fees	2,781,510	2,575,469	2,592,668	3,103,209
Intergovernmental	14,512,547	13,625,628	14,853,980	15,099,889
Sales and services	2,746,505	3,016,062	3,049,951	3,998,927
Interest	(69,957)	285,376	198,419	269,450
Miscellaneous	118,669	172,353	647,154	325,215
Total revenues	88,533,381	89,497,683	94,792,481	94,609,591
Expenditures				
General government	5,697,525	6,160,049	6,689,088	7,653,713
Public safety	17,548,136	18,122,055	18,728,679	18,092,186
Transportation	2,658,305	918,872	1,295,944	1,214,961
Environmental protection	3,104,387	3,132,347	3,395,439	3,576,906
Economic development	5,782,737	4,922,228	5,582,073	5,548,594
Human services	14,814,576	14,719,500	15,639,871	16,312,094
Culture and recreation	2,889,936	3,191,895	3,190,144	3,474,047
Education	21,265,441	21,816,743	24,173,981	23,551,049
Capital outlay	10,484,171	2,837,981	3,538,776	6,583,987
Debt service:				
Principal	6,174,180	6,520,683	6,145,377	6,393,040
Interest	2,558,945	2,280,183	2,067,935	1,719,633
Bond issuance cost	-	-	107,922	-
Total expenditures	92,978,339	84,622,536	90,555,229	94,120,210
Excess (deficiency) of of revenues over (under) expenditures	(4,444,958)	4,875,147	4,237,252	489,381
Other financing sources (uses):				
Transfers in	11,921,740	4,911,458	8,725,677	9,606,950
Transfers out	(12,153,305)	(5,211,458)	(9,049,677)	(9,930,950)
Proceeds from sale of capital assets	2,000,000	53,765	58,782	-
Special item	-	1,128,496	-	-
Bond premium	2,624,435	-	-	463,860
Bonds issued	-	-	-	4,600,000
Refunding bonds issued	12,700,000	-	12,250,000	-
Payment to refunding escrow agent	(15,077,852)	-	(12,131,962)	-
Lease liabilities issued	-	-	-	-
Proceeds from installment note	-	907,000	-	-
Total other financing sources (uses)	2,015,018	1,789,261	(147,180)	4,739,860
Net change in fund balance	\$ (2,429,940)	\$ 6,664,408	\$ 4,090,072	\$ 5,229,241
Debt service as a percentage of noncapital expenditures	9.52%	10.52%	9.26%	8.94%

Schedule 4

	2017	2018	2019	2020	2021	2022
\$	51,948,681	\$ 52,974,061	\$ 54,355,973	\$ 54,920,098	\$ 63,116,088	\$ 64,274,485
	22,705,181	24,775,357	26,057,980	26,378,095	33,729,100	37,693,262
	74,653,862	77,749,418	80,413,953	81,298,193	96,845,188	101,967,747
	3,480,181	3,777,112	3,427,887	3,833,484	5,710,385	5,925,797
	16,180,325	13,416,534	29,067,046	66,599,091	43,577,447	26,774,668
	3,989,615	4,202,268	4,240,688	4,294,777	4,219,111	4,493,069
	359,363	633,393	1,617,950	979,978	97,429	(482,988)
	288,839	210,419	1,956,718	1,673,898	359,360	298,383
	98,952,185	99,989,144	120,724,242	158,679,421	150,808,920	138,976,676
	7,451,324	7,741,029	9,049,444	8,751,597	10,141,410	11,002,191
	19,862,881	20,430,532	23,065,217	23,889,544	24,463,493	27,870,357
	1,029,693	1,439,418	1,537,681	1,142,378	2,334,189	1,606,052
	3,645,840	3,854,481	18,502,451	4,442,846	4,729,163	4,295,454
	6,125,261	6,250,741	5,897,469	5,841,169	7,751,596	13,889,975
	16,049,596	15,286,265	16,112,972	16,742,540	19,067,878	19,568,748
	3,430,211	3,591,363	4,016,630	3,463,928	3,509,051	3,747,161
	25,173,000	25,398,749	26,180,114	27,328,780	27,612,111	27,292,437
	8,736,799	6,118,397	20,663,209	40,780,972	40,371,089	8,019,678
	6,513,867	5,661,914	5,504,773	4,675,514	3,780,514	5,887,959
	1,583,634	1,341,339	1,160,362	968,980	790,322	704,245
	-	-	-	-	-	-
	99,602,106	97,114,228	131,690,322	138,028,248	144,550,816	123,884,257
	(649,921)	2,874,916	(10,966,080)	20,651,173	6,258,104	15,092,419
	7,227,485	9,228,949	20,805,023	19,567,904	26,279,108	18,495,163
	(7,582,485)	(9,662,549)	(21,205,023)	(19,987,904)	(26,684,108)	(18,867,833)
	-	-	-	96,150	-	-
	1,273,860	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	1,654,610
	-	-	-	-	-	-
	918,860	(433,600)	(400,000)	(323,850)	(405,000)	1,281,940
\$	268,939	\$ 2,441,316	\$ (11,366,080)	\$ 20,327,323	\$ 5,853,104	\$ 16,374,359
	8.36%	7.42%	5.15%	4.23%	3.22%	5.54%

Carteret County, North Carolina

**Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Real Property				Total
	Residential Property	Commercial Property	Industrial Property	Present-use Value (1)	
2013	\$ 12,928,563,319	\$ 1,021,551,269	\$ 34,868,391	\$ 68,507,500	\$ 14,053,490,479
2014	12,977,674,352	1,026,639,566	35,108,082	69,700,524	14,109,122,524
2015	13,066,163,985	1,022,301,188	33,593,356	70,263,592	14,192,322,121
2016 ⁽⁵⁾	11,863,427,000	1,158,966,816	40,894,377	60,528,976	13,123,817,169
2017	12,028,089,441	1,138,917,384	40,521,183	61,238,487	13,268,766,495
2018	12,162,660,612	1,137,063,586	35,910,900	60,610,484	13,396,245,582
2019	12,287,126,108	1,136,878,027	35,910,900	61,950,816	13,521,865,851
2020	12,215,471,240	1,170,143,130	38,274,243	60,560,640	13,484,449,253
2021 ⁽⁵⁾	13,222,410,680	1,374,594,931	39,946,884	70,567,490	14,707,519,985
2022	13,455,101,591	1,378,805,275	34,828,166	64,282,478	14,933,017,510

Source:

- (1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years' taxes are then required to be paid.
- (2) Public service companies' valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the North Carolina Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.
- (5) Revaluation Years

Schedule 5

Personal Property	Public Service Companies (2)	Total Assessed Valuation	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
\$ 990,156,693	\$ 134,766,034	\$ 15,178,413,206	0.29	\$ 15,178,413,206
1,212,368,458	129,665,570	15,451,156,552	0.29	15,451,156,552
1,049,826,237	123,526,642	15,365,675,000	0.30	15,365,675,000
1,232,232,454	142,852,043	14,498,901,666	0.30	14,498,901,666
1,307,233,688	144,399,817	14,720,400,000	0.31	14,851,089,588
1,350,774,902	145,921,774	14,892,942,258	0.31	15,892,585,912
1,429,210,534	144,287,809	15,095,364,194	0.31	16,108,594,807
1,506,349,077	146,880,056	15,137,678,386	0.31	16,338,562,748
1,629,594,558	151,521,216	16,488,635,759	0.33	16,488,635,759
1,679,655,340	160,885,938	16,773,558,788	0.33	19,138,140,618



**Property Tax Rates - Direct and Overlapping Governments - Summary
(Per \$100.00 of Assessed Value)
Last Ten Fiscal Years**

Fiscal Year	Carteret County Operating Mileage	Overlapping Rates ¹		Total Direct and Overlapping Rates
		Municipalities Operating Mileage	Special Districts	
2013	0.2900	1.9180	1.9985	4.2065
2014	0.2900	1.9030	1.9835	4.1765
2015	0.3000	1.9630	1.9485	4.2115
2016	0.3000	2.0865	1.9810	4.3675
2017	0.3100	2.1315	2.0663	4.5078
2018	0.3100	2.1315	2.1185	4.5600
2019	0.3100	2.2425	2.1985	4.7510
2020	0.3100	2.3940	2.2310	4.9350
2021	0.3300	2.4970	2.3700	5.1970
2022	0.3300	2.5920	3.2475	6.1695

Source: Carteret County Tax Department

¹ Overlapping rates are those of municipal governments and special districts that apply to property owners within the County. Not all overlapping rates apply to all County property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

The following table provides the detail of the municipalities and special taxing districts for 10 years.

Carteret County, North Carolina

**Property Tax Rates - Direct and Overlapping Governments - Detail
(Per \$100.00 of Assessed Value)
Last Ten Fiscal Years**

	Fiscal Year			
	2013	2014	2015	2016
Carteret County	0.2900	0.2900	0.3000	0.3000
Municipalities				
Atlantic Beach	0.1700	0.1650	0.1650	0.1650
Beaufort	0.3000	0.3000	0.3300	0.3475
Bogue	0.0500	0.0500	0.0500	0.0500
Cape Carteret	0.1525	0.1525	0.1525	0.1525
Cedar Point	0.0625	0.0625	0.0625	0.0625
Emerald Isle	0.1150	0.1250	0.1400	0.1550
Indian Beach	0.2150	0.1650	0.1650	0.1950
Morehead City	0.2850	0.3150	0.3300	0.3500
Newport	0.3570	0.3570	0.3570	0.3570
Pelletier	0.0550	0.0550	0.0550	0.0550
Pine Knoll Shores	0.1560	0.1560	0.1560	0.1970
Fire Districts				
Atlantic	0.0700	0.0700	0.0700	0.0800
Beaufort	0.0550	0.0550	0.0550	0.0550
Broad & Gales Creek	0.0300	0.0300	0.0300	0.0300
Cedar Island	0.1000	0.1000	0.1000	0.1000
Davis	0.0850	0.0850	0.0850	0.0850
Harkers Island	0.0800	0.0700	0.0700	0.0850
Harlowe	0.0750	0.0750	0.0750	0.0750
Marshallberg	0.0900	0.0900	0.0900	0.0975
Mill Creek	0.0450	0.0450	0.0450	0.0450
Mitchell Village	0.0650	0.0550	0.0500	0.0500
Newport	0.0700	0.0700	0.0700	0.0700
North River	0.0900	0.0900	0.0900	0.0900
Otway	0.0550	0.0700	0.0700	0.0700
Salter Path	0.0600	0.0600	0.0600	0.0600
Sea Level	0.0950	0.0950	0.0950	0.0950
South River/ Merrimon	0.0600	0.0600	0.0600	0.0600
Stacy	0.0850	0.0850	0.0850	0.0850
Stella	0.0400	0.0400	0.0400	0.0400
Western Carteret	0.0400	0.0400	0.0400	0.0400
Wildwood	0.0850	0.0850	0.0675	0.0675

(Continued)

Schedule 7
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2017	2018	2019	2020	2021	2022
0.3100	0.3100	0.3100	0.3100	0.3300	0.3300
0.1650	0.1650	0.1650	0.1800	0.1800	0.2000
0.3475	0.3775	0.4135	0.4600	0.4600	0.4600
0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
0.1975	0.1975	0.2125	0.2125	0.2125	0.2125
0.0625	0.0625	0.0625	0.0925	0.1175	0.1475
0.1550	0.1550	0.1550	0.1550	0.1550	0.1550
0.1950	0.1950	0.2250	0.2550	0.2850	0.2850
0.3500	0.3500	0.3500	0.3800	0.3800	0.3800
0.3570	0.3570	0.3570	0.3570	0.3950	0.4400
0.0550	0.0550	0.0550	0.0550	0.0550	0.0550
0.1970	0.1970	0.1970	0.1970	0.2070	0.2070
0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
0.0550	0.0550	0.0550	0.0625	0.0700	0.9500
0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.0850	0.0850	0.0850	0.0850	0.0850	0.0850
0.1100	0.1100	0.1100	0.1100	0.1100	0.1100
0.0750	0.0750	0.0750	0.0750	0.0750	0.0750
0.0975	0.0900	0.0900	0.0900	0.0900	0.0900
0.0450	0.0450	0.0450	0.0550	0.0550	0.0550
0.0500	0.0500	0.0500	0.0500	0.0550	0.0800
0.0700	0.0700	0.0900	0.0900	0.1000	0.1000
0.0900	0.0700	0.0700	0.0700	0.0700	0.0700
0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
0.0700	0.0700	0.0900	0.0900	0.1000	0.1000
0.0950	0.0950	0.0950	0.0950	0.0950	0.0950
0.0600	0.0600	0.0600	0.0600	0.0500	0.0500
0.0850	0.0850	0.0850	0.0850	0.0850	0.0850
0.0400	0.0800	0.1000	0.1000	0.1000	0.1000
0.0400	0.0400	0.0600	0.0600	0.0600	0.0600
0.0675	0.0675	0.0675	0.0675	0.0675	0.0925

Carteret County, North Carolina

Property Tax Rates - Direct and Overlapping Governments - Detail (Continued)
(Per \$100.00 of Assessed Value)
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Rescue Districts				
Beaufort	0.0500	0.0500	0.0500	0.0550
Broad & Gales Creek	0.0300	0.0300	0.0300	0.0300
Mill Creek	0.0450	0.0450	0.0450	0.0450
Mitchell Village	0.0300	0.0200	0.0200	0.0200
Otway	0.0300	0.0300	0.0300	0.0400
Sea Level	0.0600	0.0600	0.1000	0.1000
South River ¹	-	-	-	-
Western Carteret	0.0300	0.0300	0.0300	0.0300
Beach Nourishment Districts				
Salter Path	0.0500	0.0500	0.0500	0.0550
Indian Beach Non Ocean Front	0.0325	0.0325	0.0300	0.0200
Indian Beach Ocean Front	0.0850	0.0850	0.0650	0.0400
Emerald Isle Non Ocean Front	0.0150	0.0150	0.0000	0.0000
Emerald Isle Ocean Front	0.0450	0.0450	0.0300	0.0400
Pine Knoll Shores Ocean Front	0.0140	0.0140	0.0140	0.0160
Pine Knoll Shores Non Ocean Front	0.0520	0.0520	0.0520	0.0600
Water Districts				
County Water District	0.0550	0.0550	0.0550	0.0550

Source: Carteret County Tax Department

Notes:

¹First Year Tax District 2021

2017	2018	2019	2020	2021	2022
0.0550	0.0700	0.0600	0.0600	0.0600	0.0550
0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
0.0450	0.0600	0.0600	0.0800	0.0800	0.0800
0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
0.0550	0.0650	0.0650	0.0700	0.0700	0.0700
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
-	-	-	-	0.1225	0.1300
0.0300	0.0300	0.0500	0.0500	0.0500	0.0500
0.0550	0.0550	0.0550	0.0550	0.0550	0.0550
0.0200	0.0200	0.0100	0.0100	0.0100	0.0100
0.0400	0.0400	0.0400	0.0300	0.0300	0.0300
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
0.0160	0.0160	0.0160	0.0160	0.0150	0.0150
0.0600	0.0600	0.0600	0.0600	0.0550	0.0550
0.0550	0.0550	0.0550	0.0550	0.0550	0.0000



**Ten Largest Taxpayers
Current Year and Ten Years Ago**

Name of Taxpayer	Type of Enterprise	Fiscal Year 2022			Fiscal Year 2013		
		Assessed	Rank	Percent of Total	Assessed	Rank	Percent of Total
		Valuation		Assessed	Valuation		Assessed
Duke Energy Progress, Inc	Utility	\$ 131,541,149	1	0.784%	\$ 111,421,837	1	0.734%
Carteret Craven Electric	Utility	129,270,517	2	0.771%	-	-	-
Open Grounds Farm, Inc.	Farm	46,752,661	3	0.279%	67,285,969	3	0.443%
Goose Creek Landing HOA	Real Estate	29,809,525	4	0.178%	33,372,126	6	0.220%
Spectrum Southeast LLC	Utility	27,435,540	5	0.164%	-	-	-
Beaufort Hospitality	Real Estate	27,351,439	6	0.163%	-	-	-
ITAC 192 LLC	Real Estate	26,734,475	7	0.159%	43,031,818	5	0.284%
Beaufort Cove LLC	Real Estate	26,063,510	8	0.155%	-	-	-
USPG Portfolia Five LLC	Real Estate	25,754,286	9	0.154%	-	-	-
Carteret Place Investors LLC	Real Estate	25,136,140	10	0.150%	-	-	-
Progress Energy Carolinas	Utility	-	-	-	77,264,016	2	0.509%
Carolina Telephone		-	-	-	43,902,554	4	0.289%
RBC Real Estate Finance I	Real Estate	-	-	-	21,233,696	7	0.140%
Atlantic Veneer Corp	Manufacturing	-	-	-	20,679,330	8	0.136%
Time Warner Entertainment	Utility	-	-	-	18,973,186	9	0.125%
Indian Beach Acquisition LLC	Real Estate	-	-	-	6,860,000	10	0.045%
Carteret Craven Electric	Real Estate	-	-	-			
		\$ 495,849,242		2.957%	\$ 444,024,532		2.925%

Source: Carteret County Tax Department

Carteret County, North Carolina

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Collected Within the Fiscal Year of the Levy		
			Total Tax Levy (1)(2)	Amount	Percentage of Levy
2013	\$ 44,109,338	\$ (130,510)	\$ 43,978,828	\$ 42,824,327	97.37%
2014	44,863,630	(80,067)	44,783,563	43,722,134	97.63%
2015	46,118,930	(47,927)	46,071,003	45,099,962	97.89%
2016	43,572,880	(108,654)	43,464,226	42,642,837	98.11%
2017	45,841,885	(194,859)	45,647,026	44,595,689	97.70%
2018	46,325,347	(222,205)	46,103,142	45,175,396	97.99%
2019	46,870,483	(133,316)	46,737,167	45,799,705	97.99%
2020	47,201,126	(301,598)	46,899,528	46,024,208	98.13%
2021	54,605,942	(203,058)	54,402,884	53,530,496	98.40%
2022	55,505,173	(152,429)	55,352,744	54,539,419	98.53%

Notes:

(1) Includes General Fund

(2) Does not include reimbursement in-lieu-of taxes and Senior Citizens Exemptions

Schedule 9

Total Collections to Date		
Collections of Subsequent Years	Amount	Percentage of Levy
\$ 1,152,169	\$ 43,976,496	99.99%
1,009,470	44,731,604	99.88%
924,250	46,024,212	99.90%
758,766	43,401,603	99.86%
877,203	45,472,892	99.62%
802,819	45,978,215	99.73%
781,157	46,580,862	99.67%
625,680	46,649,888	99.47%
423,418	53,953,914	99.17%
-	54,539,419	98.53%

Carteret County, North Carolina

**Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Net Premiums Discounts and Adjustments	Certificates of Participation	Leases	Direct Placement Installment Loans
2013	\$ 40,605,000	\$ 3,464,917	\$ 4,040,000	\$ -	\$ 14,339,872
2014	36,545,000	3,100,791	3,560,000	-	13,365,073
2015	33,475,000	2,680,697	3,090,000	-	11,709,696
2016	33,820,000	2,768,620	2,630,000	-	10,031,656
2017	29,410,000	2,417,445	2,175,000	-	8,382,789
2018	25,725,000	2,131,480	1,730,000	-	6,850,875
2019	22,100,000	1,845,515	1,290,000	-	5,411,102
2020	19,135,000	1,559,550	855,000	-	4,135,588
2021	16,350,000	1,312,567	425,000	-	3,570,074
2022	13,580,000	1,082,017	-	1,532,133	999,562

* Information not yet available

Notes:

Details regarding the County's outstanding debt can be found in the notes to financial statements.

(1) See Schedule 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Personal income not available to calculate fiscal years 2021 and 2022.

Business Activity						
Direct Placement Installment Loans	Bond Anticipation Notes	Direct Placement Revenue Bonds	Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)	
\$ 2,130,320		\$ 1,046,000	\$ 65,626,109	\$ 1,064	2.32%	
1,959,288	-	1,046,000	59,576,152	862	1.97%	
1,788,256	-	1,030,000	53,773,649	778	1.77%	
1,617,224	-	1,014,000	51,881,500	744	1.64%	
1,446,192	-	997,000	44,828,426	637	1.36%	
1,275,160	-	980,000	38,692,515	548	1.13%	
1,104,128	-	962,000	32,712,745	460	0.91%	
933,096	-	944,000	27,562,234	385	0.74%	
762,064	-	925,000	23,344,705	345	*	
591,032	-	906,000	18,690,744	278	*	



**Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Net General Obligation Bonded Debt	Assessed Value	Percentage of Actual Taxable Value of Property	Percentage of Personal Income	Population (1)	Net General Obligation Bonded Debt Per Capita
2013	\$ 44,069,917	\$ 15,178,413,206	29.00%	1.53%	68,645	\$ 642.00
2014	39,645,791	15,451,156,552	0.26%	1.31%	69,092	573.81
2015	36,155,697	15,365,675,000	0.24%	1.19%	70,079	515.93
2016	36,588,620	14,498,901,666	0.25%	1.15%	69,706	524.90
2017	31,827,445	14,720,400,000	0.22%	0.97%	70,401	452.09
2018	27,856,480	14,892,942,258	0.19%	0.81%	70,620	394.46
2019	23,945,515	15,095,364,194	0.16%	0.67%	71,084	336.86
2020	20,694,550	15,137,678,386	0.14%	0.56%	71,640	288.87
2021	17,662,567	16,488,635,759	0.11%	*	67,690	260.93
2022	14,662,017	16,773,558,788	0.09%	*	67,233	218.08

Notes:

Details regarding the County's outstanding debt can be found in the notes to financial statements.

(1) NC Office of State Planning

*Personal income not available to calculate fiscal years 2021 and 2022

Carteret County, North Carolina

**Computation of Legal Debt Margin
Last Ten Fiscal Years**

	Fiscal Year			
	2013	2014	2015	2016
Assessed values of property	\$ 15,178,413,206	\$ 15,451,156,552	\$ 15,365,675,000	\$ 14,498,901,666
Debt limit 8% of assessed value	1,214,273,056	1,236,092,524	1,229,254,000	1,159,912,133
Gross debt:				
Total bonded debt	44,645,000	40,105,000	36,565,000	36,450,000
Direct placement installment debt	14,339,872	13,365,073	11,709,696	10,031,656
Net bond premiums and adjustments	3,464,917	3,100,791	2,680,697	2,768,620
Authorized unissued bonded debt	9,710,000	9,710,000	9,710,000	-
Total amount of debt applicable to debt limit	72,159,789	66,280,864	60,665,393	49,250,276
Legal debt margin	\$ 1,142,113,267	\$ 1,169,811,660	\$ 1,168,588,607	\$ 1,110,661,857
Total net debt applicable to the limit as a percentage of debt limit	5.94%	5.36%	4.94%	4.25%

Schedule 12

	2017	2018	2019	2020	2021	2022
\$	14,720,400,000	\$ 14,892,942,258	\$ 15,095,364,194	\$ 15,137,678,386	\$ 16,488,635,759	\$ 16,773,558,788
	1,177,632,000	1,191,435,381	1,207,629,136	1,211,014,271	1,319,090,861	1,341,884,703
	31,585,000	27,455,000	23,390,000	19,990,000	16,775,000	13,580,000
	8,382,789	6,850,875	5,411,102	4,135,588	3,570,074	999,562
	2,417,445	2,131,480	1,845,515	1,559,550	1,312,567	1,082,017
	-	-	-	-	42,000,000	42,000,000
	42,385,234	36,437,355	30,646,617	25,685,138	63,657,641	57,661,579
\$	1,135,246,766	\$ 1,154,998,026	\$ 1,176,982,519	\$ 1,185,329,133	\$ 1,255,433,220	\$ 1,284,223,124
	3.60%	3.06%	2.54%	2.12%	4.83%	4.30%

Computation of Direct and Overlapping Debt
Governmental Activities Debt
June 30, 2022

	Outstanding Debt	Percent Applicable to County	Amount Applicable to County
Direct			
Carteret County (1)	\$ 15,661,579	100.00%	\$ 15,661,579
Overlapping			
Town of Cedar Point (2)	1,081,977	100.00%	1,081,977
Town of Newport (2)	1,748,685	100.00%	1,748,685
Town of Pine Knoll Shores (2)	2,249,000	100.00%	2,249,000
Subtotal overlapping debt	<u>5,079,662</u>		<u>5,079,662</u>
Total direct and overlapping debt	<u>\$ 20,741,241</u>		<u>\$ 20,741,241</u>

Data Sources:

- (1) County's debt records
- (2) Municipal finance departments

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income (2)	Unemployment Rate (3)	Public School Enrollment (4)
2013	68,645	\$ 2,888,870	\$ 42,214	8.48%	8,307
2014	69,092	3,021,043	43,903	6.50%	8,254
2015	70,079	3,044,352	43,442	5.76%	8,445
2016	69,706	3,172,812	45,517	5.67%	8,141
2017	70,401	3,297,436	47,871	4.83%	8,072
2018	70,620	3,431,692	48,594	4.35%	8,006
2019	71,084	3,583,559	50,413	4.35%	7,892
2020	69,558	3,705,783	50,503	5.58%	8,058
2021	67,690	*	*	4.85%	7,723
2022	67,233	*	*	3.43%	7,841

Data Sources:

(1) North Carolina Office of State Planning

(2) Bureau of Economic Analysis, U.S. Department of Commerce. Figures are for the prior calendar year.

(3) North Carolina Department of Commerce Division of Employment Security

(4) Carteret County Board of Education

* Information Unavailable

Principal Employers
Current Year and Ten Years Ago

Employer	2022			2013		
	Employment Range	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Carteret County Public Schools	1000+	1	-	1,235	1	3.78%
Carteret General Hospital	1000+	2	-	992	2	3.06%
Carteret County	500-999	3	-	412	4	1.26%
Wal-Mart Associates Inc	250-499	4	-	391	5	1.20%
Lowes Home Improvements	250-499	5	-	291	8	0.89%
Food Lion	250-499	6	-	188	10	0.58%
Carteret Community College	250-499	7	-	359	6	1.10%
Bally Refrigerated Boxes	100-249	8	-	-	-	-
Lowes Foods, LLC	100-249	9	-	260	9	0.80%
Town of Morehead City	100-249	10	-	-	-	-
NC Department of Transportation	-	-	-	572	3	1.75%
US Coast Guard	-	-	-	300	7	0.92%

Source: NC Commerce LEAD Division
2022 Employees are full time



Carteret County, North Carolina

**Full-time Equivalent County Government Employees by Function,
Last Ten Fiscal Years**

Function/Program	Full-Time Equivalent			
	2013	2014	2015	2016
General government	62.85	57.85	59.80	60.80
Public safety	130.00	135.00	137.00	138.00
Transportation	2.00	3.00	3.00	4.00
Economic and physical development	17.00	14.00	13.87	13.87
Environmental protection	7.00	7.00	6.50	6.50
Human Services	169.33	169.33	168.33	170.98
Cultural and recreation	20.07	19.07	20.07	20.42
Water/Sewer (Business activity)	4.15	4.15	4.83	4.83
Total	412.40	409.40	413.40	419.40

Source: County Finance Department

Notes:

This schedule represents number of persons employed as of June 30 of each year.

Full-time personnel work 2,080 hours per year (less vacation and sick leave).

For purposes of this schedule the number of part-time employees has been divided by 2.5 to arrive at the full-time equivalents.

Schedule 16

2017	2018	2019	2020	2021	2022
61.80	62.20	65.72	65.72	68.07	70.52
141.00	144.00	150.00	153.00	159.00	157.00
4.00	4.00	6.00	8.00	9.00	11.00
14.00	16.50	17.00	17.00	18.00	18.00
6.50	6.50	6.50	6.50	7.50	7.50
177.00	184.18	185.18	186.18	186.18	191.38
22.42	22.42	22.42	22.42	42.42	43.22
4.70	4.80	4.78	4.78	4.78	4.78
431.42	444.60	457.60	463.60	494.95	503.40

Carteret County, North Carolina

**Operating Indicators by Function
Last Ten Fiscal Years**

Function	Fiscal Year		
	2013	2014	2015
Sheriff:			
Physical arrests	2,091	2,018	1,659
Environmental Protection:			
Solid waste convenience sites:			
Refuse collected (tons / day)	43.74	46.25	45.23
Recycled Material (tons / day)	4.26	5.15	3.90
Yard Waste (tons / day)	3.50	11.00	4.80
Culture and recreation:			
Park reservations	6,099	6,462	7,888
Senior center and community center admissions	124,177	110,435	103,007
Public libraries:			
Admissions	286,588	269,839	269,184
Electronic resources users	400,407	292,250	332,243
Water:			
New connections	35	25	18
Water mains breaks	2	2	-
Average daily consumption (gallons / day)	125	127	117

Sources: Various government departments.

Notes:

No indicators are available for the general government, economic development, and human services functions.

* Information unavailable

Schedule 17

2016	2017	2018	2019	2020	2021	2022
1,773	1,815	1,086	1,170	1,154	1,052	1,052
38.36	42.17	51.65	58.04	60.74	59.48	59.48
2.38	4.19	4.62	2.68	2.74	3.45	3.45
3.24	9.28	9.59	23.21	4.67	4.35	4.35
7,192	7,508	8,220	5,916	2,216	4,340	4,387
117,355	128,229	112,893	92,109	58,576	5,105	16,992
261,578	259,850	261,347	235,673	260,899	234,810	234,810
286,530	227,773	206,564	298,768	239,584	215,626	*
15	14	13	14	13	23	23
-	1	1	1	-	-	-
118	119	121	121	115	125	125

Carteret County, North Carolina

**Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	Fiscal Year			
	2013	2014	2015	2016
Public safety:				
Sheriff				
Stations	1	1	1	1
Patrol Units	24	24	24	24
Environmental protection:				
Solid waste convenience sites	12	12	12	12
Culture and recreation:				
Park acreage	163	163	163	163
Parks	9	9	9	9
Tennis courts	14	14	14	14
Community centers	3	3	3	3
Public libraries	5	5	5	5
Water:				
Water mains (miles)	51	51	51	51
Maximum daily capacity	600,000	600,000	600,000	600,000

Sources: Various county departments.

Notes:

No capital asset indicators are available for the general government, economic development, and human services functions.

Schedule 18

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
24	24	24	24	24	24
12	12	12	12	12	12
163	163	163	163	163	163
9	9	9	9	9	9
14	14	14	14	14	14
3	3	3	3	3	3
5	5	5	5	5	5
51	51	51	51	51	51
600,000	600,000	600,000	600,000	600,000	600,000



Compliance Section

The Compliance Section contains various schedules and Auditor opinions reflecting Federal, State and Local matching participation in various projects and programs of the County. The Single Audit Amendments Act of 1996 established audit requirements for State and Local governments that receive Federal assistance. The audit requirements were established to insure that audits are conducted on an organization wide basis, rather than on a grant-by-grant basis.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Carteret County, North Carolina

We have audited, in accordance with the 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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund, Occupancy Tax Fund, and American Rescue Plan Act Fund of Carteret County, North Carolina (the County) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 6, 2023. Our report includes a reference to other auditors who audited the financial statements of Carteret County Tourism Development Authority, Carteret County - Beaufort Airport Authority, Carteret County General Hospital Corporation and Carteret County Alcoholic Beverage Control (ABC) Board, as described in our report on the County's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Carteret County ABC Board and Carteret County General Hospital Corporation were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Morehead City, North Carolina
January 6, 2023

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Carteret County, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Carteret County, North Carolina's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Our audit, described below, did not include the operations of the Carteret County Tourism Development Authority, Carteret County - Beaufort Airport Authority, Carteret County General Hospital Corporation and the ABC Board, the County's discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the County, is based solely on the report of other auditors. We are not aware of any material federal and State awards for the Carteret County Tourism Development Authority, Carteret County - Beaufort Airport Authority, Carteret County General Hospital Corporation and the ABC Board that would subject the Carteret County Tourism Development Authority, Carteret County - Beaufort Airport Authority, Carteret County General Hospital Corporation and the ABC Board to have an audit performed in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or the State Single Audit Implementation Act of North Carolina that was not already performed by other auditors.

In our opinion, Carteret County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Our responsibilities under those standards and the audit guide are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the audit guide, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed above, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the audit guide. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Morehead City, North Carolina
January 6, 2023



**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE
STATE SINGLE AUDIT IMPLEMENTATION ACT

INDEPENDENT AUDITOR'S REPORT**

To the Board of County Commissioners
Carteret County, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major State Program

We have audited Carteret County, North Carolina's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the County's major State programs for the year ended June 30, 2022. The County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Our audit, described below, did not include the operations of the Carteret County Tourism Development Authority, Carteret County - Beaufort Airport Authority, Carteret County General Hospital Corporation and the ABC Board, the County's discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the County, is based solely on the report of other auditors. We are not aware of any material federal and State awards for the Carteret County Tourism Development Authority, Carteret County - Beaufort Airport Authority, Carteret County General Hospital Corporation and the ABC Board that would subject the Carteret County Tourism Development Authority, Carteret County - Beaufort Airport Authority, Carteret County General Hospital Corporation and the ABC Board to have an audit performed in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or the State Single Audit Implementation Act of North Carolina that was not already performed by other auditors.

In our opinion, Carteret County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2022.

Basis for opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Our responsibilities under those standards and the audit guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed above, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Morehead City, North Carolina
January 6, 2023

CARTERET COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

CARTERET COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2022

I – SUMMARY OF AUDITOR’S RESULTS (Continued)

Identification of major federal programs:

<u>Program Name</u>	<u>Federal Assistance Listing</u>
Medicaid Cluster - Medical Assistance Program (Medicaid; Title XIX)	93.778
1571 Administrative Costs - Crosscutting Requirements:	
Supplemental Nutrition Assistance Program Cluster	10.561
Child Care Development Fund Cluster	93.596
Temporary Assistance for Needy Families	93.558
Children's Health Insurance Program - NC Health Choice	93.767
Child Support Enforcement	93.563
Low-Income Home Energy Assistance Program	93.568
Formula Grants for Rural Areas -	
Rural Transit Assistance Program	20.509
Coronavirus State Local Fiscal Recovery Relief Funds	21.027

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

State Awards

Internal control over major State programs:

Material weakness(es) identified? _____ X Yes _____ No
 Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor’s report issued on compliance for major State programs Unmodified

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

CARTERET COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2022

I – SUMMARY OF AUDITOR’S RESULTS (Continued)

Identification of major State programs:

<u>Program Name</u>	<u>Grant Number</u>
1571 Administrative Costs – Crosscutting Requirements:	
Medicaid Cluster – Medical Assistance Program (Medicaid; Title XIX)	93.778
Formula Grants for Rural Areas -	
Rural Transit Assistance Program (including COVID-19 funded portion)	20.509
Water Resources Development Project Grant:	
Old Ferry Channel Complex Dredging Project	NC DEQ CW16560
East Taylors Creek/Radio Island Maintenance Dredging Project	NC DEQ CW16881
Straits Landing Channel Dredging Project	NC DEQ CW18024

II – FINANCIAL STATEMENT FINDINGS

None noted.

CARTERET COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2022

III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

**Material Weakness in Internal Control Over Compliance – Medicaid Cluster
Finding 2022-001**

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services (NC DHHS)
Program Name: Medicaid Cluster – Medical Assistance Program (Medicaid; Title XIX)
AL #: 93.778
Award Year: 2022

Criteria: Per the NC Department of Health and Human Services-Division of Health Benefits, the County Department of Social Services Agency is responsible to determine client eligibility in accordance with eligibility requirements defined in the approved State Plan (42 CFR Section 431.10).

Condition and Context: Of the 60 claims tested we noted the following: 5 instances which included incorrect countable / non-countable income and/or incorrect budget calculations; 2 instances which included incorrect MAGI tax household, member relationship status, or financial unit status which is required under the Modified Adjusted Gross Income (MAGI) for proper eligibility determinations for Family and Children’s Medicaid; 2 instances which included incorrect countable resources and/or incorrect budget calculations; 1 instance in which the local agency failed to prepare a child support referral when there was not absent parent documentation and the parent/caretaker was receiving benefits in the case; 1 instance where agency caseworkers failed to run online verification matches (OVS) and/or (AVS) in NC FAST for all applicable members of the household; 2 instances where a claim recipient's current year eligibility had been automatically Covid-19 extended and therefore the most recent prior year eligibility was tested in lieu and resulted in an incorrect benefit determination of a related member of the claim recipient's household.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2021-002.

Effect: Potential for ineligible applicant to receive benefits.

Cause: Administrative oversight.

Questioned Costs: None noted.

Recommendation: We recommend the County continue to implement training and oversight to ensure that all County staff are properly informed of applicable program requirements.

Management’s Response: See corrective action plan.

CARTERET COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2022

IV – FINDINGS AND QUESTIONED COSTS FOR STATE AWARDS

Material Weakness in Internal Control Over Compliance – Medical Assistance (MA)
Finding 2022-002

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services (NC DHHS)
Program Name: Medicaid Cluster – Medical Assistance Program (Medicaid; Title XIX)
AL #: 93.778
Award Year: 2022

See Section III. Findings and Questioned Costs for Federal Awards, Finding 2022-001

Questioned Costs: None noted.

Management’s Response: See corrective action plan.



CARTERET COUNTY
HEALTH & HUMAN SERVICES

Building Stronger Lives Together

Department of Social Services
210 Craven Street
Beaufort, NC 28516
252.728.3181

Health Department
3820-A Bridges Street
Morehead City, NC 28557
252.728.8550

Environmental Health
252.728.8499

www.carteretcountync.gov

Nina M. Oliver, MS
Health Director

Jessica G. Adams
DSS Director

Corrective Action Plan

Section III. Findings and Questioned Costs for Federal Awards

Material Weakness in Internal Control Over Compliance – Medicaid
Cluster Finding 2022-001 and 2022-002

	Deficiency	Corrective Action
1	5 instances which included incorrect countable/noncountable income and/or incorrect budget calculations.	Budget Training
2	2 instances which included incorrect MAGI tax household for member relationship status which is required under the Modified Adjusted Gross Income (MAGI) for proper eligibility determinations for Family and Children's Medicaid.	Tax Filing Status and Relationship Training
3	2 instances which included incorrect countable resources and/or incorrect budget calculations.	Countable Resource Training
4	1 instance in which the local agency failed to prepare a child support referral when there was not absent parent documentation and the parent/caretaker was receiving benefits in the case.	Child Support Referral Training
5	1 instance where agency caseworkers failed to run online verification matches (OVS) and/or (AVS) in NC FAST for all applicable members of the household.	Online Verification Training
6	2 instances where a claim recipient's current year eligibility had been automatically Covid-19 extended and therefore the most recent prior year eligibility was tested in lieu and resulted in an incorrect benefit determination of a related member of the claim recipient's household.	Training regarding review of benefit determinations regarding Covid-19 extensions prior to releasing hold

As indicated above, training will be conducted to address the deficiencies noted. All training will be completed on January 26, 2023.

Respectfully Submitted,

Jessica Adams, DSS Director

CARTERET COUNTY FINANCE

Denise H. Meshaw, CPA
Assistant County Manager
Finance Department



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Summary Schedule of Prior Audit Findings Year Ended June 30, 2022

Finding 2021-001

Status: Corrected

Finding 2021-002

Status: See identification of repeat finding 2022-001

Finding 2021-003

Status: Corrected

Finding 2021-004

Status: See identification of repeat finding 2022-002



Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2022**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
Federal Assistance		
US Dept. of Agriculture		
Passed-through the NC Dept. of Agriculture and Consumer Services:		
Division of Soil and Water Conservation:		
Administered by the County Finance Department:		
Soil and Water Conservation	10.550	
Food and Nutrition Service		
Passed-through the NC Dept. of Health and Human Services:		
Division of Public Health:		
Administered by the County Health Department:		
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	
Passed-through the NC Dept. of Health and Human Services:		
Division of Social Services:		
Administered by the County Department of Social Services:		
SNAP Cluster		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		
Food Stamp Admin	10.561	
Food Stamp Fraud Admin	10.561	
COVID19 FNS ARPA Funds	10.561	
FNS CAA Funds	10.561	
Total SNAP Cluster:		
Total US Department of Agriculture		
US Dept. of Commerce		
Passed-through the NC Dept. of Environmental Quality		
Division of Water Quality:		
Coastal Zone Management Awards-Minor Permit/County Aid	11.419	
Total US Department of Commerce		
US Dept. of Interior		
Direct Program:		
Administered by the County Finance Department:		
National Forest, Public Schools	15.225	
Total US Department of Interior		
US Dept. of Transportation		
Passed-through the NC Dept. of Transportation:		
Administered by the County Public Transportation (CCATS) Department:		
Rural Operating Assistance Including Elderly and Disabled:		
Administration Grant 22-CT-054	20.509	DOT-11
Capital Grant 21-CT-054	20.509	DOT-14
Cares Act		
COVID19 Cares Act Operating Funds - Carteret County Operating	20.509	20-CA-054
Federal Transit Cluster:		
Capital Grant 21-39-054S	20.526	DOT-14
Capital Grant 22-39-054S	20.526	DOT-14
Total Federal Transit Cluster		
Total US Department of Transportation		

(Continued)

Expenditures		
Federal	State	Local
21,049	-	-
257,068	-	3,178
535,641	-	535,641
25,597	-	25,597
42,347	-	-
15,553	-	-
619,138	-	561,238
897,255	-	564,416
1,855	-	-
1,855	-	-
44,266	-	-
44,266	-	-
185,843	11,615	34,954
36,144	4,518	4,518
558,734	-	-
200,092	25,011	25,011
53,136	6,642	6,642
253,228	31,653	31,653
1,033,949	47,786	71,125

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2022**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
US Dept. of Justice		
Bureau of Justice Assistance		
Passed-through the NC Dept. of Public Safety:		
Governor's Crime Commission		
Administered by the County Sheriff Department:		
COVID19 2020 Coronavirus Emergency Supplement Funding - Protecting Our First Responders	16.034	PROJ14527
Administered by the County Rape Crisis Department:		
Bi-Lingual Victim Advocate/ Interpreter	16.575	PROJ 13309
Basic SA Services 2020	16.575	PROJ 14285
Total US Department of Justice		
US Dept. of Health and Human Services:		
Administration on Aging:		
Passed-through the NC Dept. of Health and Human Services:		
NC Division of Aging and Adult Services, Eastern Carolina Council:		
Title III Preventative Health	93.043	
Family Caregiver Support	93.052	
Aging Cluster:		
Access, HCCBG-In Home/Support Services, Non-HCCBG Legal Services	93.044	
COVID19 Access, HCCBG-In Home/Support Services, Non-HCCBG Legal Services (CARES)	93.044	
Home Delivered Meals	93.045	
Congregate Nutrition - HCCBG	93.045	
COVID19 Nutrition Services (CARES)	93.045	
Families First Funding		
Home Delivered Meals (Families First)	93.045	
Nutrition Services Incentive Program (NSIP)	93.053	
Total Aging Cluster		
Administration for Children and Families:		
Passed-through the NC Dept. of Health and Human Services:		
Division of Social Services:		
Administered by the County Department of Social Services:		
TANF- Benefit Payments & Penalties	93.558	
TANF-Work First Administration	93.558	
TANF-Work First Service	93.558	
Total Temporary Assistance for Needy Families (TANF)		
Family Preservation	93.556	

(Continued)

Expenditures		
Federal	State	Local
11,999	-	-
28,765	-	3,000
96,342	-	-
125,107	-	3,000
137,106	-	3,000
4,893	288	576
797	53	-
5,690	341	576
247,138	14,538	29,075
62,586	-	-
44,543	2,620	5,240
47,757	2,809	5,618
22,695	-	-
9,350	-	-
8,974	-	-
443,043	19,967	39,933
-	-	159
147,386	-	227,967
561,140	-	809,616
708,526	-	1,037,742
28,014	-	-

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2022**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
Passed-through the NC Dept. of Health and Human Services:		
Administered by the County Department of Social Services:		
Child Support Enforcement:		
IV-D Administration	93.563	
IV-D Offset Fees-ESC	93.563	
IV-D Offset Fees-Federal	93.563	
Child Support Enforcement Incentive	93.563	
Passed-through the NC Dept. of Health and Human Services:		
Administered by the County Department of Social Services:		
Low-Income Home Energy Assistance:		
Energy Assistance Payments	93.568	
Administration	93.568	
Crisis Intervention Program	93.568	
COVID 19 - Low-Income Home Energy Assistance:		
LIEAP COVID 19 ADM American Rescue Plan Act	93.568	
LIEAP COVID 19 American Rescue Plan Act	93.568	
LIEAP COVID 19 ADM CARES	93.568	
Total Low-Income Home Energy Assistance		
COVID 19 - Low-Income Home Water Assistance:		
LIWAP COVID19 ADM American Rescue Plan Act	93.568	
LIWAP COVID19 American Rescue Plan Act	93.568	
Total Low Income Energy and Water Assistance Program		
Passed-through the NC Dept. of Health and Human Services:		
Administered by the County Department of Social Services:		
Division of Child Development and Early Education:		
Subsidized Child Care		
Child Care Development Fund Cluster:		
Division of Social Services		
Child Care Development Mandatory and Matching Funds-Administration	93.596	
PEAF	93.558	
Temporary Assistance for Needy Families	93.558	
Special Child Adoption	93.558	
Total Child Care Development Fund Cluster		

(Continued)

Expenditures		
Federal	State	Local
397,238	-	204,638
3	-	2
2,437	-	1,255
81,950	-	-
481,628	-	205,895
354,337	-	-
36,680	-	-
62,060	-	-
43,235	-	-
337,300	-	-
29,741	-	-
863,353	-	-
16,810	-	-
176,609	-	-
193,419	-	-
1,056,772	-	-
81,456	-	-
30,000	-	-
-	-	-
95,169	-	-
206,625	-	-

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2022**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
Passed-through the NC Dept. of Health and Human Services:		
Division of Social Services:		
Administered by the County Department of Social Services:		
Stephanie Tubbs Jones Child Welfare Services Program:		
Permanency Planning-Families for Kids		
Special	93.645	
Foster Care and Adoption Cluster:		
Foster Care-Title IV-E:		
IV E CPS	93.658	
IV E MAX Level III	93.658	
IV-E Optional Adopt TRN 50%	93.659	
IV-E Family Foster Care MAX	93.658	
Foster Care payments	93.658	
IV-E Foster Care /OFF TRN	93.658	
IV-E Foster Care TRN	93.658	
IV-E Admin County Paid to CCI	93.658	
Foster Care	N/A	
IV-E Adoption Training	93.659	
IV-E Adoption / Off Trn	93.659	
IV-E adoption subsidy and vendor	93.659	
Total Foster Care and Adoption Cluster		
Passed-through the NC Dept. of Health and Human Services:		
Administered by the County Department of Social Services:		
Social Services Block Grant:		
Family Planning:		
In-home services	93.667	
Adult Protective Services	93.667	
In-home Services - SSBG other services	93.667	
APS Essential Service	93.667	
In Home Services Over 60	93.667	
CPS TANF to SSBG	93.667	
Passed-through the NC Dept. of Health and Human Services:		
Administered by the County Department of Social Services:		
Independent Living Transition	93.674	
Links	93.674	
Health Care Financing Administration		
Passed-through the NC Dept. of Health and Human Services:		
Division of Social Services		
Administered by the County Department of Social Services:		
State Children's Insurance Program - NC Health Choice	93.767	

(Continued)

Expenditures		
Federal	State	Local
18,533	-	6,177
136,749	30,664	120,466
5,425	-	1,930
3,814	-	3,814
2,352	-	835
108,064	21,008	17,344
139,566	-	139,566
5,293	-	1,764
19,740	9,870	9,870
39,637	-	13,664
6,038	-	2,013
33,384	-	33,384
13,655	6,827	99,863
513,717	68,369	444,513
1,092	-	156
32,831	-	-
192,377	-	64,125
13,521	-	-
22,323	-	3,189
45,397	-	-
307,541	-	67,470
382	-	-
8,880	2,220	-
9,262	2,220	-
41,019	1,619	7,588
41,019	1,619	7,588

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2022**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
Health Care Financing Administration		
Passed-through the NC Dept. of Health and Human Services:		
Medicaid Cluster:		
Division of Medical Assistance:		
Administered by the County Department of Social Services:		
Medical Assistance Program		
MA Expansion (MAC)	93.778	
ADT CR HM CS Mgt/Spec	93.778	
Transportation Service	93.778	
State County Special Assistance	93.778	
Division of Social Services		
Administered by the County Department of Social Services:		
Medical Assistance Administration	93.778	
Transportation Administration	93.778	
Centers for Disease Control and Prevention		
Passed-through the NC Dept. of Health and Human Services:		
Centers for Medicare and Medicaid Services		
Division of Medical Assistance		
Medical Assistance Program - Cost Settlement	93.778	
Total Medicaid Cluster		
Passed-through the NC Dept. of Health and Human Services:		
Division of Public Health:		
Administered by the County Health Department:		
Public Health Emergency Preparedness	93.069	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	
Immunization Cooperation Agreements	93.268	
COVID-19 Immunization Cooperation Agreements	93.268	
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department	93.391	
Response to Public Health or Healthcare Crises	93.391	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	
Sexually Transmitted diseases (STD) Prevention and Control Grants	93.977	
Preventive health and health services block grant	93.991	
Health Resources and Services Administration		
Passed-through the NC Dept. of Health and Human Services:		
Division of Public Health:		
Administered by the County Health Department:		
Cancer Prevention and Control Programs for State Territorial and Tribal Organizations	93.898	
Maternal and Child Health Services Block Grant	93.994	
Office of Population Affairs		
Passed-through the NC Dept. of Health and Human Services:		
Office of Population Affairs		
Family Planning Service	93.217	
Administration for Community Living		
Passed-through the NC Dept. of Insurance		
Administered by the County Aging Department:		
Medicare Improvements for Patients and Providers Act "MIPPA"	93.071	2101NCMIAA-00
Seniors' Health Insurance Information Program	93.324	90SAPG0099-02-00

Total US Department of Health and Human Services

(Continued)

Expenditures		
Federal	State	Local
271,082	-	271,082
22,216	5,242	16,974
-	-	-
36,844	-	12,281
1,681,020	-	560,990
82,428	-	82,428
521,872	-	-
2,615,462	5,242	943,755
33,076	-	-
50	-	50
14,824	-	90,153
136,509	-	13,681
22,468	-	-
386,117	-	1
10,471	-	9,808
36,515	-	-
640,030	-	113,693
13,025	-	19,457
38,641	-	38,641
51,666	-	58,098
130,810	-	223,440
1,571	-	-
5,122	-	-
6,693	-	-
7,265,031	97,758	3,148,880

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2022**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
US Dept. of Housing & Urban Development		
Passed-through the NC Department of Commerce		
Rural Economic Development Division		
Administered by the County Planning & Inspections Department:		
Community Development Block Grant Neighborhood Revitalization Program	14.228	
Total US Department of Housing & Urban Development		
US Dept. of Homeland Security		
Passed-through the NC Dept. of Public Safety:		
Division of Emergency Management		
Administered by the County Emergency Management Department:		
Emergency Management Performance Grant Program "EMPG"	97.042	EMA-2022-EP-00015
Administered by the County Finance Department:		
COVID19 FEMA Disaster Grant Public Assistance - Cares Act	97.036	
Total US Department of Homeland Security		
US Dept. of Treasury		
Administered by the County Finance Department:		
COVID19 Coronavirus State Local Fiscal Recovery Relief Funds	21.027	
Total US Department of Treasury		
State Assistance		
NC Department of Health and Human Services:		
Division of Social Services:		
Administered by the County Department of Social Services:		
Energy Assistance, Private Grants		
County Funded Programs		
Non-Allocating County Cost		
St Child Welfare/ CPS/ CS LD		
Extended FC/MAC Non IV-E		
F/C At Risk Max		
FC Stipend		
Work First Non Reimbursable		
AFDC Incent / Prog Integrity		
SFHF Maximization		
LINKS/CHAFEE/NR-Links		
IB-B EFT CHAF INDEP LIV		
State Foster Home		
CWS Adopt, Vendor, Guard		
SC/SA Domiciliary Care		
Division of Aging and Adult Services:		
Passed through the Eastern Carolina Council:		
Administered by the County Department of Social Services:		
In-house Services 90% State Funds:		
Senior Center:		
HCCBG - Access		
Senior Center General Purpose		
Fan Relief		

(Continued)

Expenditures		
Federal	State	Local
34,578	-	-
34,578	-	-
39,286	-	-
144,715	-	-
184,001	-	-
3,089,214	-	-
3,089,214	-	-
-	1,676	-
-	-	1,958,862
-	-	345,026
-	41,474	-
-	31,898	-
-	619	220
-	(200)	-
-	-	96,673
-	182	-
-	44,636	44,636
-	-	4,324
-	5,000	-
-	78,711	73,260
-	11,739	53,276
-	-	278,720
-	215,735	2,854,997
\$ -	\$ 10,468	\$ -
-	724	-
-	11,192	-

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2022**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
Division of Public Health		
Administered by the County Health Department:		
Other Receipts/ State Supported Expenditures		
Food and Lodging		
Public Health Capacity Building		
General Communicable Disease Control		
Healthy Communities		
Child Health		
HIV/STD State		
Breast and Cervical Cancer		
Care Coordination for Children		
Maternal Health		
Women's Health Service Fund		
Tuberculosis Control		
Rural Health Grant		
School Nurse Funding Initiative		
Total NC Department of Health and Human Services		
NC Department of Environmental Quality:		
Division of Waste Management		
Passed through the County Finance Office:		
White Goods Disposal		
Scrap Tire Grant		
Scrap Tire Disposal		
Division of Water Resources:		
Administered by the County Shore Protection Office:		
Water Resources Development Grant Program:		
Bogue Banks Master Beach Renourishment Project:		
Shallow Draft Navigation Channel Dredging Projects:		
Old Ferry Channel Complex Dredging Project		
Straits Landing Channel Dredging Project		
East Taylors Creek/ Radio Island Maintenance Dredging Project		
Total NC Department of Environmental Quality		
NC Wildlife Resources Commission:		
Administered by the County Shore Protection Office:		
Waterway and Dredging Projects		
NC Department of Natural and Cultural Resources		
Division of State Library		
Administered by the County Library Department:		
State Aid Payments		
Total NC Department of Natural and Cultural Resources		
NC Department of Public Safety		
Division of Emergency Management		
Administered by the County Finance Department:		
Juvenile Crime Prevention Programs:		
Structured Day Program		
Home Based Services		
JCPC Administration		
Teen Court/Juvenile Restitution and Community Services		
Total NC Department of Public Safety		

(Continued)

Expenditures		
Federal	State	Local
-	21,768	1,173,216
-	80,166	1,585,416
-	1,756	17,426
-	3,747	-
-	10,822	20,182
-	670	95,120
-	10,075	-
-	-	224,242
-	39,869	355,299
-	22,550	-
-	12,493	18,407
-	46,780	-
-	50,000	-
-	<u>300,696</u>	<u>3,489,308</u>
-	<u>527,623</u>	<u>6,344,305</u>
-	35,673	-
-	3,300	-
-	<u>116,597</u>	-
-	<u>155,570</u>	-
-	(2,623,100)	-
-	520,256	285,588
-	43,002	-
-	<u>1,088,709</u>	<u>544,273</u>
-	<u>(971,133)</u>	<u>829,861</u>
-	<u>(815,563)</u>	<u>829,861</u>
-	21,498	-
-	104,219	-
-	<u>104,219</u>	-
-	67,422	-
-	66,736	50,600
-	5,230	-
-	<u>56,652</u>	-
-	<u>196,040</u>	<u>50,600</u>

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2022**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
NC Dept. of Administration:		
Administered by the County Veteran Services:		
Veteran Services		
Division of NC-CFW		
Administered by the County Rape Crisis Department:		
Sexual Assault Grant Rape Crisis		
Total NC Department of Administration		
NC Department of Agriculture and Consumer Services:		
Division of Soil and Water Conservation		
Administered by the County Cooperative Extension Department:		
Pesticide Environmental Trust		
NC Office of State Budget and Management		
Administered by the County Register of Deeds Department:		
Document Restoration Project		2012RD1
Administered by the County Sheriff's Department:		
Capital Projects		20121
Total NC Office of State Budget and Management		
NC Department of Commerce		
One North Carolina Fund		
Administered by the County Economic Development Department:		
One North Carolina Fund		2019-25675
NC Department of Transportation:		
Administered by the Carteret County Transportation Department:		
FY22 Con CPT Coordination Operating Grant		DOT-11
DOT ROAP RGP Grant		DOT-16CL
DOT ROAP Employment Grant		DOT-16CL
DOT Elderly and Disabled		DOT-16CL
Total NC Department of Transportation		
Total Federal Expenditures		
Total State Expenditures		
Total Local Expenditures		

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

Expenditures		
Federal	State	Local
-	2,109	420,534
-	51,723	10,347
-	53,832	430,881
-	2,392	-
-	2,000	-
-	110,265	-
-	112,265	-
-	50,000	25,000
-	60,054	60,054
-	102,967	10,297
-	19,095	-
-	28,653	-
-	210,769	70,351
<u>\$ 12,687,255</u>	<u>\$ 608,619</u>	<u>\$ 11,538,419</u>

Carteret County, North Carolina

**Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2022**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (the "Schedule") includes the federal and State award activity of Carteret County, North Carolina, primary government, under programs of the federal and State government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Carteret County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Carteret County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

In accordance with guidance issued by the United States Department of Agriculture (USDA), Food and Nutrition Service Division, direct benefits payments for the Supplemental Nutrition Assistance Program (SNAP), formerly the Food Stamp Program, of \$21,710,272 have not been reported as expenditures in the basic financial statements or in the Schedule.

Carteret County does not have any federal or State amounts passed through subrecipients.

Note 3. Relationship to Fund Financial Statements

Substantially all federal and State financial award programs (other than direct benefit payments - see Note 13 to the financial statements) are accounted for in the County's governmental and proprietary funds.

Note 4. Loans Outstanding

Carteret County has outstanding loan balances from federal and State funding sources that are not required to be presented within the Schedule because there are no continuing requirements beyond the repayment of the loan balances in accordance with loan agreement provisions. The loan funds were presented in the Schedule in the years of their expenditures.

The following is a summary of changes in the County's long-term outstanding loan balances of the USDA Water Revenue Bond and the NC Department of Environment and Natural Resources (NCDENR) Drinking Water State Revolving Fund for the fiscal year ended June 30, 2022:

	Beginning Balance June 30, 2021	Additions	Retirements	Ending Balance June 30, 2022
Revenue Bond	\$ 925,000	\$ -	\$ 19,000	\$ 906,000
Installment purchase obligations	762,064	-	171,032	591,032
	<u>\$ 1,687,064</u>	<u>\$ -</u>	<u>\$ 190,032</u>	<u>\$ 1,497,032</u>

Carteret County, North Carolina

**Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2022**

Note 5. Beach Nourishment Program Reduction of Expenditures

Carteret County refunded \$2,623,100 to the NC Department of Environmental Quality, Division of Water Resources for Bogue Banks Master Beach Nourishment project. After the County's beach nourishment project was completed, it was determined the State over matched the project. The County refunded the reduction of expenditures to the State in fiscal year ending June 30, 2022. The State award, grant number SL 2018-138, was reported on the Schedule of Federal and State Awards fiscal year ended June 30, 2020.

Note 6. Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption.

Note 7. Indirect Costs

Carteret County's indirect costs are determined by a State-approved plan contracted annually with DMG Maximus, Inc. and therefore has elected not to use the 10-Percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Carteret County, North Carolina

**Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2022**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (the "Schedule") includes the federal and State award activity of Carteret County, North Carolina, primary government, under programs of the federal and State government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Carteret County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Carteret County.

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Carteret County, North Carolina

**Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2022**

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