

Carteret County, North Carolina

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

Prepared by the Finance Department
Dee Meshaw, Deputy 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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Deputy County Manager
Finance Department



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February 23, 2024

To the Honorable Members of the Carteret County Board of Commissioners and 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, 2023.

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, 2023 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, 2023, 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 statements 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, Rescue Squad Fund, Fire District Fund, Emergency Telephone System, Salter Path District Fund, Water Tax District Funds, DSS Representative Payee Fund, Register of Deeds Trust Fund, 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 Project 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 2023.

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
McDonalds	Retail	100-249
Town of Morehead City	Government Service	100-249

Source: NC Commerce LEAD Division
2023 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 64.78% in public safety, 105.35% in education, and 94.18% 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. Cultural and recreation funding increase is 27.92% from 10 years ago. The County continues to make investments and improvements in parks and water accesses.

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, 2024 totals \$160,909,530 with a General Fund tax rate of \$.34 per \$100 of assessed value, based on a total valuation of \$17.18 billion. The County's assessed value growth is 1.88% or \$316 million more than the FY23 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 \$.34 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 2024. On November 3, 2020, the voters approved \$42 million school referendum for public school building and facilities expansion and improvements. The County issued \$20 million general obligation bonds in June 2023 for these school improvements, and debt service is budgeted in FY24. The FY24 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. Human services funding is expanded in the areas of public health, social services, and mental health. The State approved Medicaid expansion, and it is implemented in the DSS budget with seven new positions. 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. On August 29, 2023, the NC Utility Commission approved the sale of the water system to Carolina Water System. The sale of this system closed December 15, 2023.

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, 2022. 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, 2023. 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
Deputy County Manager

Carteret County, North Carolina

List of Principal Officials
June 30, 2023

Board of Commissioners

Jimmy Farrington
Chairman
Emerald Isle, North Carolina

Mark Mansfield
Vice Chairman
Morehead City, North Carolina

Bob Cavanaugh
Morehead City, North Carolina

Chris Chadwick
Stacy, North Carolina

David Quinn
Bogue, North Carolina

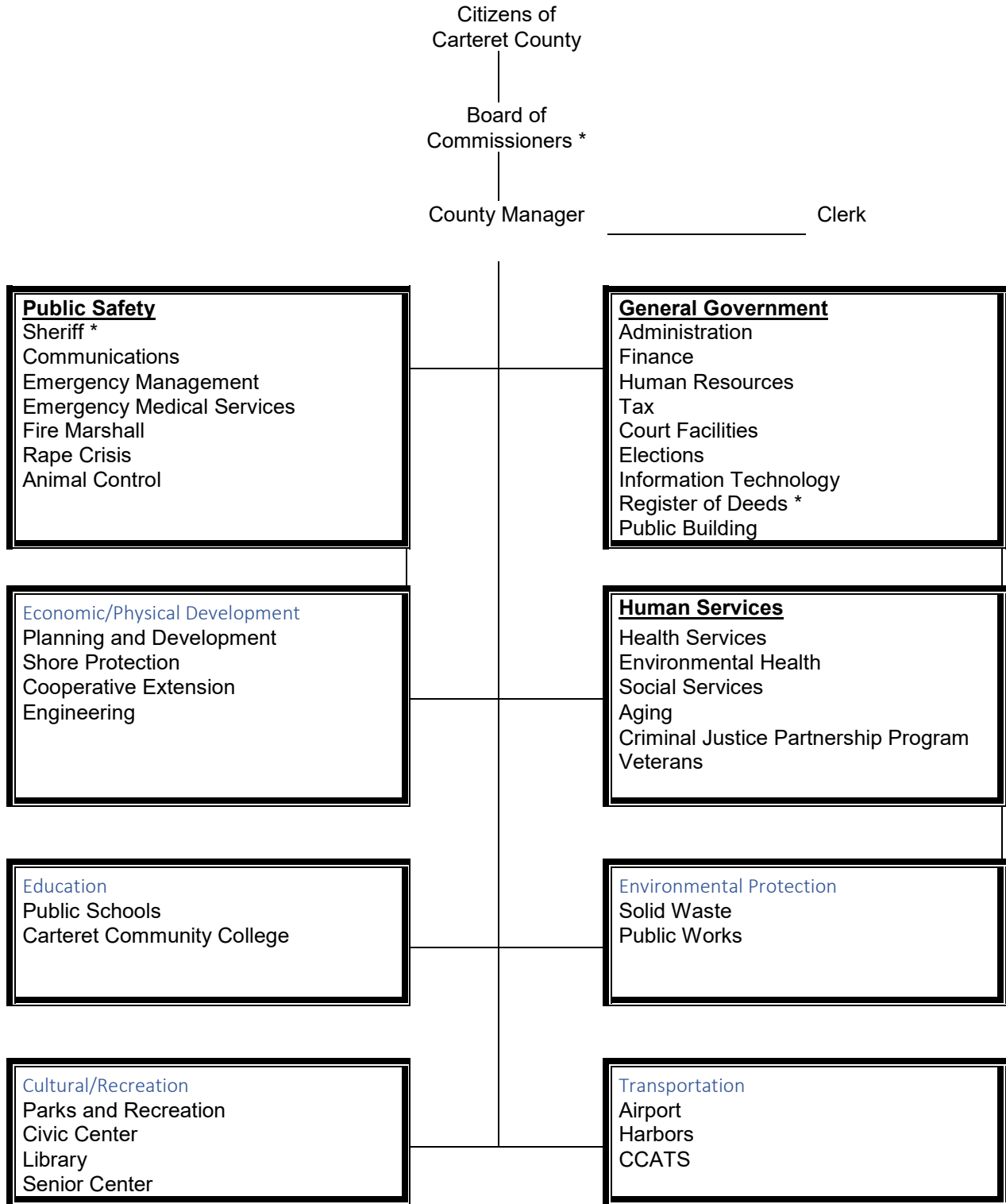
Chuck Shinn
Newport, North Carolina

Ed Wheatly
Beaufort, North Carolina

County Officials

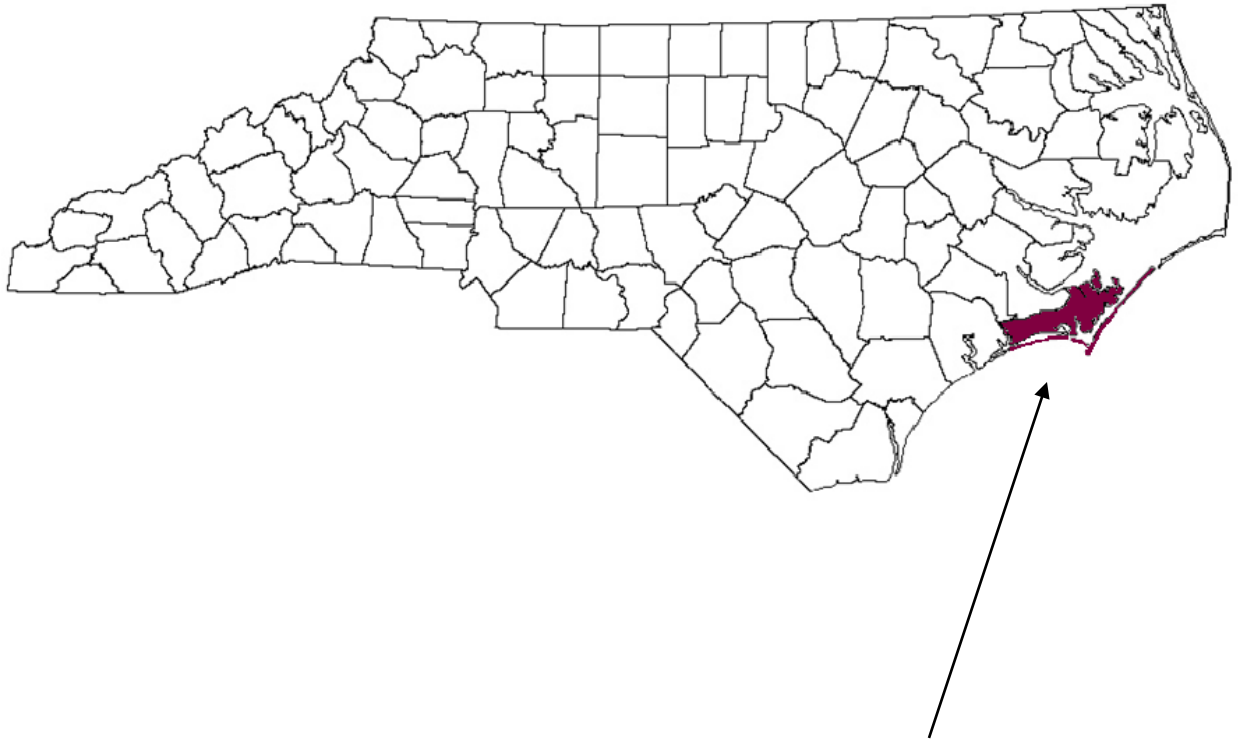
Tommy Burns	County Manager
Dee H. Meshaw	Deputy County Manager Finance Director
Eugene Foxworth	Assistant County Manager, General Services
Asa Buck III	Sheriff
Karen Hardesty	Register of Deeds
Dr. Randall Williams	Human Services Director
Stephen Rae	Emergency Management Director
Ray Hall	Information 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	69,721
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, 2022

Christopher P. Morrill

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 and Occupancy Tax Fund of Carteret County, North Carolina (the County) as of and for the year ended June 30, 2023, 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, and Occupancy Tax Fund of Carteret County, North Carolina as of and for the year ended June 30, 2023, 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 (*Government Auditing Standards*). 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 96 through 109 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 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 GAAS 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 February 23, 2024 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
February 23, 2024

Carteret County, North Carolina

Management's Discussion and Analysis (Unaudited) June 30, 2023

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, 2023. 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

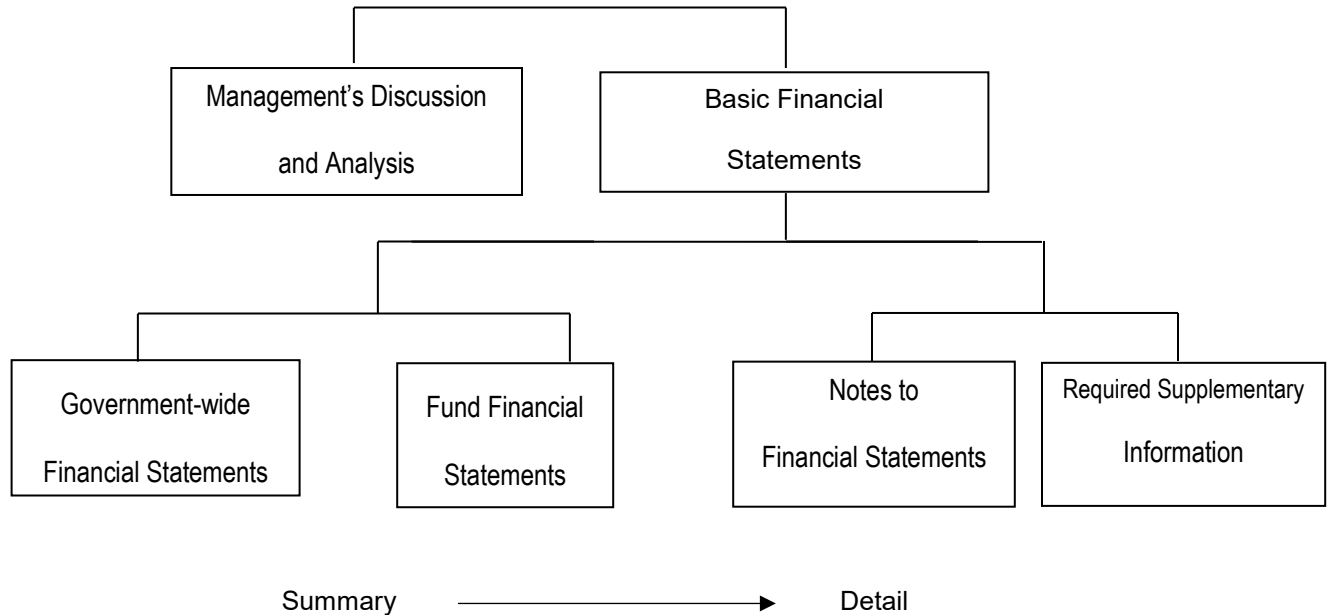
- The assets and deferred outflows of resources of Carteret County (primary government) were greater than its liabilities and deferred inflows of resources at the close of the fiscal year by \$141,144,735 (*net position*).
- The government's total net position increased by \$32,796,166. The increase is primarily due to sales tax revenues, property taxes, and investment earnings greater than anticipated approximately \$8.6 million. Additionally, funding was received and appropriated, for projects and maintenance that was not completed in governmental funds greater than \$12 million. Operating 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 \$156,623,183, after a net increase in fund balance of \$53,696,136. Approximately 73.82 percent of this total amount or \$115,617,050 is restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$43,121,459 or 43.45 percent of total General Fund expenditures, excluding other financing uses, for the fiscal year.
- The County's total long-term debt (Figure 5) increased by \$29,588,456. The County issued \$20 million general obligation bonds, LGERS net pension liability increased approximately \$12.19 million, and the County retired debt principal that resulted in a net increase in long term debt.
- The County maintained its AA+ (Standard & Poor's and Fitch Ratings) and Aa1 (Moody's Investor Services) for the eleventh 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 for major governmental funds; 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.

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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.

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 - 40 of this report.

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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 41 - 44 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 45-46 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 48 - 93 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 and OPEB benefits to its employees. Required supplementary information can be found beginning on page 96 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 \$141,144,735 as of June 30, 2023. The County's net position increased by \$32,796,166 for the fiscal year ended June 30, 2023. Net position is reported in three categories: net investment in capital assets of \$29,457,379, restricted net position of \$65,864,995, and unrestricted net position of 45,822,361.

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, 2023, the unrestricted net position of governmental activities reported \$43,839,521. Of the County's net position, \$65,864,995 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 \$34.59 million of the outstanding debt on the County's financial statements was related to assets included

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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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 173,961,524	\$ 124,957,667	\$ 2,796,009	\$ 2,716,779	\$ 176,757,533	\$ 127,674,446
Capital assets	28,199,142	28,562,029	5,050,047	5,402,027	33,249,189	33,964,056
Total assets	202,160,666	153,519,696	7,846,056	8,118,806	210,006,722	161,638,502
Total deferred outflows of resources	14,347,131	10,088,108	145,276	97,391	14,492,407	10,185,499
Long-term liabilities						
outstanding	66,487,147	35,836,123	1,595,492	1,658,498	68,082,639	37,494,621
Other liabilities	12,680,836	18,941,645	652,929	675,502	13,333,765	19,617,147
Total liabilities	79,167,983	54,777,768	2,248,421	2,334,000	81,416,404	57,111,768
Total deferred inflows of resources	1,921,966	6,294,140	16,024	69,524	1,937,990	6,363,664
Net position:						
Net investment in capital assets	25,713,332	26,311,016	3,744,047	3,904,995	29,457,379	30,216,011
Restricted	65,864,995	41,518,084	-	-	65,864,995	41,518,084
Unrestricted (deficit)	43,839,521	34,706,796	1,982,840	1,907,678	45,822,361	36,614,474
Total net position	\$ 135,417,848	\$ 102,535,896	\$ 5,726,887	\$ 5,812,673	\$ 141,144,735	\$ 108,348,569

Governmental activities: Governmental activities increased the County's net position by \$32,881,952 from fiscal year 2023. Key elements that net to this increase are as follows:

- Property taxes revenue increased approximately 2.57 million from the prior fiscal year. This increase was due to some property tax rate increases in fire and EMS special taxing districts, as well as growth in the property tax assessed values.
- Other taxes increased from the prior year. Sales taxes increased 6.38% or approximately \$1.55 million. Occupancy tax increased 1.38% or approximately \$.17 million from FY22. Sales tax revenue was budgeted conservatively, and as a result, actual revenue exceeded the budget and positively impacted net position.
- Charges for services net increase was approximately \$.59 million or 5.74%. The increase was in building inspections fees. Register of Deeds fees decrease from the prior year.
- Investment earnings increased approximately \$4.28 million from the previous year.
- Many expense categories were less than projected, such as general government, public safety, transportation, economic and physical development, human services, cultural and recreation, as well as contingency, and as a result, had a positive impact on net position.

Business-type activities: Business-type activities decreased net position by \$85,786. Revenues were less projected and some expenses such as contracted services were greater than anticipated. This combination resulted in the net position decrease.

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**Management's Discussion and Analysis (Unaudited)
June 30, 2023**

The County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 10,956,153	\$ 10,361,526	\$ 1,053,436	\$ 1,095,905	\$ 12,009,589	\$ 11,457,431
Operating grants and contributions	27,266,246	20,032,760	-	-	27,266,246	20,032,760
Capital grants and contributions	22,009,141	3,698,670	-	-	22,009,141	3,698,670
General revenues:						
Property taxes	66,524,024	63,952,730	-	-	66,524,024	63,952,730
Other taxes	39,419,918	37,693,262	-	-	39,419,918	37,693,262
Other	5,845,485	3,317,156	74,453	-	5,919,938	3,317,156
Total revenues	172,020,967	139,056,104	1,127,889	1,095,905	173,148,856	140,152,009
Expenses:						
General government	12,510,464	11,060,903	-	-	12,510,464	11,060,903
Public safety	30,967,089	28,726,905	-	-	30,967,089	28,726,905
Transportation	1,743,879	3,098,950	-	-	1,743,879	3,098,950
Economic and physical development	11,548,452	11,393,215	-	-	11,548,452	11,393,215
Environmental protection	5,235,489	7,863,001	-	-	5,235,489	7,863,001
Human services	22,037,398	19,804,952	-	-	22,037,398	19,804,952
Cultural and recreation	4,839,386	3,941,443	-	-	4,839,386	3,941,443
Education	49,563,483	31,200,546	-	-	49,563,483	31,200,546
Interest on long-term debt	693,375	649,124	-	-	693,375	649,124
Water	-	-	1,213,675	1,048,800	1,213,675	1,048,800
Total expenses	139,139,015	117,739,039	1,213,675	1,048,800	140,352,690	118,787,839
Increase (decrease) in net position before transfers	32,881,952	21,317,065	(85,786)	47,105	32,796,166	21,364,170
Transfers	-	(372,670)	-	372,670	-	-
Increase (decrease) in net position	32,881,952	20,944,395	(85,786)	419,775	32,796,166	21,364,170
Net position, beginning	102,535,896	81,591,501	5,812,673	5,392,898	108,348,569	86,984,399
Net position, June 30	\$ 135,417,848	\$ 102,535,896	\$ 5,726,887	\$ 5,812,673	\$ 141,144,735	\$ 108,348,569

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 \$43,121,459, while total fund balance reached \$92,319,462. 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 43.45 percent of general fund expenditures, while total fund balance represents 93.02

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percent of that same amount. The County's unassigned fund balance increased \$4,146,351,729. The increase in unassigned fund balance is due to increased revenues and expenditures were under budget. 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 \$1.95 million, intergovernmental, approximately 1.26 million, and investment earnings \$1.75 million. In addition to revenues exceeding the budget, function level expenditures were less than the budget amount by approximately \$9.23 million. Human services, public safety, and general government functions had the greatest amounts coming in under budget.

At June 30, 2023, the governmental funds of the County reported a combined fund balance of \$156,623,183, a \$53,696,136 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. An additional factor for combined governmental fund balance increasing is the County's commitment to save funds for future capital projects.

General Fund Budgetary Highlights

During fiscal year 2023, the County's financial picture was good. The County's real property assessed values increased approximately \$438.02 million or 2.61% from the previous year with total values of \$17.21 billion. The General Fund property tax rate was \$.33 per \$100 assessed valued, and the same adopted General Fund tax rate as FY22. General Fund revenues were more than budgeted by \$6.38 million. Revenues exceeded the budget in the following areas: ad valorem taxes \$.89 million, sales taxes \$1.95 million, intergovernmental \$1.26 million, and investment earnings \$1.75 million. The remaining \$.53 million, is the combination of permits and fees, sales and services, and miscellaneous revenue. 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 \$1,305,040 and expenditure appropriations by \$3,879,159. 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 approximately \$9.23 million, and most of the savings were in the human services programs of \$2.53 million, public safety programs of \$2.13 million, \$1.69 million general government, \$1.32 million economic development, as well as a net savings of \$1.56 million in transportation, environmental protection, debt service, education, and culture and recreation.

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. Occupancy tax revenues were \$13,458,032, approximately \$.17 million or 1.29% more than fiscal year 2022. Fund expenses for the TDA were \$6,655,905, and transfers to the General Fund for beach nourishment and administrative costs were \$6,800,469. The County did not revise the budget during the fiscal year.

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. The County received \$13,494,316 in previous fiscal years and \$182,435 in FY23 of the total \$13,859,186 federal funds. The County is utilizing \$10 million for lost revenue, and \$6,900,000 was transferred to General Fund for lost revenue during FY23.

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Management is reviewing eligible uses and the best utilization of the approximate \$3.86 million funds that exceeds the \$10 million lost revenue.

School Bond Projects Fund. This fund accounts for the funding and construction of public school's bond projects. The primary funding sources are general obligation bonds. In FY23, The County issued \$20 million general obligations. In November 2020, the voters passed a \$42 million general obligation bond referendum. \$22 million general obligation bonds remain voter authorized and unissued. In addition, approximately \$8.44 million NC Needs Based Lottery Funds were received and used for school construction. The projects include major building renovations and new construction. In FY23, expenditures were approximately \$15.83 million.

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 \$5,726,887, an \$85,786 decrease from the previous year. Unrestricted net position of the Water Fund at the end of the fiscal year was \$1,982,840, a \$75,162 increase. Revenues were less than projected, and expenses such as contracted expenses exceeded estimates. This combination resulted in the decrease in net position. As in previous years, the Water Fund continues to not be self-supporting.

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, 2023, totals \$33,249,189 (net of accumulated depreciation and amortization). These assets include land, buildings, automotive equipment, office and other equipment, water plant and lines, and right of use assets for leases and IT subscriptions.

Major capital asset transactions during the year include:

- Purchase vehicles in several departments including twenty-three Sheriff Department vehicles
- Technology equipment
- Park improvements for water access
- Right of use building leases for the Paramedics and Sheriff's Departments
- Right of use information technology subscriptions

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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 / amortization)						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022, restated	2023	2022	2023	2022, restated
Land	\$ 10,609,179	\$ 10,557,381	\$ 222,608	\$ 222,608	\$ 10,831,787	\$ 10,779,989
Buildings	5,278,378	6,000,233	729,970	800,612	6,008,348	6,800,845
Water lines	-	-	4,097,472	4,375,020	4,097,472	4,375,020
Vehicles	2,950,665	2,106,399	(2)	3,788	2,950,663	2,110,187
Equipment	625,108	676,463	(1)	(1)	625,107	676,462
Other improvements	5,401,516	4,463,372	-	-	5,401,516	4,463,372
Leasehold improvements	915,849	1,045,370	-	-	915,849	1,045,370
Construction in progress	143,431	1,060,586	-	-	143,431	1,060,586
	25,924,126	25,909,804	5,050,047	5,402,027	30,974,173	31,311,831
Right of Use Assets, net of amortization						
Leased buildings	1,355,744	1,469,968	-	-	1,355,744	1,469,968
Leased equipment	15,573	37,728	-	-	15,573	37,728
IT subscriptions	903,699	1,109,304	-	-	903,699	1,109,304
	2,275,016	2,617,000	-	-	2,275,016	2,617,000
Total	\$ 28,199,142	\$ 28,526,804	\$ 5,050,047	\$ 5,402,027	\$ 33,249,189	\$ 33,928,831

General Obligation, Capital Leases and Installment Notes Payable

Long-Term Debt. As of June 30, 2023, the County had total general obligation bonded debt outstanding of \$30,825,000, 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	
	2023	2022, restated	2023	2022	2023	2022, restated
General obligation bonds	\$ 30,825,000	\$ 13,580,000	\$ -	\$ -	\$ 30,825,000	\$ 13,580,000
Revenue bond	-	-	886,000	906,000	886,000	906,000
Bond premiums	3,339,394	1,082,017	-	-	3,339,394	1,082,017
Leases	1,429,179	1,532,163	-	-	1,429,179	1,532,163
IT subscriptions	627,583	999,562	-	-	627,583	999,562
Direct placement installment purchase	429,048	999,562	420,000	591,032	849,048	1,590,594
Compensated absences	1,950,376	1,898,677	4,119	1,133	1,954,495	1,899,810
Net pension liability (LGEERS)	16,354,814	4,304,285	181,904	47,840	16,536,718	4,349,125
Total pension liability (LEOSSA)	2,054,784	2,138,853	-	-	2,054,784	2,138,853
Net OPEB obligation	9,476,969	10,303,566	103,469	112,493	9,580,438	10,416,059
Total long-term debt	\$ 66,487,147	\$ 36,835,685	\$ 1,595,492	\$ 1,658,498	\$ 68,082,639	\$ 38,494,183

The County's total debt increased \$29,588,454 during the past fiscal year. The net increase is due to issuing \$20 million general obligation bonds and the increase in net pension liability.

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

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

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, 2023, for the County is \$1,320,332,912. Additional information regarding the County's long-term debt can be found in Note 9 on pages 69-74 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, 2023, the unemployment rate for the County averaged 3.43%, unchanged from the previous fiscal year. These rates are slightly lower than the state's average unemployment rate of 3.73% for fiscal year 2023. 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, 2023. The County adopted an ad valorem tax rate of \$.33 cents per \$100 assessed value in fiscal year 2023.

In June 2022, when the County adopted its FY23 budget, the County was realizing positive growth in sales taxes, occupancy taxes, permits and fees, as well as sales and services. In addition, unemployment rates remained low. The County continued its practice of conservative budgets for FY23 while balancing the needs of the County. The budget funded capital, large maintenance, and setting aside funds for future debt service of capital construction and improvements. Revenue growth continued in FY23, and the County realized strong growth in sales taxes, fees, and occupancy taxes.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities: The County has approved a \$123.23 million general fund budget for fiscal year 2024, which represents a \$4.23 million or 3.32% increase from the fiscal year 2023 amended budget. The net decrease in the budget is primarily due to \$6.9 million transfer from the General Fund to the County Capital Equipment Fund that is not budgeted in FY24. Areas of increased funding from FY23 are public safety, education, and debt service. Resources were increased to fund additional Sheriff patrol deputies and paramedics with a 3.57 percent funding increase from FY23. In addition, public schools and the community college funding was increased 1.09 percent. Debt service increased 44.69% due to funding principal and interest payments for the \$20 million general obligation bonds issued in FY23. Other areas the approved budget increased funding are as follows: transportation, parks, and libraries. The Board appropriated funding to continue staff meritorious performance pay increases as well as cost of living adjustments.

In the budget, the County's Board of Commissioners increased the General Fund ad valorem property tax rate per \$100 assessed valuation by 1 cent for a \$.34 cents rate. Current year tax revenues are projected to generate \$57.52 million. Due to growth in sales tax revenue, the County budgeted a 16.00% increase from FY23 budgeted revenue that generates \$23.3 million in revenue. All revenues are budgeted

Carteret County, North Carolina

Management's Discussion and Analysis (Unaudited)

June 30, 2023

conservatively, and sales and services and fees are budgeted with small growth from the previous fiscal year. The fiscal year 2024 General Fund budgets \$4.30 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.

As in previous years, Education is the largest service area in terms of its portion of total expenditures. Capital and operating education expenditures total \$31.38 million or 25.46% of the fiscal year 2023 budget. This area includes funding for the public school system and the Carteret County Community College.

Business Activities: For FY24, the Water Fund adopted budget is \$1,200,000 for operations, debt service, equipment, and contingency. The adopted budget increased funding \$40,000 (3.45%) for operating expenses and contingency. FY24 annual debt service is budgeted \$209,500.

The adopted Water Fund budgets \$1,040,000 user fee revenue, \$44,500 less than FY23. The decrease is due to user consumption decreases. No user fee increase is in FY24. The Board's philosophy is the system should not rely on transfers from the Water Taxing District Special Revenue Fund. Therefore, 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. On August 29, 2023, the NC Utility Commission approved the sale of the water system to Carolina Water System. The sale of this system closed December 15, 2023.

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 Deputy County Manager, Finance, Carteret County, 210 Turner Street, Beaufort, NC 28516.

Carteret County, North Carolina

Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,439,556	\$ 2,645,491	\$ 8,085,047
Investments	125,456,270	-	125,456,270
Receivables (net)	17,338,098	106,586	17,444,684
Due from component unit	366,498	-	366,498
Inventories	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	9,426,835	43,932	9,470,767
Investments	15,793,392	-	15,793,392
Net pension asset	140,875	-	140,875
Other assets	-	-	-
Capital assets:			
Land, improvements, and construction in progress	10,752,610	222,608	10,975,218
Other capital assets, net of depreciation	15,171,516	4,827,439	19,998,955
Right to use assets, net of amortization	2,275,016	-	2,275,016
Total capital assets	28,199,142	5,050,047	33,249,189
Total assets	202,160,666	7,846,056	210,006,722
Deferred Outflows of Resources	14,347,131	145,276	14,492,407
Liabilities			
Accounts payable and accrued expenses	9,043,495	523,070	9,566,565
Accrued interest payable	135,631	3,574	139,205
Customer deposits	-	126,285	126,285
Due to primary government	-	-	-
Unearned revenue	3,501,710	-	3,501,710
Long-term liabilities:			
Due within one year	6,154,510	164,119	6,318,629
Due in more than one year	60,332,637	1,431,373	61,764,010
Total long-term liabilities	66,487,147	1,595,492	68,082,639
Total liabilities	79,167,983	2,248,421	81,416,404
Deferred Inflows of Resources	1,921,966	16,024	1,937,990
Net Position			
Net investment in capital assets	25,713,332	3,744,047	29,457,379
Restricted for:			
Public Safety	6,828,726	-	6,828,726
Economic Development	28,621,440	-	28,621,440
Cultural and Recreation	33,898	-	33,898
Register of Deeds	250,884	-	250,884
Transportation	161,646	-	161,646
Human Services	2,371,613	-	2,371,613
Stabilization by State Statute	14,427,134	-	14,427,134
Education	13,169,654	-	13,169,654
Other purposes	-	-	-
Unrestricted	43,839,521	1,982,840	45,822,361
Total net position	\$ 135,417,848	\$ 5,726,887	\$ 141,144,735

See Notes to Financial Statements.

Component Units				
Carteret County Beaufort Airport Authority	Carteret County Tourism Development Authority	Carteret County General Hospital Corporation	Carteret County ABC Board	
\$ 188,283	\$ 1,380,673	\$ 65,233,569	\$ 2,461,602	
-	7,442,138	166,129,093	-	
87,940	1,591,429	33,290,429	-	
-	-	-	-	
-	-	5,471,871	2,873,235	
-	-	3,613,668	1,633	
389,934	-	3,747,937	-	
5,100,467	-	-	-	
-	-	-	-	
-	-	57,670	-	
3,233,361	-	6,942,770	1,381,178	
18,110,988	330,488	90,467,076	3,121,851	
-	-	799,736	137,093	
21,344,349	330,488	98,209,582	4,640,122	
27,110,973	10,744,728	375,753,819	9,976,592	
-	-	-	357,462	
55,410	269,278	24,766,095	3,156,783	
-	-	-	-	
-	-	-	-	
-	-	-	366,498	
5,039,333	-	24,442,916	-	
-	8,222	1,155,864	57,570	
-	22,121	3,574,313	541,670	
-	30,343	4,730,177	599,240	
5,094,743	299,621	53,939,188	4,122,521	
-	-	-	1,909	
21,344,349	330,488	93,479,405	4,503,029	
-	-	-	562,952	
-	-	-	-	
-	-	-	-	
-	-	-	-	
87,940	1,591,429	-	-	
-	-	-	-	
-	-	9,047,699	718,018	
583,941	8,523,190	219,287,527	425,625	
\$ 22,016,230	\$ 10,445,107	\$ 321,814,631	\$ 6,209,624	

Carteret County, North Carolina

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 12,510,464	\$ 2,622,237	\$ 1,257,088	\$ -
Public safety	30,967,089	1,579,869	5,135,437	-
Transportation	1,743,879	205,501	1,772,629	200,111
Economic and physical development	11,548,452	1,731,962	2,185,056	616,960
Environmental protection	5,235,489	3,538,752	224,338	12,000,000
Human services	22,037,398	732,365	14,984,176	-
Cultural and recreation	4,839,386	545,467	1,633,520	750,000
Education	49,563,483	-	37,459	8,442,070
Interest on long-term debt	693,375	-	36,543	-
Total governmental activities	139,139,015	10,956,153	27,266,246	22,009,141
Business-type activities:				
Water	1,213,675	1,053,436	-	-
Total primary government	\$ 140,352,690	\$ 12,009,589	\$ 27,266,246	\$ 22,009,141
Component units:				
Airport Authority	\$ 913,397	\$ 363,515	\$ 50,200	\$ 1,554,014
Tourism Development Authority	4,545,379	6,655,906	160,000	-
Hospital	177,121,122	191,206,795	753,114	-
ABC Board	18,205,258	18,668,480	-	-
Total component units	\$ 200,785,156	\$ 216,894,696	\$ 963,314	\$ 1,554,014
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				
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
\$ (8,631,139)	\$ -	\$ (8,631,139)				
(24,251,783)	-	(24,251,783)				
434,362	-	434,362				
(7,014,474)	-	(7,014,474)				
10,527,601	-	10,527,601				
(6,320,857)	-	(6,320,857)				
(1,910,399)	-	(1,910,399)				
(41,083,954)	-	(41,083,954)				
(656,832)	-	(656,832)				
<u>(78,907,475)</u>	<u>-</u>	<u>(78,907,475)</u>				
-	(160,239)	(160,239)				
<u>(78,907,475)</u>	<u>(160,239)</u>	<u>(79,067,714)</u>				
			\$ 1,054,332	\$ -	\$ -	\$ -
			-	2,270,527	-	-
			-	-	14,838,787	-
			-	-	-	463,222
			<u>1,054,332</u>	<u>2,270,527</u>	<u>14,838,787</u>	<u>463,222</u>
66,524,024	-	66,524,024	-	-	-	-
25,905,950	-	25,905,950	-	-	-	-
13,458,032	-	13,458,032	-	-	-	-
55,936	-	55,936	-	-	-	-
1,819,045	-	1,819,045	-	-	-	-
3,794,656	74,453	3,869,109	103,490	226,824	(13,223,051)	-
231,784	-	231,784	986	3,064	-	-
<u>111,789,427</u>	<u>74,453</u>	<u>111,863,880</u>	<u>104,476</u>	<u>229,888</u>	<u>(13,223,051)</u>	<u>-</u>
32,881,952	(85,786)	32,796,166	1,158,808	2,500,415	1,615,736	463,222
102,535,896	5,812,673	108,348,569	20,857,422	7,944,692	320,198,895	5,746,402
<u>\$ 135,417,848</u>	<u>\$ 5,726,887</u>	<u>\$ 141,144,735</u>	<u>\$ 22,016,230</u>	<u>\$ 10,445,107</u>	<u>\$ 321,814,631</u>	<u>\$ 6,209,624</u>

Carteret County, North Carolina

**Balance Sheet - Governmental Funds
June 30, 2023**

	Major Funds		
	General	Occupancy Tax Fund	American Rescue Plan Act Fund
Assets			
Cash and investments	\$ 84,788,392	\$ -	\$ -
Receivables, net	12,821,066	2,131,697	-
Restricted cash and investments	620,870	-	3,323,516
Due from other funds	1,241,500	-	-
Due from component unit	366,498	-	-
Total assets	\$ 99,838,326	\$ 2,131,697	\$ 3,323,516
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,133,454	\$ 1,592,812	\$ -
Due to other funds	-	522,514	-
Unearned revenue	30,965	-	3,212,688
Total liabilities	4,164,419	2,115,326	3,212,688
Deferred Inflows of Resources	3,354,445	-	-
Fund balances:			
Restricted:			
Register of deeds	250,884	-	-
Recreation districts	33,898	-	-
Beach nourishment	27,072,822	-	-
Stabilization by state statute	14,427,134	-	-
Sheriff's fund	413,470	-	-
Health and mental health services programs	1,217,066	-	110,828
Public safety	-	-	-
Transportation	161,645	-	-
Economic development	887,948	2,131,697	-
School capital	-	-	-
County capital	-	-	-
Committed:			
Tax revaluation	293,136	-	-
Taylor extended care	-	-	-
School capital	-	-	-
Assigned:			
Subsequent year's expenditures	4,300,000	-	-
County library	140,000	-	-
County capital	-	-	-
Unassigned	43,121,459	(2,115,326)	-
Total fund balances	92,319,462	16,371	110,828
Total liabilities, deferred inflows of resources and fund balances	\$ 99,838,326	\$ 2,131,697	\$ 3,323,516

See Notes to Financial Statements.

School Bond Projects Fund	Total Non-Major Funds	Total Governmental Funds
\$ -	\$ 46,107,434	\$ 130,895,826
-	1,714,259	16,667,022
15,793,392	5,482,449	25,220,227
-	-	1,241,500
-	-	366,498
\$ 15,793,392	\$ 53,304,142	\$ 174,391,073

\$ 2,623,738	\$ 693,491	\$ 9,043,495
687,179	31,807	1,241,500
-	258,057	3,501,710
3,310,917	983,355	13,786,705
-	626,740	3,981,185

-	-	250,884
-	-	33,898
-	-	27,072,822
-	-	14,427,134
-	-	413,470
-	1,043,719	2,371,613
-	6,307,199	6,307,199
-	-	161,645
-	121,785	3,141,430
12,482,475	-	12,482,475
-	15,554,783	15,554,783
-	-	293,136
-	49,177	49,177
-	2,142,012	2,142,012
-	-	4,300,000
-	-	140,000
-	26,475,372	26,475,372
-	-	41,006,133
12,482,475	51,694,047	156,623,183
\$ 15,793,392	\$ 53,304,142	\$ 174,391,073

Carteret County, North Carolina

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023**

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

Total fund balances for governmental funds	\$ 156,623,183
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the funds	25,924,126
Right of use assets used in governmental activities are not current financial resources and, therefore are not reported in the funds	2,275,016
Net pension asset	140,875
Deferred outflows of resources related to pensions are not reported in the fund statements	11,964,163
Deferred outflows of resources related to OPEB are not reported in the fund statements	1,713,133
Deferred outflows of resources related to advance refunding bond issue	669,835
Deferred inflows of resources in the fund statements for taxes, FEMA, and special assessments receivable	3,981,185
Deferred inflows of resources related to pensions	(578,436)
Accrued interest receivable not included in the fund statements	671,076
Accrued interest payable on long-term debt is not a current financial obligation and, therefore, is not in the funds	(135,631)
Long-term liabilities, including bonds payable, are not due and payable in the current period; therefore are not reported in the funds	<u>(66,487,147)</u>
Net position of governmental activities	<u>\$ 135,417,848</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, 2023

	Major Funds		
	General	Occupancy Tax Fund	American Rescue Plan Act Fund
Revenues			
Ad valorem taxes	\$ 56,843,215	\$ -	\$ -
Other taxes	22,608,514	13,458,032	-
Permits and fees	5,191,039	-	-
Intergovernmental	19,450,568	-	7,374,849
Sales and services	5,313,666	-	-
Interest	2,501,378	6,578	108,956
Miscellaneous	270,604	-	-
Total revenues	112,178,984	13,464,610	7,483,805
Expenditures			
Current:			
General government	11,288,943	-	-
Public safety	17,667,508	-	-
Transportation	1,285,826	-	-
Environmental protection	4,586,843	-	-
Economic and physical development	3,425,622	6,655,905	-
Human services	19,828,739	-	474,849
Culture and recreation	4,082,656	-	-
Education	30,336,930	-	-
Capital outlay	1,848,570	-	-
Debt service:			
Principal retirement	4,320,755	-	-
Interest and fees	570,244	-	-
Issuance costs	-	-	-
Total expenditures	99,242,636	6,655,905	474,849
Excess (deficiency) of revenues over (under) expenditures	12,936,348	6,808,705	7,008,956
Other financing sources (uses)			
Debt issuance	-	-	-
Bond premium	-	-	-
Transfers in	13,792,200	-	-
Transfers out	(13,893,115)	(6,800,469)	(6,900,000)
Lease liabilities issued	142,637	-	-
IT Subscription agreements	360,529	-	-
Total other financing sources (uses)	402,251	(6,800,469)	(6,900,000)
Net change in fund balances	13,338,599	8,236	108,956
Fund balances			
Beginning	78,980,863	8,135	1,872
Ending	\$ 92,319,462	\$ 16,371	\$ 110,828

See Notes to Financial Statements.

School Bond Projects Fund	Total Non-Major Funds	Total Governmental Funds
\$ -	\$ 9,117,771	\$ 65,960,986
-	3,353,372	39,419,918
-	73,997	5,265,036
8,442,070	16,257,885	51,525,372
-	-	5,313,666
10,842	1,166,902	3,794,656
-	-	270,604
8,452,912	29,969,927	171,550,238
-	73,997	11,362,940
-	11,488,667	29,156,175
-	-	1,285,826
-	-	4,586,843
-	680,172	10,761,699
-	617,017	20,920,605
-	-	4,082,656
-	-	30,336,930
15,684,098	5,777,007	23,309,675
-	-	4,320,755
-	-	570,244
146,060	-	146,060
15,830,158	18,636,860	140,840,408
(7,377,246)	11,333,067	30,709,830
20,000,000	-	20,000,000
2,483,140	-	2,483,140
-	13,905,465	27,697,665
-	(104,081)	(27,697,665)
-	-	142,637
-	-	360,529
22,483,140	13,801,384	22,986,306
15,105,894	25,134,451	53,696,136
(2,623,419)	26,559,596	102,927,047
\$ 12,482,475	\$ 51,694,047	\$156,623,183

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, 2023**

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

Net changes in fund balances - total governmental funds	\$ 53,696,136
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.	(168,867)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is a decrease to net income.	(66,165)
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	3,224,598
OPEB benefit payments and administration cost in the current fiscal year are not included in the Statement of Activities	243,849
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	499,826
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	(24,547,425)
	<u>\$ 32,881,952</u>
Total changes in net position of governmental activities	

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, 2023

	General Fund			Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Ad valorem taxes	\$ 55,955,000	\$ 55,955,000	\$ 56,843,215	\$ 888,215
Other taxes	20,656,000	20,656,000	22,608,514	1,952,514
Permits and fees	4,383,500	5,028,000	5,191,039	163,039
Intergovernmental	17,225,100	18,186,640	19,450,568	1,263,928
Sales and services	5,343,765	5,087,565	5,313,666	226,101
Interest	750,000	750,000	2,501,378	1,751,378
Miscellaneous	180,625	135,825	270,604	134,779
Total revenues	104,493,990	105,799,030	112,178,984	6,379,954
Expenditures				
Current:				
General government	12,376,340	13,587,724	12,387,831	1,199,893
Public safety	19,477,880	20,588,295	18,460,539	2,127,756
Transportation	1,680,005	1,986,770	1,485,937	500,833
Environmental protection	4,716,130	4,907,662	4,606,680	300,982
Economic and physical development	4,438,110	4,742,017	3,425,622	1,316,395
Human services	21,515,990	22,522,157	19,988,550	2,533,607
Culture and recreation	4,482,075	4,942,339	4,144,798	797,541
Education	29,758,500	31,043,465	30,336,930	706,535
Debt service:				
Principal retirement	4,600,955	3,604,715	3,478,505	126,210
Interest and fees	1,544,000	544,000	566,715	(22,715)
Total expenditures	104,589,985	108,469,144	98,882,107	9,587,037
Revenues (under) over expenditures	(95,995)	(2,670,114)	13,296,877	15,966,991
Other financing sources (uses)				
Transfers in	14,177,000	14,269,000	13,792,200	(476,800)
Transfers out	(10,785,000)	(13,893,115)	(13,893,115)	-
Lease liabilities issued	-	186,000	142,637	(43,363)
Contingency reserves	(6,825,015)	(5,094,356)	-	5,094,356
Appropriated fund balance	3,529,010	7,202,585	-	(7,202,585)
Total other financing sources (uses)	95,995	2,670,114	41,722	(2,628,392)
Net change in fund balance	\$ -	\$ -	13,338,599	\$ 13,338,599
Fund balances				
Beginning			78,980,863	
Ending			<u>\$ 92,319,462</u>	
Adjustments to Modified Accrual GAAP				
Other financing sources subscriptions			360,529	
General government - subscriptions expenditures			(845,779)	
Debt service principal retirement - subscriptions			842,250	
Debt service interest and fees - subscriptions			3,529	
Capital outlay -subscriptions			(360,529)	
Fund balance			<u>\$ 92,319,462</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, 2023**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Other taxes:				
Occupancy taxes	\$ 14,390,000	\$ 14,390,000	\$ 13,438,121	\$ (951,879)
Occupancy taxes, penalties and interest	10,000	10,000	19,911	9,911
Interest	-	-	6,578	6,578
Total revenues	14,400,000	14,400,000	13,464,610	(935,390)
Expenditures				
Economic and physical development:				
Tourism:				
Tourism Development Authority	7,123,000	7,123,000	6,655,905	467,095
Total expenditures	7,123,000	7,123,000	6,655,905	467,095
Revenues over expenditures	7,277,000	7,277,000	6,808,705	(468,295)
Other financing uses				
Transfers out	(7,277,000)	(7,277,000)	(6,800,469)	476,531
Total other financing uses	(7,277,000)	(7,277,000)	(6,800,469)	476,531
Net change in fund balance	\$ -	\$ -	8,236	\$ 8,236
Fund balances				
Beginning			8,135	
Ending			\$ 16,371	

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Fund Net Position - Proprietary Fund
June 30, 2023

	Water Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 2,645,491
Receivables, net	106,586
Restricted cash and cash equivalents	43,932
Total current assets	2,796,009
Noncurrent assets	
Capital assets:	
Land, improvements, and construction in progress	222,608
Other capital assets, net of depreciation	4,827,439
Total capital assets	5,050,047
Total noncurrent assets	5,050,047
Total assets	7,846,056
Deferred outflows of resources	145,276
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	523,070
Customer deposits	126,285
Accrued interest payable	3,574
Current portion of long-term liabilities	164,119
Total current liabilities	817,048
Noncurrent liabilities	
Installment loan payable and long-term liabilities	1,146,000
Net pension liability	181,904
Total OPEB liability	103,469
Total noncurrent liabilities	1,431,373
Total liabilities	2,248,421
Deferred inflows of resources	16,024
Net Position	
Net investment in capital assets	3,744,047
Unrestricted	1,982,840
Total net position	\$ 5,726,887

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, 2023

	Water Fund
Operating revenues	
Charges for services	\$ 1,052,982
Other operating revenues	454
Total operating revenues	<u>1,053,436</u>
Operating expenses	
Water plant operations	823,506
Depreciation	351,980
Total operating expenses	<u>1,175,486</u>
Operating loss	<u>(122,050)</u>
Nonoperating revenues (expenses)	
Interest revenue	74,453
Interest expense	(38,189)
Total nonoperating revenues (expenses)	<u>36,264</u>
Change in net position	<u>(85,786)</u>
Total net position	
Beginning	5,812,673
Ending	<u>\$ 5,726,887</u>

See Notes to Financial Statements.

Carteret County, North Carolina

**Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2023**

	Water Fund
Cash flows from operating activities	
Cash received from customers	\$ 1,044,536
Cash paid for goods and services	(565,432)
Cash paid to employees for services	(259,018)
Customer deposits received	5,870
Other operating revenues	454
Net cash provided by operating activities	226,410
Cash flows from capital and related financing activities	
Principal paid on installment debt	(191,032)
Interest paid on installment debt	(39,047)
Net cash used in capital and related financing activities	(230,079)
Cash flows provided by investing activities	
Interest on investments	74,453
Net increase in cash and cash equivalents	70,784
Cash and cash equivalents:	
Beginning	2,618,639
Ending (including restricted of \$43,932)	\$ 2,689,423

(Continued)

Carteret County, North Carolina

Statement of Cash Flows - Proprietary Fund (Continued)
Year Ended June 30, 2023

	Water Fund
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (122,050)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	351,980
Changes in assets, liabilities, and deferred outflows and inflows of resources:	
Increase in accounts receivable	(8,446)
Decrease in accounts payable and accrued liabilities	(27,585)
Increase in customer deposits	5,870
Increase in accrued vacation pay	2,986
Increase in deferred outflows of resources - pensions	(47,996)
Decrease in deferred outflows of resources - OPEB	111
Increase in net pension liability	134,064
Decrease in total OPEB liability	(9,024)
Decrease in deferred inflows of resources - pensions	(68,169)
Increase in deferred inflows of resources - OPEB	14,669
Net cash provided by operating activities	\$ 226,410

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 505,075
Taxes receivable for other governments, net	<u>578,376</u>
Total assets	<u><u>\$ 1,083,451</u></u>
Liabilities	
Due to other governments	<u>526,537</u>
	<u>526,537</u>
Net Position	
Restricted for individuals, organizations and other governments	<u>556,914</u>
Total net position	<u><u>\$ 556,914</u></u>

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended June 30, 2023

	Custodial Funds
Additions	
Ad valorem taxes collected for other governments	\$ 16,312,309
Collections on behalf of inmates	326,832
Total Additions	<u>16,639,141</u>
Deductions	
Tax distributions to other governments	15,778,095
Payments on behalf of inmates	345,404
Total Deductions	<u>16,123,499</u>
Net increase in fiduciary net position	<u>515,642</u>
Net position, beginning	<u>41,272</u>
Net position, ending	<u>\$ 556,914</u>

See Notes to Financial Statements.



Carteret County, North Carolina

Notes to Financial Statements

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

Carteret County, North Carolina

Notes to Financial Statements

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.

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

Carteret County, North Carolina

Notes to Financial Statements

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 Project Fund: This capital project 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, 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.

Carteret County, North Carolina

Notes to Financial Statements

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, and fiduciary financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On 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 / amortization 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 and IT subscriptions 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.

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

Carteret County, North Carolina

Notes to Financial Statements

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.

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.

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

Carteret County, North Carolina

Notes to Financial Statements

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 is authorized by G.S. 159-30(c)(8). The Government Portfolio is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAA-mf 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.

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:

Ley 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, 2022 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.

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

Carteret County, North Carolina

Notes to 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.

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

Carteret County, North Carolina

Notes to Financial Statements

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 assets: The County's capital assets also include certain right to use assets. These right to use assets arise in association with agreements the County reports a lease or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The County has recorded right to use lease 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.

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 position that applies to a future period 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 pension plans 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, represents an acquisition of net position or fund balance that applies to a future period 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.

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 other 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.

Carteret County, North Carolina

Notes to Financial Statements

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, AmeriSource Bergen, 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 \$942,191 as part of this settlement in Fiscal Year 2023. 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. 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.

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.

Carteret County, North Carolina

Notes to Financial Statements

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, 2023:

- 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, 2023. This is done due to the great reliance of this restricted amount by the Board of Commissioners and the Beach Commission.
- 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 stands 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 Sheriff's fund – represents amounts restricted for expenditures relating to special drug programs and concealed weapons programs.
- Restricted for Health and mental 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 Transportation – portion of fund balance that is restricted by revenue source for transportation programs.
- 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 School capital – portion of fund balance that is restricted by issuance of bond proceeds for School capital.
- 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

Carteret County, North Carolina

Notes to Financial Statements

the Board of Commissioners. The following are the County's committed fund balances as of June 30, 2023:

- 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.

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, 2023:

- 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 (LERS), 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.

Carteret County, North Carolina

Notes to Financial Statements

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 (\$21,205,335) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	\$ 72,371,557
Less accumulated depreciation	46,447,431
Net capital assets	25,924,126
Right of use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,116,330
Less accumulated amortization	841,314
Net capital assets	2,275,016
Net pension asset	140,875
Deferred outflows of resources related to pensions are not reported in the fund statements	11,964,163
Deferred outflows of resources related to OPEB are not reported in the fund statements	1,713,133
Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not a current financial resources	669,835
Accrued interest receivable	671,076
Deferred inflows of resources reported in the fund statements but not in the government-wide statements	3,981,185
Deferred inflows of resources related pensions	(578,436)
Deferred inflows of resources related to OPEB	(1,343,530)
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, subscriptions and installment financing	(33,310,810)
Premiums on refundings	(3,339,394)
Accrued interest payable	(135,631)
Compensated absences	(1,950,376)
Accrued postemployment and retirement obligations	(27,886,567)
Long-term liabilities	(66,622,778)
Total adjustment	\$ (21,205,335)

Carteret County, North Carolina

Notes to Financial Statements

2. 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 (\$20,814,184) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,903,425
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	(3,072,292)
Net loss on donated and disposed capital assets not recorded in the fund statements	(66,165)
General obligation debt issued (including bond premium), includes leases and IT subscriptions	(22,986,306)
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.	4,320,755
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.	14,495
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	3,224,598
OPEB benefit payments and administrative cost made in the current fiscal year are not included in the Statement of Activities	243,849
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	(51,699)
OPEB expense	(771,014)
County's portion of collective pension expense	(5,082,090)
Decrease in interest payable on long-term debt at June 30, 2023	8,434
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, as of June 30, 2023	505,855
Decrease in accrued interest on taxes receivable for year ended June 30, 2023	(6,029)
Total adjustment	\$ (20,814,184)

Carteret County, North Carolina

Notes to Financial Statements

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, 2022. This fiscal year end is nine months prior to the County's fiscal year end June 30, 2023. As a result of the September 30, 2022 year end, the Hospital was not required to implement GASB Statement No. 96 IT Subscriptions. The County has implemented GASB 96 as required. There are no IT subscriptions that qualify under GASB 96 between the Hospital and the County.

3. Cash and Investments

Cash on hand: The County had \$2,270 in petty cash on hand at June 30, 2023.

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, 2023, the County's unrestricted and restricted deposits, excluding petty cash and custodial fund deposits had a carrying amount of \$17,553,544 and a bank balance of \$18,508,248. Of the bank balance, \$250,000 was covered by federal depository insurance and \$18,258,248 was covered by collateral held under the Pooling Method. Restricted cash deposits, excluding agency funds, in the amount of \$9,470,767 are as follows: \$1,571,349 for capital projects, \$3,932,449 is restricted for fire and rescue special taxing districts, \$437,876 tax revaluation, \$161,645 transportation, \$3,323,516 unassigned American Rescue Plan Act proceeds, and \$43,932 in the Water Fund is restricted in accordance with the County's USDA revenue bond requirements.

At June 30, 2023, the County's custodial fund deposits had a carrying amount of \$505,075 and a bank balance of \$520,666. None of the bank balance was covered by federal depository insurance. All the bank balance was covered by collateral held under the Pooling Method.

Carteret County, North Carolina

Notes to Financial Statements

Investments:

At June 30, 2023, the County had the following investments and maturities.

Investment Type	Valuation	Fair Value	Less Than	
	Measurement Method		1 Year	1-5 Years
Commercial Paper	Fair Value - Level 2	9,763,963	\$ 9,763,963	\$ -
US Government Agencies	Fair Value - Level 2	14,183,612	4,831,672	9,351,940
NC Capital Management				
Trust-Government Portfolio*	Fair Value - Level 1	117,302,087	117,302,087	N/A
Total		\$ 141,249,662	\$ 131,897,722	\$ 9,351,940

*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.

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, 2023, 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 and AAA-mf by Moody's Investor Service. 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, \$9,763,963 (6.91%). It is the County's intention to hold these investments until maturity. The County has no formal policy on concentration of credit risk.

At June 30, 2023, the County had restricted investments in the governmental activities of \$15,793,392. In the School Bond Project Fund these are unspent general obligation proceeds.

Carteret County, North Carolina

Notes to Financial Statements

4. Receivables

Receivables at the government-wide level are comprised of the following major categories as of June 30, 2023:

	Governmental Activities	Business-Type Activity, Water	Total
Receivables:			
Interest	\$ 671,076	\$ -	\$ 671,076
Taxes	3,140,391	-	3,140,391
Accounts	642,357	106,586	748,943
Intergovernmental	10,440,200	-	10,440,200
Other	2,131,697	-	2,131,697
Special assessment	378,448	-	378,448
Gross receivables	17,404,169	106,586	17,510,755
Less allowance for uncollectibles	(66,071)	-	(66,071)
Net total receivables	\$ 17,338,098	\$ 106,586	\$ 17,444,684

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
2020	\$ 471,340	\$ 154,364	\$ 625,704
2021	483,059	114,727	597,786
2022	491,137	72,443	563,580
2023	488,725	21,993	510,718
Total	\$ 1,934,261	\$ 363,527	\$ 2,297,788

Carteret County, North Carolina

Notes to Financial Statements

5. Capital Assets

The following is a summary of changes in the County's capital assets during the fiscal year ended June 30, 2023:

	Capital Assets July 1, 2022	Additions	Retirements	Adjustments and Transfers	Capital Assets June 30, 2023
Governmental activities:					
Capital assets, not being depreciated:					
Land, airport	\$ 169,549	\$ -	\$ -	\$ -	\$ 169,549
Land, other	10,387,832	61,000	(9,202)	-	10,439,630
Construction in progress	1,060,586	56,491	-	(973,646)	143,431
Total capital assets not being depreciated	11,617,967	117,491	(9,202)	(973,646)	10,752,610
Capital assets, being depreciated:					
Buildings	28,499,423	-	-	-	28,499,423
Vehicles	7,334,551	1,637,303	(353,096)	-	8,618,758
Equipment	6,379,529	205,535	(23,050)	-	6,562,014
Airport facilities	1,524,747	-	-	-	1,524,747
Other improvements	12,410,001	439,930	-	973,646	13,823,577
Leasehold improvements	2,590,428	-	-	-	2,590,428
Total capital assets being depreciated	58,738,679	2,282,768	(376,146)	973,646	61,618,947
Less accumulated depreciation for:					
Buildings	22,499,190	721,855	-	-	23,221,045
Vehicles	5,228,152	744,149	(304,208)	-	5,668,093
Equipment	5,703,066	256,890	(23,050)	-	5,936,906
Airport facilities	1,524,747	-	-	-	1,524,747
Other improvements	7,946,629	475,432	-	-	8,422,061
Leasehold improvements	1,545,058	129,521	-	-	1,674,579
Total accumulated depreciation	44,446,842	\$ 2,327,847	\$ (327,258)	\$ -	46,447,431
Total capital assets, being depreciated, net	14,291,837				15,171,516
Capital assets, being amortized:					
Right to use assets:					
Leased buildings	\$ 1,587,837	\$ 142,637	\$ (38,099)	\$ (100,705)	1,591,670
Leased equipment	66,773	-	(11,946)	-	54,827
IT subscriptions	1,109,304	360,529	-	-	1,469,833
Total right to use assets	2,763,914	503,166	(50,045)	(100,705)	3,116,330
Less accumulated amortization for:					
Leased buildings	117,869	156,156	(38,099)	-	235,926
Leased equipment	29,045	22,155	(11,946)	-	39,254
IT subscriptions	-	566,134	-	-	566,134
Total accumulated amortization	146,914	744,445	(50,045)	-	841,314
Total right to use assets, net	2,617,000				2,275,016
Governmental activity capital assets, net	\$ 28,526,804				\$ 28,199,142

Carteret County, North Carolina

Notes to Financial Statements

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

Governmental activities:	
General government	\$ 835,516
Public Safety	863,441
Transportation	207,308
Economic & Physical Development	119,001
Human Services	279,821
Culture & Recreation	674,397
Environmental Protection	<u>92,808</u>
Total depreciation / amortization expense - governmental activities	<u>\$ 3,072,292</u>

	Capital Assets July 1, 2022	Additions	Retirements	Adjustments and Transfers	Capital Assets June 30, 2023
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 222,608	\$ -	\$ -	\$ -	\$ 222,608
Total capital assets, not being depreciated	<u>222,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,608</u>
Capital assets, being depreciated:					
Buildings	2,119,264	-	-	-	2,119,264
Infrastructure	9,618,564	-	-	-	9,618,564
Vehicles	75,129	-	(14,374)	-	60,755
Equipment	159,478	-	-	-	159,478
Total capital assets, being depreciated	<u>11,972,435</u>	<u>-</u>	<u>(14,374)</u>	<u>-</u>	<u>11,958,061</u>
Less accumulated depreciation for:					
Buildings	1,318,652	70,642	-	-	1,389,294
Infrastructure	5,243,544	277,548	-	-	5,521,092
Vehicles	71,341	3,790	(14,374)	-	60,757
Equipment	159,479	-	-	-	159,479
Total accumulated depreciation	<u>6,793,016</u>	<u>\$ 351,980</u>	<u>\$ (14,374)</u>	<u>\$ -</u>	<u>7,130,622</u>
Total capital assets, being depreciated, net	<u>5,179,419</u>				<u>4,827,439</u>
Business-type activities capital assets, net	<u>\$ 5,402,027</u>				<u>\$ 5,050,047</u>

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

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.

Carteret County, North Carolina

Notes to Financial Statements

6. 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, 2023, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General	\$ 2,443,846	\$ 1,689,608	\$ 4,133,454
Occupancy Tax	1,592,812	-	1,592,812
School Bond Projects	2,623,738	-	2,623,738
Other governmental	693,491	-	693,491
Total governmental activities (1)	\$ 7,353,887	\$ 1,689,608	\$ 9,043,495
Business-type activities:			
Water	\$ 509,375	\$ 13,695	\$ 523,070
Total business - type activities	\$ 509,375	\$ 13,695	\$ 523,070

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

Carteret County, North Carolina

Notes to Financial Statements

7. 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	\$ 669,835	\$ -
Difference between expected and actual experience		
Pensions	882,311	172,100
OPEB	82,165	64,714
Pensions - difference between projected and actual investment earnings	5,524,110	-
Changes in assumptions		
Pensions	1,962,824	345,679
OPEB	1,403,163	1,293,485
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	477,075	62,012
Contributions to plans in fiscal year 2023		
Pensions	3,244,414	-
OPEB	246,510	-
Total	\$ 14,492,407	\$ 1,937,990

Deferred outflows / inflows of resources on the fund statements:

Taxes receivable, net (General)	\$ -	\$ 2,447,580
Taxes receivable, net (Special Revenue)	-	626,740
Solid waste fees receivable (General)	-	528,417
Special assessments (General)	-	378,448
Total	\$ -	\$ 3,981,185

Carteret County, North Carolina

Notes to Financial Statements

8. 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 is individually bonded for \$1,000,000, and tax collector is individually bonded \$50,000. The remaining employees that have access to funds are bonded under a \$250,000 blanket bond.

Carteret County, North Carolina

Notes to Financial Statements

9. Long-Term Obligations

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, 2023, 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%	\$ 3,760,000
\$12,250,000 - 2015 Refunding of 2007 School bond due on October 1 and April 1 in varying installments through April 1, 2027; interest rate at 2.13%	4,075,000
\$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%	2,990,000
\$20,000,000 - 2023 School bonds, due on November 1 and May 1 in varying installments through May 1, 2043; interest at interest rates ranging from 4.00% to 5.00%	20,000,000
	<u>\$ 30,845,000</u>

Year Ending June 30,	Principal	Interest
2024	\$ 3,745,000	\$ 1,195,392
2025	3,720,000	1,195,886
2026	3,605,000	1,044,470
2027	1,685,000	911,279
2028	1,230,000	842,388
2029 – 2033	6,150,000	3,342,336
2034 – 2038	5,690,000	1,931,768
2039 – 2043	5,000,000	660,000
	<u>\$ 30,825,000</u>	<u>\$ 11,123,519</u>

Carteret County, North Carolina

Notes to Financial Statements

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 87 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 asset with a net book value of \$1,371,317 at June 30, 2023. The right to use asset is discussed in more detail in the right to use asset section of this note.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 134,158	\$ 65,055
2025	101,832	49,658
2026	99,652	45,768
2027	84,030	42,107
2028	77,052	38,940
2029-2033	419,820	146,734
2034-2038	512,635	51,092
	<u>\$ 1,429,179</u>	<u>\$ 439,354</u>

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, 2023, are comprised of the following:

Governmental activities:

\$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	\$ 121,354
\$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	307,694
	<u>429,048</u>

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

\$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	\$ 420,000
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Carteret County, North Carolina

Notes to Financial Statements

Annual debt service requirements to maturity for installment financing at June 30, 2023, are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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
	<u>\$ 429,048</u>	<u>\$ 16,061</u>	<u>\$ 420,000</u>	<u>\$ 18,522</u>	<u>\$ 849,048</u>	<u>\$ 34,583</u>

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

\$ 886,000

Annual debt service requirements to maturity for revenue bonds June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 20,000	\$ 24,365
2025	21,000	23,815
2026	21,000	23,238
2027	22,000	22,660
2028	23,000	22,055
2029-2033	123,000	100,541
2034-2038	141,000	82,666
2039-2043	161,000	62,178
2044-2048	185,000	38,774
2049-2052	169,000	11,797
	<u>\$ 886,000</u>	<u>\$ 412,089</u>

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

The net revenues coverage calculation for the year ended June 30, 2023, is as follows:

Water Revenue Bond

Covenant Compliance Calculation

Operating revenues	\$ 1,053,436
Operating expenses *	<u>(796,865)</u>
Operating income	256,571
Nonoperating revenues (expenses)**	74,453
Nonoperating revenues (expenses)**	<u>-</u>
Net revenues available for debt service	<u><u>\$ 331,024</u></u>
110% of FY 22-23 revenue bond debt service requirement	\$ 49,407
100% of FY 22-23 DENR installment loan debt service requirement	<u>185,164</u>
Total FY 22-23 debt service subject to net revenue covenant compliance	<u><u>\$ 234,571</u></u>
Debt Service coverage ratio	141%

* Per covenants, this does not include depreciation expense of \$351,980

** Per covenants, this does not include revenue bond and installment interest paid of \$39,047.

Subscriptions

For the year ended June 30, 2023, the County implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription assets (A right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

Subscriptions in affect at the end of the prior fiscal year had their assets and liabilities initially measured at the present value of the subscription payments expected over the remaining term of the Subscription after July 1, 2022. The subscriptions agreements had varying terms of the agreement up to four years. The subscriptions do not have a state interest rate. Accordingly, the County's estimated incremental borrowing rate of 2.18% was used to discount the subscription payments. As a result, the amount of \$1,109,304 was added as a right-to-use subscription asset and \$1,109,304 as a subscription liability as of July 1, 2022. The liability balance at June 30, 2023 was \$627,583. The future minimum subscription obligations and the net present value of these minimum subscriptions payments as of June 30, 2023, are as follows:

Carteret County, North Carolina

Notes to Financial Statements

Year Ending June 30,	Principal	Interest
2024	\$ 436,657	\$ 13,182
2025	154,895	4,226
2026	36,031	822
	<u>\$ 627,583</u>	<u>\$ 18,230</u>

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 \$3,760,000.

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 \$4,075,000.

Debt Related to Capital Activities – Of the total Governmental Activities debt listed, none relates to assets for which the County holds title. No restricted cash relates to this debt amount.

The following is a summary of changes in the County’s long-term obligations for the fiscal year ended June 30, 2023:

Carteret County, North Carolina

Notes to Financial Statements

	Beginning Balance June 30, 2022 as Restated	Additions	Retirements	Adjustments	Ending Balance June 30, 2023	Due Within One Year
Governmental activities:						
Bonds/certificates payable:						
General obligation bonds	\$ 13,580,000	\$ 20,000,000	\$ 2,755,000	\$ -	\$ 30,825,000	\$ 3,745,000
Bond premiums	1,082,017	2,483,140	225,763	-	3,339,394	-
Total bonds payable	14,662,017	22,483,140	2,980,763	-	34,164,394	3,745,000
Leases	1,532,163	142,637	152,991	(92,630)	1,429,179	134,158
Direct placement installment purchase	999,562	-	570,514	-	429,048	429,048
Subscription agreements	1,109,304	360,529	842,250	-	627,583	436,657
Compensated absences	1,898,677	1,682,126	1,630,427	-	1,950,376	1,409,647
Net pension liability (LGERS)	4,301,285	12,053,529	-	-	16,354,814	-
Total pensions liability (LEOSSA)	2,138,853	-	84,069	-	2,054,784	-
Total OPEB liability	10,303,566	-	826,597	-	9,476,969	-
Governmental activity long-term liabilities	\$ 36,945,427	\$ 36,721,961	\$ 7,087,611	\$ (92,630)	\$ 66,487,147	\$ 6,154,510
Business-type activities:						
Revenue Bond from direct placement	\$ 906,000	\$ -	\$ 20,000	\$ -	\$ 886,000	\$ 20,000
Direct placement installment purchase	591,032	-	171,032	-	420,000	140,000
Compensated absences	1,133	2,986	-	-	4,119	4,119
Net pension liability (LGERS)	47,840	134,064	-	-	181,904	-
Total OPEB liability	112,493	-	9,024	-	103,469	-
Business-type activity long-term liabilities	\$ 1,658,498	\$ 137,050	\$ 200,056	\$ -	\$ 1,595,492	\$ 164,119

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, 2023, Carteret County had bonds authorized but unissued of \$22,000,000 and a legal debt margin of \$1,320,332,910.

Carteret County, North Carolina

Notes to Financial Statements

Net investment in capital assets.

Net investment in capital assets calculation for the year ended June 30, 2023 is as follows:

	Governmental activities
Capital assets	\$ 75,487,887
Less accumulated depreciation / amortization	<u>47,288,745</u>
Net capital assets	28,199,142
Total debt, gross	36,650,204
Less school debt for assets the county does not hold title	<u>34,164,394</u>
Total capital debt	<u>2,485,810</u>
Net investment in capital assets	<u>\$ 25,713,332</u>

Business-type activities:

Capital Assets	\$ 12,180,669
Less accumulated depreciation	<u>7,130,622</u>
Net capital assets	5,050,047
Less capital debt	<u>1,306,000</u>
Net investment in capital assets	<u>\$ 3,744,047</u>

10. 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

Carteret County, North Carolina

Notes to Financial Statements

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, 2023, was 12.90% of compensation for law enforcement officers and 12.10% 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 \$3,216,014 for the year ended June 30, 2023.

Refunds of Contributions: County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2023, the County reported a liability of \$16,536,718 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2023, the County's proportion was .293% (measured as of June 30, 2022), which was an increase of .009% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

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Notes to Financial Statements

For the year ended June 30, 2023, the County recognized pension expense of \$4,843,250. At June 30, 2023, 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	\$ 712,552	\$ 69,862
Changes of assumptions	1,649,994	-
Net difference between projected and actual earnings on pension plan investments	5,465,558	-
Changes in proportion and differences between County contributions and proportionate share of contributions	462,327	53,361
County contributions subsequent to the measurement date	3,216,014	-
Total	<u>\$ 11,506,445</u>	<u>\$ 123,223</u>

\$3,216,014 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:

2024	\$ 2,603,306
2025	2,247,715
2026	712,292
2027	2,603,895
2028	-
Thereafter	-
	<u>\$ 8,167,208</u>

Actuarial Assumptions: The total pension liability in the December 31, 2021 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 percent - 8.25 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 Pension Mortality tables projected from 2010 using generational improvement with 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, 2021 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.

Carteret County, North Carolina

Notes to Financial Statements

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, 2023 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	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 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 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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
County's proportionate share of the net pension liability (asset)	\$ 29,846,646	\$ 16,536,718	\$ 5,568,564

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.

Carteret County, North Carolina

Notes to Financial Statements

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, 2021 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Active plan members	71
Total	75

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.

3. Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2021 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	4.31 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index in the municipal bond rate.

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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, 2021 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 \$25,387 as benefits came due for the reporting period.

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

At June 30, 2023, the County reported a total pension liability of \$2,054,784. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021 actuarial valuation. For the year ended June 30, 2023 the County recognized pension expense of \$269,212.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 169,759	\$ 100,769
Changes in assumptions	305,371	345,679
County benefit payments and plan administrative expense made subsequent to the measurement date	19,181	-
Total	<u>\$ 494,311</u>	<u>\$ 446,448</u>

Carteret County, North Carolina

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\$19,181 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, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows and Deferred Inflows recognized in pension expense

Years ending June 30:

2024	\$	67,859
2025		56,010
2026		5,357
2027		(62,598)
2028		(37,946)
Thereafter		-
	<u>\$</u>	<u>28,682</u>

\$18,181 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 4.31%, 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 (3.31%) or 1 percentage-point higher 5.31%) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 2,223,325	\$ 2,054,784	\$ 1,900,895

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

	2023
Beginning Balance as of December 31, 2021	\$ 2,138,853
Service Cost	142,235
Interest on the total pension liability	47,839
Difference between expected and actual experience	115,480
Changes of assumptions or other inputs	(364,236)
Benefit payments	(25,387)
Ending balance as of December 31, 2022	<u>\$ 2,054,784</u>

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

Carteret County, North Carolina

Notes to Financial Statements

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, 2023 were \$375,429, which consisted of \$214,791 from the County and \$160,638 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, 2023, were \$1,700,526, which consisted of \$1,089,477 from the County and \$611,049 from the employees. No amounts were forfeited.

D. Registers of Deeds' Supplemental Pension Fund

Plan description: Carteret County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, 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.

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

Carteret County, North Carolina

Notes to Financial Statements

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 \$9,219 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of \$140,875 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022, the County's proportion was 1.064%, which was a decrease of .11% from its proportion measured as of June 30, 2021.

At June 30, 2023, the County recognized pension expense of \$22,889. At June 30, 2023, 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	\$ -	\$ 1,469
Changes of assumptions	7,459	-
Net difference between projected and actual earnings on pension plan investments	58,552	-
Changes in proportion and differences between County contributions and proportionate share of contributions	14,748	8,651
County contributions subsequent to the measurement date	9,219	-
Total	\$ 89,978	\$ 10,120

\$9,219 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:

2024	\$ 16,077
2025	20,344
2026	19,493
2027	14,725
2028	-
Thereafter	-
	\$ 70,639

Carteret County, North Carolina

Notes to Financial Statements

Actuarial Assumptions: The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 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, 2023 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2023 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate: The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate: The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (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	\$ 99,517	\$ 140,875	\$ 175,700

Carteret County, North Carolina

Notes to Financial Statements

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, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021. The total pension liability for LEOSSA was measured as of June 30, 2022, with an actuarial valuation date of December 31, 2021. 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)	\$16,536,718	n/a	\$ (140,875)	\$16,395,843
Proportion of the Net Pension Liability (Asset)	0.29313%	n/a	1.06401%	
Total Pension Liability	\$ -	\$ 2,054,784	\$ -	\$ 2,054,784
Pension Expense	\$ 4,843,290	\$ 269,212	\$ 22,889	\$ 5,135,391

At June 30, 2023, 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	\$ 712,552	\$ 169,759	\$ -	\$ 882,311
Change of assumptions	1,649,994	305,371	7,459	1,962,824
Net difference between projected and actual earnings on pension plan investments	5,465,558	-	58,552	5,524,110
Changes in proportion and differences between County contributions and proportionate share of contributions	462,327	-	14,748	477,075
County contributions (LGERS, ROD) / benefit payments and administration cost (LEOSSA) subsequent to the measurement date	3,216,014	19,181	9,219	3,244,414
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ 69,862	\$ 100,769	\$ 1,469	\$ 172,100
Change in assumptions	-	345,679	-	345,679
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	53,361	-	8,651	62,012

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Notes to Financial Statements

11. 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, 2023 of \$9,580,438 was measured as of June 30, 2022 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

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	2.16%
Measurement date	3.54%
Health Care Cost Trends:	
Pre-Medicare and Prescripion 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 MP2019.

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, 2021	\$ 10,416,059
Changes for the year:	
Service cost at the end of the year	625,558
Interest on TOL and cash flows	234,931
Difference between expected and actual experience	(3,524)
Changes of assumptions or other inputs	(1,360,480)
Net Benefit payments and implicit subsidy credit	(332,106)
Net Changes	(835,621)
Total OPEB Liability as of June 30, 2022	\$ 9,580,438

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

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 2.16% to 3.54% 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.

Carteret County, North Carolina

Notes to Financial Statements

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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	Discount Rate Sensitivity		
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 10,545,777	\$ 9,580,438	\$ 8,716,058

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	\$ 8,439,604	\$ 9,580,438	\$ 10,935,038

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$872,540. At June 30, 2023, 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	\$ 82,165	\$ 64,714
Changes of assumptions or other inputs	1,403,163	1,293,485
Benefit payments and administrative costs made subsequent to the measurement date	246,510	-
Total	<u>\$ 1,731,838</u>	<u>\$ 1,358,199</u>

\$246,510 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30:

2024	\$ 14,464
2025	60,660
2026	85,670
2027	85,670
2028	85,047
Thereafter	(204,382)
	<u>\$ 127,129</u>

Carteret County, North Carolina

Notes to Financial Statements

12. 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, 2023 the County made contributions to the State for death benefits of \$19,225. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.06% and 0.14% of covered payroll, respectively.

13. Additional Social Welfare Expenditures

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

	Federal	State
Medicaid	\$ 77,022,552	\$ 30,248,100
TANF	163,664	-
PEAF	30,351	-
WIC	992,164	-
Health Choice	464,800	103,963
IV-E Adoption Subsidy and vendor	592,029	121,175
Special Assistance	-	306,571
CWS Adoption Subsidy	-	154,198
	\$ 79,265,560	\$ 30,934,007

14. 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, 2023. 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, 2023. 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.

Carteret County, North Carolina

Notes to Financial Statements

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 \$3,924,430 to the Community College during the fiscal year ended June 30, 2023. 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, 2023. 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.

15. 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

16. 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	\$ 522,514
	2019 CDBG Neighborhood Revitalization	
	2019 CDBG Neighborhood Revitalization funds upfronted and due to General Fund	31,807
	School Bond Fund	
	School bond projects upfronted and due to General Fund	687,179
		<u>\$ 1,241,500</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, 2023	\$ 366,498

Carteret County, North Carolina

Notes to Financial Statements

17. 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, 2023 are as follows:

Transfers Out	Transfers In		
	Major General	Non-Major Governmental Funds	Total
Major General Fund	\$ -	\$ 13,893,115	\$ 13,893,115
Major Occupancy Tax Fund	6,800,469	-	6,800,469
Major American Rescue Plan Act Fund	6,900,000	-	6,900,000
Other Governmental Funds	91,731	12,350	104,081
Total transfers out	\$ 13,792,200	\$ 13,905,465	\$ 27,697,665

Transfers consist primarily of the following:

\$ 13,893,115	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
6,800,469	Transfer from Occupancy Tax Fund in accordance with North Carolina General Statutes
91,731	Transfer from Other governmental funds for capital
12,350	Transfer from nonmajor fund to nonmajor fund for capital projects
6,900,000	Transfer from American Rescue Plan Act to the General Fund for governmental lost revenue purposes

Intra-entity transactions with discretely presented component units for the year ended June 30, 2023, are as follows:

Expenditures from General Fund to Carteret County Beaufort Airport Authority for operations and capital improvements	\$ 66,867
Expenditures from Occupancy Tax Fund to Carteret County Tourism Development Authority for portion of Room Occupancy Tax	6,655,905
	\$ 6,722,772
Profit Contributions from ABC Board to General Fund	\$ 1,433,663

Carteret County, North Carolina

Notes to Financial Statements

18. Change in Accounting Principle

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right-to-use, an underlying asset. Under this statement, the County is required to recognize a subscription liability and an intangible right-to-use asset.

19. Pronouncements Issued, Not Yet Effective

The GASB has issued several pronouncements prior to June 30, 2023, 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.

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.

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.

Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Carteret County, North Carolina

Notes to Financial Statements

20. Subsequent Events

The County has evaluated its subsequent events (events occurring after June 30, 2023) through February 23, 2024 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. On August 29, 2023, the NC Utility Commission approved the sale. On December 15, 2023, the County closed on the sale with Carolina Water System.

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 Seven Fiscal Years**

	2023	2022	2021
Beginning balance	\$ 2,138,853	\$ 2,150,843	\$1,528,461
Service cost	142,235	126,258	79,376
Interest on the total pension liability	47,839	41,194	49,369
Differences between expected and actual experience in the measurement of the total pension liability	115,480	(90,995)	(80,827)
Changes of assumptions or other inputs	(364,236)	(55,591)	602,636
Benefit payments	(25,387)	(32,856)	(28,172)
Ending balance of the total pension liability	\$ 2,054,784	\$ 2,138,853	\$ 2,150,843

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.

2020	2019	2018	2017
\$1,127,500	\$ 1,108,206	\$ 968,325	\$ 912,139
78,385	66,838	58,188	63,079
40,632	34,689	37,022	32,336
256,196	(14,112)	(18,303)	-
48,239	(47,228)	81,366	(26,491)
(22,491)	(20,893)	(18,392)	(12,738)
\$ 1,528,461	\$ 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 Seven Fiscal Years

	<u>2023</u>		<u>2022</u>		<u>2021</u>
Total pension liability	\$ 2,054,784	\$	2,138,853	\$	2,150,843
Covered employee payroll	3,806,792		3,423,584		3,256,690
Total pension liability as a percentage of covered payroll	53.98%		62.47%		66.04%

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.

	2020		2019		2018		2017
\$	1,528,461	\$	1,127,500	\$	1,108,206	\$	968,325
	3,349,736		2,638,514		2,590,646		2,577,824
	45.63%		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 Ten Fiscal Years*

	2023	2022	2021
County's proportion of the net pension liability (asset) %	0.29313%	0.00284%	0.28122%
County's proportionate share of the net pension liability (asset) \$	\$ 16,536,718	\$ 4,349,125	\$ 10,049,189
County's covered payroll	24,197,407	22,433,718	21,005,204
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	68.34%	19.39%	47.84%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	92.00%	88.61%

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

	2020	2019	2018	2017	2016	2015	2014
	0.30071%	0.27648%	0.28040%	0.29078%	0.25893%	0.25688%	0.24810%
\$	8,212,156	\$ 6,559,051	\$ 4,283,735	\$ 6,171,326	\$ 1,162,062	\$ (1,514,940)	\$ 2,990,558
	20,750,389	18,490,395	18,208,239	17,057,781	15,801,403	14,891,061	14,737,702
	39.58%	35.47%	23.53%	36.18%	7.35%	-10.17%	20.29%
	92.00%	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 Ten Fiscal Years**

	2023	2022	2021
Contractually required contribution	\$ 3,216,014	\$ 2,741,566	\$ 2,278,751
Contributions in relation to the contractually required contribution	3,216,014	2,741,566	2,278,751
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 26,293,583	\$ 24,197,407	\$ 22,433,718
Contributions as a percentage of covered payroll	12.23%	11.33%	10.16%

	2020	2019	2018	2017	2016	2015	2014
\$	1,889,036	\$ 1,622,959	\$ 1,391,865	\$ 1,315,412	\$ 1,167,788	\$ 1,150,353	\$ 1,062,954
	1,889,036	1,622,959	1,391,865	1,315,412	1,167,788	1,150,353	1,062,954
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	21,005,204	\$ 20,750,389	\$ 18,490,395	\$ 18,208,239	\$ 17,057,781	\$ 15,801,403	\$ 14,891,061
	8.99%	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 Ten Fiscal Years*

	2023	2022	2021
County's proportion of the net pension liability (asset) %	1.06401%	1.17178%	1.04512%
County's proportionate share of the net pension liability (asset) \$	\$ (140,875)	\$ (225,134)	\$ (239,521)
County's covered payroll	66,116	55,827	54,325
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-213.07%	-403.27%	-440.90%
Plan fiduciary net position as a percentage of the total pension liability	139.04%	156.53%	173.62%

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

	2020	2019	2018	2017	2016	2015	2014
	0.90764%	1.06630%	0.93938%	1.33673%	1.09128%	1.10071%	1.12857%
\$	(179,186)	\$ (176,611)	\$ (160,343)	\$ (249,915)	\$(252,893)	\$ (249,489)	\$ (241,063)
	52,113	47,636	47,761	41,841	46,233	46,233	46,233
	-343.84%	-370.75%	-335.72%	-597.30%	-547.00%	-539.63%	-521.41%
	153.31%	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 Ten Fiscal Years**

	2023	2022	2021
Contractually required contribution	\$ 9,219	\$ 12,198	\$ 14,063
Contributions in relation to the contractually required contribution	9,219	12,198	14,063
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 73,546	\$ 66,116	\$ 55,827
Contributions as a percentage of covered payroll	12.54%	18.45%	25.19%

	2020	2019	2018	2017	2016	2015	2014
\$	10,007	\$ 8,627	\$ 9,125	\$ 9,588	\$ 9,494	\$ 8,732	\$ 8,987
	10,007	8,627	9,125	9,588	9,494	8,732	8,987
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	54,325	\$ 52,113	\$ 46,025	\$ 41,841	\$ 46,233	\$ 46,233	\$ 46,233
	18.42%	16.55%	19.83%	22.92%	20.54%	18.89%	19.44%

Carteret County, North Carolina

Schedule of Changes in Total OPEB Liability

Last Six Fiscal Years

	Measurement Period Ending	
	2022	2021
Beginning balance	\$ 10,416,059	\$ 9,010,210
Service cost	625,558	534,331
Interest on the total pension liability	234,931	207,288
Differences between expected and actual experience	(3,524)	77,838
Changes of assumptions or other inputs	(1,360,480)	918,170
Benefit payments	(332,106)	(331,778)
Ending balance of the total OPEB liability	\$ 9,580,438	\$ 10,416,059
Covered employee payroll	19,800,356	19,800,356
Total OPEB liability as a percentage of covered-employee payroll	48.39%	52.61%

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%
2023	2022	3.54%

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

2020	2019	2018	2017
\$ 7,605,662	\$ 7,294,191	\$7,230,171	\$ 7,297,781
394,910	413,040	425,449	407,537
274,248	276,362	250,233	213,683
18,295	(122,530)	26,801	40,986
1,049,790	127,802	(232,621)	(329,477)
(332,695)	(383,203)	(405,842)	(400,339)
\$ 9,010,210	\$ 7,605,662	\$7,294,191	\$ 7,230,171

18,339,543	18,339,543	16,873,606	16,873,606
49.13%	41.47%	43.23%	42.85%



Major Governmental Funds



General Fund



Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP)
Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Ad valorem taxes:			
Current period	\$ 54,740,000	\$ 55,671,042	\$ 931,042
Prior years	850,000	663,069	(186,931)
Interest and penalties	365,000	509,104	144,104
	<u>55,955,000</u>	<u>56,843,215</u>	<u>888,215</u>
Other taxes:			
ABC local bottle tax	56,000	55,936	(64)
Local option sales tax	20,600,000	22,552,578	1,952,578
	<u>20,656,000</u>	<u>22,608,514</u>	<u>1,952,514</u>
Permits and fees:			
Sheriff fees	100,000	108,808	8,808
Register of deeds	2,100,000	1,927,668	(172,332)
Franchise fees	360,000	327,148	(32,852)
Building and Inspection fees	1,125,000	1,580,295	455,295
Environmental health fees	365,000	322,781	(42,219)
Public Health fees	525,200	409,584	(115,616)
Other fees	452,800	514,755	61,955
	<u>5,028,000</u>	<u>5,191,039</u>	<u>163,039</u>
Intergovernmental:			
Restricted:			
Federal and State grants	16,568,640	17,498,288	929,648
Municipal contributions	7,000	-	(7,000)
Court facilities fees	100,000	95,776	(4,224)
Unrestricted:			
Beer and wine tax	170,000	168,140	(1,860)
Payments in lieu of taxes	-	217,242	217,242
ABC profits	1,300,000	1,433,663	133,663
Croatan National Forest	41,000	37,459	(3,541)
	<u>18,186,640</u>	<u>19,450,568</u>	<u>1,263,928</u>
Sales and services:			
Solid waste	3,370,000	3,538,752	168,752
Civic center fees	227,500	231,395	3,895
Other	1,490,065	1,543,519	53,454
	<u>5,087,565</u>	<u>5,313,666</u>	<u>226,101</u>
Interest	750,000	2,501,378	1,751,378
Miscellaneous:			
Other	135,825	270,604	134,779
	<u>135,825</u>	<u>270,604</u>	<u>134,779</u>
Total revenues	<u>105,799,030</u>	<u>112,178,984</u>	<u>6,379,954</u>

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Expenditures			
General government:			
Governing body:			
Salaries and employee benefits		71,708	
Operating expenses		180,851	
Professional services		109,500	
	<u>394,530</u>	<u>362,059</u>	<u>32,471</u>
Administration:			
Salaries and employee benefits		433,440	
Operating expenses		21,889	
	<u>513,783</u>	<u>455,329</u>	<u>58,454</u>
Information systems:			
Salaries and employee benefits		1,015,940	
Operating expenses		1,823,628	
Capital outlay		124,080	
	<u>3,019,408</u>	<u>2,963,648</u>	<u>55,760</u>
Finance:			
Salaries and employee benefits		831,181	
Operating expenses		215,308	
	<u>1,119,525</u>	<u>1,046,489</u>	<u>73,036</u>
Human resources:			
Salaries and employee benefits		436,537	
Operating expenses		132,930	
	<u>678,539</u>	<u>569,467</u>	<u>109,072</u>
Tax and revaluation:			
Salaries and employee benefits		1,076,835	
Operating expenses		189,159	
Contract services		2,426,376	
	<u>3,736,731</u>	<u>3,692,370</u>	<u>44,361</u>
Legal:			
Professional services	168,000	129,780	38,220
Court facilities:			
Operating expenses		63,274	
	<u>64,000</u>	<u>63,274</u>	<u>726</u>
Elections:			
Salaries and employee benefits		352,768	
Operating expenses		134,795	
	<u>547,825</u>	<u>487,563</u>	<u>60,262</u>
Register of deeds:			
Salaries and employee benefits		444,455	
Operating expenses		188,712	
	<u>702,877</u>	<u>633,167</u>	<u>69,710</u>

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Public buildings:			
Salaries and employee benefits		693,108	
Operating expenses		1,162,548	
Capital outlay		129,029	
	<u>2,642,506</u>	<u>1,984,685</u>	<u>657,821</u>
Total general government	13,587,724	12,387,831	1,199,893
Public safety:			
Sheriff:			
Salaries and employee benefits		6,263,772	
Operating expenses		1,240,724	
Contract services		165,953	
Capital outlay		793,031	
	<u>8,537,148</u>	<u>8,463,480</u>	<u>73,668</u>
Sheriff - Jail division:			
Salaries and employee benefits		2,854,389	
Operating expenses		1,614,338	
Contract services		462,120	
	<u>5,451,804</u>	<u>4,930,847</u>	<u>520,957</u>
Paramedic operations:			
Salaries and employee benefits		729,716	
Operating expenses		88,430	
	<u>932,422</u>	<u>818,146</u>	<u>114,276</u>
County rescue services:			
Salaries and employee benefits		787,589	
Operating expenses		141,185	
	<u>1,085,691</u>	<u>928,774</u>	<u>156,917</u>
Emergency management:			
Salaries and employee benefits		306,935	
Operating expenses		70,881	
Contracted services		53,568	
	<u>476,015</u>	<u>431,384</u>	<u>44,631</u>
Rape crisis program:			
Salaries and employee benefits		253,932	
Operating expenses		9,283	
	<u>308,250</u>	<u>263,215</u>	<u>45,035</u>
Fire Marshall:			
Salaries and employee benefits		223,242	
Operating expenses		55,258	
	<u>418,399</u>	<u>278,500</u>	<u>139,899</u>
Consolidated Communications:			
Salaries and employee benefits		1,564,614	
Operating expenses		212,010	
	<u>2,772,741</u>	<u>1,776,624</u>	<u>996,117</u>
Medical examiner:			
Professional services	<u>90,000</u>	<u>85,750</u>	<u>4,250</u>

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Animal control:			
Salaries and employee benefits		289,701	
Operating expenses		194,118	
	515,825	483,819	32,006
Total public safety	20,588,295	18,460,539	2,127,756
Transportation:			
Harbors:			
Operating expenses	33,000	26,118	6,882
Beaufort-Morehead City Airport Authority			
Salaries and employee benefits		104,993	
Operating expenses		66,867	
	195,230	171,860	23,370
CCATS:			
Salaries and employee benefits		833,858	
Operating expenses		253,990	
Capital outlay		200,111	
	1,758,540	1,287,959	470,581
Total transportation	1,986,770	1,485,937	500,833
Environmental protection:			
Forest fire control	151,000	108,896	42,104
Tri-County solid waste collections	3,655,500	3,627,094	28,406
Public works:			
Salaries and employee benefits		356,404	
Operating expenses		296,612	
Capital outlay		6,108	
	801,476	659,124	142,352
County garage:			
Salaries and employee benefits		166,217	
Operating expenses		21,203	
Contracted services		10,417	
Capital outlay		13,729	
	299,686	211,566	88,120
Total environmental protection	4,907,662	4,606,680	300,982
Economic and physical development:			
Economic development:			
Salaries and employee benefits		186,436	
Operating expenses		239,814	
	528,089	426,250	101,839
Beach nourishment:			
Salaries and employee benefits		163,862	
Operating expenses		16,309	
Contract services		1,082,044	
	2,175,000	1,262,215	912,785

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Planning and zoning:			
Salaries and employee benefits		1,161,051	
Operating expenses		158,843	
Contract services		70,006	
	<u>1,679,175</u>	<u>1,389,900</u>	<u>289,275</u>
General services:			
Salaries and employee benefits		86,822	
Operating expenses		545	
	<u>87,930</u>	<u>87,367</u>	<u>563</u>
Cooperative extension:			
Salaries and employee benefits		83,540	
Operating expenses		176,350	
	<u>271,823</u>	<u>259,890</u>	<u>11,933</u>
Total economic and physical development	<u>4,742,017</u>	<u>3,425,622</u>	<u>1,316,395</u>
Human Services:			
Health center:			
Salaries and employee benefits		2,854,806	
Operating expenses		655,550	
	<u>4,330,109</u>	<u>3,510,356</u>	<u>819,753</u>
Dental program			
Salaries and employee benefits		274,106	
Operating expenses		38,327	
Capital outlay		18,938	
	<u>414,235</u>	<u>331,371</u>	<u>82,864</u>
Women, infants, and children:			
Salaries and employee benefits		309,034	
Operating expenses		2,902	
	<u>351,101</u>	<u>311,936</u>	<u>39,165</u>
Environmental health:			
Salaries and employee benefits		1,245,451	
Operating expenses		97,897	
	<u>1,435,179</u>	<u>1,343,348</u>	<u>91,831</u>
Mental health:			
Mental health center and other		498,000	
Schools Drug Free Education		30,340	
Mental health, ABC		30,000	
	<u>566,500</u>	<u>558,340</u>	<u>8,160</u>
DSS administration:			
Salaries and employee benefits		9,264,138	
Operating expenses		1,058,520	
Capital outlay		140,873	
	<u>10,939,029</u>	<u>10,463,531</u>	<u>475,498</u>
General assistance	<u>1,142,000</u>	<u>726,323</u>	<u>415,677</u>
TANF Block grant:			
TANF Block grant		13,344	
Operating expenses		9,867	
	<u>50,000</u>	<u>23,211</u>	<u>26,789</u>

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
DSS special assistance	578,805	490,123	88,682
Special projects	858,818	544,682	314,136
Other human services	900,505	813,532	86,973
Veteran services:			
Salaries and employee benefits		369,182	
Operating expenses		56,912	
	475,179	426,094	49,085
Senior center aging programs:			
Salaries and employee benefits		266,626	
Operating expenses		33,069	
Contract services		146,008	
	480,697	445,703	34,994
Total human services	22,522,157	19,988,550	2,533,607
Culture and recreation:			
Senior center:			
Salaries and employee benefits		213,348	
Operating expenses		59,838	
Contract services		10,777	
	372,688	283,963	88,725
Carteret County Library:			
Salaries and employee benefits		1,090,551	
Operating expenses		317,321	
Contract services		48,859	
	1,783,456	1,456,731	326,725
Parks and recreation:			
Salaries and employee benefits		623,278	
Operating expenses		257,144	
Contract services		31,796	
	979,265	912,218	67,047
Parks and recreation maintenance:			
Salaries and employee benefits		539,653	
Operating expenses		428,087	
Capital outlay		62,142	
	1,236,265	1,029,882	206,383
Civic center:			
Salaries and employee benefits		265,680	
Operating expenses		196,324	
	570,665	462,004	108,661
Total culture and recreation	4,942,339	4,144,798	797,541

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) (Continued)
Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Education:			
Public schools, current expense	26,412,500	26,412,500	-
Community college, current expense	2,846,000	2,846,000	-
Community college, capital outlay	1,784,965	1,078,430	706,535
Total education	31,043,465	30,336,930	706,535
Debt service:			
Principal retirement	3,604,715	3,478,505	126,210
Interest and fees	544,000	566,715	(22,715)
Total debt service	4,148,715	4,045,220	103,495
Total expenditures	108,469,144	98,882,107	9,587,037
Revenues (under) over expenditures	(2,670,114)	13,296,877	15,966,991
Other financing sources (uses)			
Transfers in (out):			
From Occupancy Tax Fund	7,277,000	6,800,469	(476,531)
From American Rescue Plan Fund	6,900,000	6,900,000	-
From Opioid Settlement Fund	92,000	91,731	(269)
To School Project Fund	(4,289,230)	(4,289,230)	-
To Capital Improvement Fund	(1,748,125)	(1,748,125)	-
To Facilities / Debt Reserve Fund	(935,000)	(935,000)	-
To County Equipment Fund	(6,900,000)	(6,900,000)	-
To Emergency Telephone System Fund	(20,760)	(20,760)	-
Lease liabilities issued	186,000	142,637	(43,363)
Contingency reserves	(5,094,356)	-	5,094,356
Appropriated fund balance	7,202,585	-	(7,202,585)
Total other financing sources (uses)	2,670,114	41,722	(2,628,392)
Net change in fund balance	\$ -	13,338,599	\$ 13,338,599
Fund balance			
Beginning		78,980,863	
Ending		<u>\$ 92,319,462</u>	

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, 2023

	Original Project Estimate	Amended Project Estimate	Actual		
			Prior Years	Current Year	Total to Date
Revenues					
Intergovernmental:					
American Recovery Plan Act	\$ 150,000	\$ 13,494,320	\$ 3,089,214	\$ 7,374,849	\$ 10,464,063
Interest	-	2,000	1,872	108,956	110,828
Total revenues	150,000	13,496,320	3,091,086	7,483,805	10,574,891
Expenditures					
Human Services:					
Supplies	-	45,000	-	17,128	17,128
Small equipment	-	-	26,785	501	27,286
Maintenance	150,000	689,000	7,486	396,220	403,706
Capital	-	2,762,320	-	61,000	61,000
Total expenditures	150,000	3,496,320	34,271	474,849	509,120
Revenues over expenditures	-	10,000,000	3,056,815	7,008,956	10,065,771
Other financing uses					
Transfer to other funds	-	(10,000,000)	(3,054,943)	(6,900,000)	(9,954,943)
Total other financing uses	-	(10,000,000)	(3,054,943)	(6,900,000)	(9,954,943)
Net change in fund balances	\$ -	\$ -	\$ 1,872	108,956	\$ 110,828
Fund balances					
Beginning				1,872	
Ending				<u>\$ 110,828</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, 2023

	Original Project Estimate	Amended Project Estimate	Actual		
			Prior Years	Current Year	Total to Date
Revenues					
Intergovernmental:					
NC needs based capital funds	\$ -	\$ 14,911,245	\$ -	\$ 8,442,070	\$ 8,442,070
Sales tax refund	-	-	18,996	-	18,996
	-	14,911,245	18,996	8,442,070	8,461,066
Interest	-	-	-	10,842	10,842
Total revenues	-	14,911,245	18,996	8,452,912	8,471,908
Expenditures					
Debt service:					
Issuance costs	-	350,000	-	146,060	146,060
Capital outlay:					
Renovations and improvements	1,173,730	33,865,970	1,798,562	13,749,245	15,547,807
Architect and engineering	-	2,730,000	693,859	1,834,857	2,528,716
Construction management	91,272	448,275	149,994	99,996	249,990
Total expenditures	1,265,002	37,394,245	2,642,415	15,830,158	18,472,573
Revenues (under) expenditures	(1,265,002)	(22,483,000)	(2,623,419)	(7,377,246)	(10,000,665)
Other financing sources					
General obligation bonds issued	1,265,002	20,000,000	-	20,000,000	20,000,000
General obligation bonds premium	-	2,483,000	-	2,483,140	2,483,140
Total other financing sources	1,265,002	22,483,000	-	22,483,140	22,483,140
Net change in fund balances	\$ -	\$ -	\$ (2,623,419)	15,105,894	\$ 12,482,475
Fund balance					
Beginning				(2,623,419)	
Ending				<u>\$ 12,482,475</u>	



Summary of Nonmajor Governmental Funds



Carteret County, North Carolina

Combining Balance Sheet - Non-major Governmental Fund Types
June 30, 2023

	Government Fund Types		
	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Assets:			
Cash and investments	\$ 2,535,702	\$ 43,571,732	\$ 46,107,434
Receivables, net	1,703,921	10,338	1,714,259
Restricted cash and investments	3,932,449	1,550,000	5,482,449
Total assets	\$ 8,172,072	\$ 45,132,070	\$ 53,304,142
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 32,765	\$ 660,726	\$ 693,491
Due to other funds	31,807	-	31,807
Unearned revenues	8,057	250,000	258,057
Total liabilities	72,629	910,726	983,355
Deferred inflows of resources	626,740	-	626,740
Fund balances:			
Restricted:			
Public safety	1,376,599	-	1,376,599
Economic development	121,785	-	121,785
Rescue protection	1,721,414	-	1,721,414
Fire protection	3,209,186	-	3,209,186
Human services	1,043,719	-	1,043,719
County capital	-	15,554,783	15,554,783
Committed:			
Taylor Extended Care	-	49,177	49,177
School capital	-	2,142,012	2,142,012
Assigned:			
County capital	-	26,475,372	26,475,372
Total fund balances	7,472,703	44,221,344	51,694,047
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,172,072	\$ 45,132,070	\$ 53,304,142

Carteret County, North Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Non-major Governmental Fund Types
 Year Ended June 30, 2023

	Government Fund Types		
	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Ad valorem taxes	\$ 9,117,771	\$ -	\$ 9,117,771
Other taxes	3,353,372	-	3,353,372
Permits and fees	73,997	-	73,997
Intergovernmental	2,505,505	13,752,380	16,257,885
Interest	175,691	991,211	1,166,902
Total revenues	15,226,336	14,743,591	29,969,927
Expenditures			
Current:			
General government	73,997	-	73,997
Public safety	11,488,667	-	11,488,667
Economic and physical development	680,172	-	680,172
Human services	617,017	-	617,017
Capital outlay	-	5,777,007	5,777,007
Total expenditures	12,859,853	5,777,007	18,636,860
Revenues over expenditures	2,366,483	8,966,584	11,333,067
Other financing sources (uses)			
Transfers in	20,760	13,884,705	13,905,465
Transfers out	(91,731)	(12,350)	(104,081)
Total other financing sources (uses)	(70,971)	13,872,355	13,801,384
Net change in fund balances	2,295,512	22,838,939	25,134,451
Fund balances			
Beginning	5,177,191	21,382,405	26,559,596
Ending	\$ 7,472,703	\$ 44,221,344	\$ 51,694,047

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, 2023

	Rescue Squad Fund	Fire District Fund	Emergency Telephone System Fund	Salter Path District Fund
Assets				
Cash and investments	\$ -	\$ -	\$ 1,361,168	\$ 115,643
Receivables:				
Property taxes receivable, net	254,744	359,976	-	-
Accounts receivable	409,953	618,100	16,628	693
Restricted cash and investments	1,333,055	2,599,394	-	-
Total assets	\$ 1,997,752	\$ 3,577,470	\$ 1,377,796	\$ 116,336
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 14,390	\$ 7,455	\$ 1,197	\$ -
Due to other funds	-	-	-	-
Unearned revenues	7,204	853	-	-
Total liabilities	21,594	8,308	1,197	-
Deferred inflows of resources	254,744	359,976	-	-
Fund balances:				
Restricted:				
Public safety	-	-	1,376,599	-
Economic development	-	-	-	116,336
Rescue protection	1,721,414	-	-	-
Fire protection	-	3,209,186	-	-
Human Services	-	-	-	-
Unassigned:	-	-	-	-
Total fund balances	1,721,414	3,209,186	1,376,599	116,336
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,997,752	\$ 3,577,470	\$ 1,377,796	\$ 116,336

Water Tax District Fund	Deed of Trust Fund	Representative Payee Fund	Opioid Settlement Fund	2019 CDBG Neighborhood Revitalization Fund	Totals
\$ 5,451	\$ 6,132	\$ 177,297	\$ 870,011	\$ -	\$ 2,535,702
12,020	-	-	-	-	626,740
-	-	-	-	31,807	1,077,181
-	-	-	-	-	3,932,449
\$ 17,471	\$ 6,132	\$ 177,297	\$ 870,011	\$ 31,807	\$ 8,172,072
\$ 2	\$ 6,132	\$ -	\$ 3,589	\$ -	\$ 32,765
-	-	-	-	31,807	31,807
-	-	-	-	-	8,057
2	6,132	-	3,589	31,807	72,629
12,020	-	-	-	-	626,740
-	-	-	-	-	1,376,599
5,449	-	-	-	-	121,785
-	-	-	-	-	1,721,414
-	-	-	-	-	3,209,186
-	-	177,297	866,422	-	1,043,719
-	-	-	-	-	-
5,449	-	177,297	866,422	-	7,472,703
\$ 17,471	\$ 6,132	\$ 177,297	\$ 870,011	\$ 31,807	\$ 8,172,072

Carteret County, North Carolina

Non-major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2023

	Rescue Squad Fund	Fire District Fund	Emergency Telephone System Fund	Salter Path District Fund
Revenues				
Ad valorem taxes	\$ 3,863,725	\$ 5,243,672	\$ -	\$ 6,008
Other taxes	1,335,467	2,015,635	-	2,446
Permits and fees	-	-	-	-
Intergovernmental	-	3,401	199,535	-
Interest	28,056	82,795	36,192	3,119
Total revenues	5,227,248	7,345,503	235,727	11,573
Expenditures				
General government	-	-	-	-
Public safety	4,880,945	6,451,840	155,882	-
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Total expenditures	4,880,945	6,451,840	155,882	-
Revenues (under) over expenditures	346,303	893,663	79,845	11,573
Other financing sources (uses)				
Transfers in	-	-	20,760	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	20,760	-
Net change in fund balances	346,303	893,663	100,605	11,573
Fund balances				
Beginning	1,375,111	2,315,523	1,275,994	104,763
Ending	\$ 1,721,414	\$ 3,209,186	\$ 1,376,599	\$ 116,336

Water Tax District Fund	Deed of Trust Fund	Representative Payee Fund	Opioid Settlement Fund	2019 CDBG Neighborhood Revitalization Fund	Totals
\$ 4,366	\$ -	\$ -	\$ -	\$ -	\$ 9,117,771
(176)	-	-	-	-	3,353,372
-	73,997	-	-	-	73,997
-	-	680,206	942,191	680,172	2,505,505
104	-	-	25,425	-	175,691
4,294	73,997	680,206	967,616	680,172	15,226,336
-	73,997	-	-	-	73,997
-	-	-	-	-	11,488,667
-	-	-	-	680,172	680,172
-	-	607,554	9,463	-	617,017
-	73,997	607,554	9,463	680,172	12,859,853
4,294	-	72,652	958,153	-	2,366,483
-	-	-	-	-	20,760
-	-	-	(91,731)	-	(91,731)
-	-	-	(91,731)	-	(70,971)
4,294	-	72,652	866,422	-	2,295,512
1,155	-	104,645	-	-	5,177,191
\$ 5,449	\$ -	\$ 177,297	\$ 866,422	\$ -	\$ 7,472,703

Carteret County, North Carolina

Rescue Squad Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 3,712,000	\$ 3,863,725	\$ 151,725
Other taxes:			
Local option sales tax	1,176,000	1,335,467	159,467
Interest	-	28,056	28,056
Total revenues	4,888,000	5,227,248	339,248
Expenditures			
Public safety:			
Beaufort	1,077,200	1,077,172	28
Broad and Gales Creek	536,700	536,647	53
Mill Creek	174,250	173,758	492
Mitchell Village	221,000	220,992	8
Newport	95,500	95,506	(6)
Otway	420,050	419,999	51
Sea Level	242,150	241,858	292
South River	202,500	202,490	10
Western Carteret	776,550	776,523	27
District reserves	337,954	-	337,954
Local sales tax	1,136,000	1,136,000	-
Total expenditures	5,219,854	4,880,945	338,909
Revenues (under) over expenditures	(331,854)	346,303	678,157
Other financing sources			
Fund balance appropriated	331,854	-	(331,854)
Net change in fund balance	\$ -	346,303	\$ 346,303
Fund balances			
Beginning		1,375,111	
Ending		<u>\$ 1,721,414</u>	

Carteret County, North Carolina

Fire District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 5,029,000	\$ 5,243,672	\$ 214,672
Other taxes:			
Local option sales tax	1,594,000	2,015,635	421,635
Intergovernmental	-	3,401	3,401
Interest	-	82,795	82,795
Total revenues	6,623,000	7,345,503	722,503
Expenditures			
Public safety:			
Fire Districts:			
Atlantic	67,300	67,256	44
Beaufort	612,550	612,509	41
Broad and Gales Creek	357,900	357,897	3
Cedar Island	46,500	46,497	3
Davis	63,300	63,256	44
Harkers Island	359,000	358,946	54
Harlowe	86,500	86,302	198
Marshallberg	89,245	89,223	22
Mill Creek	60,350	60,317	33
Mitchell Village, Crab Point	483,250	483,236	14
Newport	571,850	571,849	1
North River	57,300	57,237	63
Otway	193,200	193,179	21
Salter Path	92,700	92,624	76
Sea Level	38,100	38,092	8
South River	77,200	77,187	13
Stacy	22,100	22,077	23
Stella	257,600	257,581	19
Western Carteret	779,300	779,274	26
Wildwood	1,041,350	1,041,301	49
District reserves	170,405	-	170,405
Local sales tax	1,096,000	1,096,000	-
Total expenditures	6,623,000	6,451,840	171,160
Revenues over expenditures	-	893,663	893,663
Net change in fund balance	\$ -	893,663	\$ 893,663
Fund balances			
Beginning		2,315,523	
Ending		<u>\$ 3,209,186</u>	

Carteret County, North Carolina

Emergency Telephone System Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 205,000	\$ 199,535	\$ (5,465)
Interest	-	36,192	36,192
Total revenues	205,000	235,727	30,727
Expenditures			
Public safety:			
Operating expenses	277,000	42,266	234,734
Contracted services	190,000	113,616	76,384
Capital outlay	437,000	-	437,000
Total expenditures	904,000	155,882	748,118
Revenues (under) over expenditures	(699,000)	79,845	778,845
Other financing sources			
Fund balance appropriated	678,240	-	(678,240)
Transfer from General Fund	20,760	20,760	-
Total other financing sources	699,000	20,760	(678,240)
Net change in fund balance	\$ -	100,605	\$ 100,605
Fund balances			
Beginning		1,275,994	
Ending		\$ 1,376,599	

Carteret County, North Carolina

Salter Path District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 6,000	\$ 6,008	\$ 8
Other taxes:			
Local option sales tax	2,000	2,446	446
Interest	-	3,119	
Total revenues	8,000	11,573	454
Expenditures			
Economic and physical development:			
Beach nourishment	8,000	-	8,000
Total expenditures	8,000	-	8,000
Revenues over expenditures	-	11,573	8,454
Net change in fund balance	\$ -	11,573	\$ 8,454
Fund balances			
Beginning		104,763	
Ending		<u>\$ 116,336</u>	

Carteret County, North Carolina

Water Tax District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ -	\$ 4,366	\$ 4,366
Other taxes			
Local option sales tax	-	(176)	(176)
Interest	-	104	104
Total revenues	<u>-</u>	<u>4,294</u>	<u>4,294</u>
Net change in fund balance	<u>\$ -</u>	<u>4,294</u>	<u>\$ 4,294</u>
Fund balances			
Beginning		<u>1,155</u>	
Ending		<u>\$ 5,449</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, 2023

	Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Permits and fees:			
Register of deeds	\$ 130,000	\$ 73,997	\$ (56,003)
Total revenues	130,000	73,997	(56,003)
Expenditures			
General government:			
Payments of fees collected to the State of North Carolina	130,000	73,997	56,003
Total expenditures	130,000	73,997	56,003
Net change in fund balance	\$ -	-	\$ -
Fund balances			
Beginning		-	
Ending		<u>\$ -</u>	

Carteret County, North Carolina

Representative Payee Fund

**Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2023**

	Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Restricted intergovernmental	\$ 800,000	\$ 680,206	\$ (119,794)
Total revenues	800,000	680,206	(119,794)
Expenditures			
Human services:			
Payments made for the benefit of beneficiaries	800,000	607,554	192,446
Total expenditures	800,000	607,554	192,446
 Net change in fund balance	 \$ -	 72,652	 \$ 72,652
 Fund balance			
Beginning		104,645	
Ending		\$ 177,297	

Carteret County, North Carolina

Opioid Settlement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and the Year Ended June 30, 2023

	Total Project Estimate	Prior Years	Actual Current Year	Total to Date
Revenues				
Intergovernmental:				
Opioid settlement	\$ 1,924,000	\$ -	\$ 942,191	\$ 942,191
Interest	-	-	25,425	25,425
Total revenues	1,924,000	-	967,616	967,616
Expenditures				
Human services:				
Salaries and employee benefits	555,700	-	-	-
Operating expenses	113,400	-	9,463	9,463
Contract services	1,162,900	-	-	-
Total expenditures	1,832,000	-	9,463	9,463
Revenue over expenditures	92,000	-	958,153	958,153
Other financing uses				
Transfer to other funds	(92,000)	-	(91,731)	(91,731)
Total other financing uses	(92,000)	-	(91,731)	(91,731)
Net change in fund balances	\$ -	\$ -	866,422	\$ 866,422
Fund balance				
Beginning			-	
Ending			\$ 866,422	

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, 2023

	Total Project Estimate	Prior Years	Actual Current Year	Total to Date
Revenues				
Intergovernmental:				
2019 CDBG-NR neighborhood revitalization	\$ 750,000	\$ 34,578	\$ 680,172	\$ 714,750
Total revenues	750,000	34,578	680,172	714,750
Expenditures				
Economic and physical development:				
2019 CDBG - NR				
C-1 private rehabilitation	680,000	10,652	644,303	654,955
C-1 Administration	70,000	23,926	35,869	59,795
	750,000	34,578	680,172	714,750
Total expenditures	750,000	34,578	680,172	714,750
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balances				
Beginning			-	
Ending			<u>\$ -</u>	

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, 2023

	County Capital Reserve Fund	County Capital Improvements Fund	County Facilities / Debt Reserve Fund
Assets			
Cash and investments	\$ 1,121,267	\$ 4,247,702	\$ 10,149,672
Accounts receivable	-	10,338	-
Restricted cash and investments	-	1,300,000	-
Total assets	\$ 1,121,267	\$ 5,558,040	\$ 10,149,672
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 7,752	\$ -
Unearned revenue	-	-	-
Total liabilities	-	7,752	-
Fund balances:			
Restricted:			
County capital	-	-	-
Committed:			
Taylor Extended Care	-	49,177	-
School capital	-	-	-
Assigned:			
County capital	1,121,267	5,501,111	10,149,672
Total fund balances	1,121,267	5,550,288	10,149,672
Total liabilities and fund balances	\$ 1,121,267	\$ 5,558,040	\$ 10,149,672

School Special Projects Fund	County Capital Equipment Fund	State Capital Grants Fund	County Construction Projects Fund	Totals
\$ 2,206,390	\$ 9,902,400	\$ 15,944,301	\$ -	\$ 43,571,732
-	-	-	-	10,338
-	-	250,000	-	1,550,000
\$ 2,206,390	\$ 9,902,400	\$ 16,194,301	\$ -	\$ 45,132,070

\$ 64,378	\$ 199,078	\$ 389,518	\$ -	\$ 660,726
-	-	250,000	-	250,000
64,378	199,078	639,518	-	910,726

-	-	15,554,783	-	15,554,783
-	-	-	-	49,177
2,142,012	-	-	-	2,142,012
-	9,703,322	-	-	26,475,372
2,142,012	9,703,322	15,554,783	-	44,221,344
\$ 2,206,390	\$ 9,902,400	\$ 16,194,301	\$ -	\$ 45,132,070

Carteret County, North Carolina

Non-major Capital Projects Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2023

	County Capital Reserve Fund	County Capital Improvements Fund	County Facilities / Debt Reserve Fund
Revenues			
Intergovernmental	\$ -	\$ 773,981	\$ -
Interest	30,490	140,020	275,178
Total revenues	30,490	914,001	275,178
Expenditures			
Capital outlay	-	848,957	-
Revenues over (under) expenditures	30,490	65,044	275,178
Other financing sources (uses)			
Transfers in	-	1,760,475	935,000
Transfers out	-	-	-
Total other financing sources (uses)	-	1,760,475	935,000
Net change in fund balances	30,490	1,825,519	1,210,178
Fund balances			
Beginning	1,090,777	3,724,769	8,939,494
Ending	\$ 1,121,267	\$ 5,550,288	\$ 10,149,672

School Special Projects Fund	County Capital Equipment Fund	State Capital Grants Fund	County Construction Projects Fund	Totals
\$ -	\$ -	\$ 12,978,399	\$ -	\$ 13,752,380
62,119	260,160	223,244	-	991,211
62,119	260,160	13,201,643	-	14,743,591
3,542,455	511,781	819,928	53,886	5,777,007
(3,480,336)	(251,621)	12,381,715	(53,886)	8,966,584
4,289,230	6,900,000	-	-	13,884,705
-	-	-	(12,350)	(12,350)
4,289,230	6,900,000	-	(12,350)	13,872,355
808,894	6,648,379	12,381,715	(66,236)	22,838,939
1,333,118	3,054,943	3,173,068	66,236	21,382,405
\$ 2,142,012	\$ 9,703,322	\$ 15,554,783	\$ -	\$ 44,221,344

Carteret County, North Carolina

County Capital Reserve Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2023

	Budget	Actual	Variance Positive
Revenues			
Interest	\$ -	\$ 30,490	\$ 30,490
Total revenues	<u>-</u>	<u>30,490</u>	<u>30,490</u>
Net change in fund balance	<u>\$ -</u>	<u>30,490</u>	<u>\$ 30,490</u>
Fund balances			
Beginning		<u>1,090,777</u>	
Ending		<u>\$ 1,121,267</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 144,000	\$ 773,981	\$ 629,981
Interest	-	140,020	140,020
Total revenues	144,000	914,001	770,001
Expenditures			
Capital outlay:			
Aerial pictometry	200,000	89,271	110,729
Building renovations	950,400	-	950,400
Waterway dredging	494,000	199,638	294,362
Beach replenishment	333,125	333,125	-
Water access West Beaufort project	185,950	185,933	17
Water access improvements	41,000	40,990	10
Total expenditures	2,204,475	848,957	1,355,518
Revenues (under) over expenditures	(2,060,475)	65,044	2,125,519
Other financing sources			
Transfer from General Fund	1,748,125	1,748,125	-
Transfer from Other Funds	12,350	12,350	-
Fund balance appropriated	300,000	-	(300,000)
Total other financing sources	2,060,475	1,760,475	(300,000)
Net change in fund balance	\$ -	1,825,519	\$ 1,825,519
Fund balances			
Beginning		3,724,769	
Ending		<u>\$ 5,550,288</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, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$ -	\$ 275,178	\$ 275,178
Total revenues	-	275,178	275,178
Expenditures			
Capital outlay:			
Future projects / capital debt	\$ 935,000	\$ -	\$ 935,000
Total expenditures	935,000	-	935,000
Revenues (under) over expenditures	(935,000)	275,178	1,210,178
Other financing sources			
Transfer from General Fund	935,000	935,000	-
Total other financing sources	935,000	935,000	-
Net change in fund balance	\$ -	1,210,178	\$ 1,210,178
Fund balances			
Beginning		8,939,494	
Ending		<u>\$ 10,149,672</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, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$ -	\$ 62,119	\$ 62,119
Total revenues	-	62,119	62,119
Expenditures			
Capital outlay, Board of Education	\$ 5,519,945	\$ 3,542,455	\$ 1,977,490
Revenues (under) expenditures	(5,519,945)	(3,480,336)	2,039,609
Other financing sources			
Transfer from other funds	4,289,230	4,289,230	-
Fund balance appropriated	1,230,715	-	(1,230,715)
Total other financing sources	5,519,945	4,289,230	(1,230,715)
Net change in fund balance	\$ -	808,894	\$ 808,894
Fund balances			
Beginning		1,333,118	
Ending		<u>\$ 2,142,012</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, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$ -	\$ 260,160	\$ 260,160
Total revenues	-	260,160	260,160
Expenditures			
Capital outlay:			
Capital outlay	\$ 6,900,000	\$ 511,781	\$ 6,388,219
Total expenditures	6,900,000	511,781	6,388,219
Revenues (under) expenditures	(6,900,000)	(251,621)	6,648,379
Other financing sources			
Transfer from General Fund	6,900,000	6,900,000	-
Total other financing sources	6,900,000	6,900,000	-
Net change in fund balance	\$ -	6,648,379	\$ 6,648,379
Fund balances			
Beginning		3,054,943	
Ending		<u>\$ 9,703,322</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, 2023

	Total Project Estimate	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental	\$ 17,121,085	\$ 3,283,333	12,978,399	\$ 16,261,732
Interest	-	-	223,244	223,244
Total revenues	17,121,085	3,283,333	13,201,643	16,484,976
Expenditures				
Capital outlay:				
Detention center improvements	283,335	110,265	42,469	152,734
Downeast BRIC improvements	500,000	-	2,728	2,728
DPS disaster relief recovery	12,000,000	-	530,831	530,831
NCDOT paving project	337,750	-	-	-
Flood mitigation improvements	250,000	-	228,399	228,399
Economic development improvements	250,000	-	-	-
Water access improvements	3,500,000	-	15,501	15,501
Total Expenditures	17,121,085	110,265	819,928	930,193
Revenues over expenditures	-	3,173,068	12,381,715	15,554,783
Net change in fund balances	\$ -	\$ 3,173,068	12,381,715	\$ 15,554,783
Fund balance				
Beginning			3,173,068	
Ending			<u>15,554,783</u>	

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, 2023

	Total Project Estimate	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental	\$ 14,725	\$ 14,722	\$ -	\$ 14,722
Interest	160	160	-	160
Total revenues	14,885	14,882	-	14,882
Expenditures				
Capital outlay:				
Construction	835,970	798,037	37,933	835,970
Furnishings / equipment	136,620	120,664	15,953	136,617
Professional services / design	54,945	54,945	-	54,945
Total Expenditures	1,027,535	973,646	53,886	1,027,532
Revenue (under) expenditures	(1,012,650)	(958,764)	(53,886)	(1,012,650)
Other financing sources (uses)				
Transfer in from general fund	990,000	990,000	-	990,000
Transfer in from other funds	35,000	35,000	-	35,000
Transfer out to other funds	(12,350)	-	(12,350)	(12,350)
Total other financing sources (uses)	1,012,650	1,025,000	(12,350)	1,012,650
Net change in fund balances	\$ -	\$ 66,236	(66,236)	\$ -
Fund balance				
Beginning			<u>66,236</u>	
Ending			<u>\$ -</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, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues, Operating			
Charges for services	\$ 1,084,500	\$ 1,052,982	\$ (31,518)
Other operating revenue	500	454	(46)
Total operating revenues	1,085,000	1,053,436	(31,564)
Expenditures, Operating			
Cost of sales and services:			
Salaries and benefits	277,500	261,897	15,603
Operating expense	646,420	534,968	111,452
Total operating expenditures	923,920	796,865	127,055
Operating revenues over operating expenditures	161,080	256,571	95,491
Nonoperating Revenues (Expenditures)			
Interest earnings	-	74,453	74,453
Interest payments	(45,000)	(39,047)	5,953
Principal payments	(191,080)	(191,032)	48
Total nonoperating revenues (expenditures)	(236,080)	(155,626)	80,454
Revenues (under) over expenditures	(75,000)	100,945	175,945
Other Financing Sources			
Appropriated fund balance	75,000	-	(75,000)
Total other financing sources	75,000	-	(75,000)
Revenues and other financing sources over expenditures	\$ -	\$ 100,945	\$ 100,945

Reconciliation of modified accrual basis to full accrual basis:

Revenues and other financing uses over expenditures	\$ 100,945
Decrease in debt interest accrued	858
Increase accrued vacation pay	(2,986)
Depreciation	(351,980)
Increase in deferred outflows of resources pensions	47,996
Decrease in deferred outflows of resources OPEB	(111)
Increase in net pension liability	(134,064)
Decrease in OPEB liability	9,024
Decrease in deferred inflows of resources pensions	68,169
Increase in deferred inflows of resources OPEB	(14,669)
Principal on debt	191,032
Change in net position	\$ (85,786)



Fiduciary Funds



Carteret County, North Carolina

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2023

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
Assets			
Cash and cash equivalents	\$ 475,661	\$ 29,414	\$ 505,075
Taxes receivable for other governments, net	578,376	-	578,376
Total assets	\$ 1,054,037	\$ 29,414	\$ 1,083,451
Liabilities			
Due to other governments	526,537	-	526,537
Total liabilities	526,537	-	526,537
Net Position			
Restricted for Individuals, organizations, and other governments	527,500	29,414	556,914
Total net position	\$ 527,500	\$ 29,414	\$ 556,914

Carteret County, North Carolina

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

Year Ended June 30, 2023

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
Additions			
Ad valorem taxes collected for other governments	\$ 16,312,309	\$ -	\$ 16,312,309
Collections on behalf of inmates	-	326,832	326,832
Total Additions	16,312,309	326,832	16,639,141
Deductions			
Tax distributions to other governments	15,778,095	-	15,778,095
Payments on behalf of inmates	-	345,404	345,404
Total Deductions	15,778,095	345,404	16,123,499
Net increase (decrease) in fiduciary net position	534,214	(18,572)	515,642
Net position, beginning	(6,714)	47,986	41,272
Net position, ending	527,500	\$ 29,414	\$ 556,914

Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Comparative Schedules by Source

June 30, 2023

	2023	2022
Governmental funds capital assets:		
Land, airport	\$ 169,549	\$ 169,549
Land, other	10,439,630	10,387,832
Construction in progress	143,431	1,060,586
Buildings	28,499,423	28,499,423
Vehicles	8,618,758	7,334,551
Equipment	6,562,014	6,379,529
Airport facilities	1,524,747	1,524,747
Other improvements	13,823,577	12,410,001
Leasehold improvements	2,590,428	2,590,428
Right of use lease assets	1,646,497	1,654,610
Right of use IT subscriptions	1,469,833	1,109,304
Total governmental funds capital assets	<u>\$ 75,487,887</u>	<u>\$ 73,120,560</u>
Investment in governmental funds capital assets		
General Fund	\$ 60,956,212	\$ 55,824,971
Special Revenue Funds	173,616	173,616
Capital Project Funds	14,358,059	14,358,059
Total investment in governmental funds capital assets	<u>\$ 75,487,887</u>	<u>\$ 70,356,646</u>

Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity
June 30, 2023

Function and Activity	Land	Buildings	Vehicles	Equipment	Airport Facilities
General Government:					
County Administration	\$ -	\$ -	\$ -	\$ 25,802	\$ -
Tax Administration	184,998	114,001	75,088	244,283	-
Register of Deeds	-	17,665	-	170,735	-
Elections	-	-	-	687,837	-
Information Technology	-	-	-	1,556,650	-
Public Buildings	2,675,699	5,861,108	357,158	64,725	-
Other	-	-	-	28,648	-
Total General Government	2,860,697	5,992,774	432,246	2,778,680	-
Public Safety:					
Law Enforcement	417,990	8,614,309	4,162,289	336,487	-
Emergency Services	43,000	80,699	594,752	1,359,879	-
Total Public Safety	460,990	8,695,008	4,757,041	1,696,366	-
Transportation	230,589	-	1,292,355	15,324	1,524,747
Environmental Protection	153,877	2,738,447	540,055	483,537	-
Economic and Physical Development	486,287	-	249,473	108,619	-
Human Services	303,778	7,240,066	1,052,135	588,344	-
Culture and Recreation	6,112,961	3,833,128	295,453	891,144	-
Total governmental funds capital assets	\$ 10,609,179	\$ 28,499,423	\$ 8,618,758	\$ 6,562,014	\$ 1,524,747

Other Improvements	Leasehold Improvements	Construction in Progress	Right-to-Use Leases	Right-to-Use IT Subscriptions	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,802
-	-	-	-	-	618,370
16,000	-	-	-	-	204,400
-	-	-	-	-	687,837
-	-	-	-	1,469,833	3,026,483
3,117,529	-	-	10,126	-	12,086,345
-	-	-	-	-	28,648
3,133,529	-	-	10,126	1,469,833	16,677,885
249,590	-	-	93,201	-	13,873,866
-	1,108,727	-	112,493	-	3,299,550
249,590	1,108,727	-	205,694	-	17,173,416
241,253	-	-	-	-	3,304,268
663,186	-	-	-	-	4,579,102
-	-	-	64,918	-	909,297
-	-	-	7,903	-	9,192,226
9,536,019	1,481,701	143,431	1,357,856	-	23,651,693
\$ 13,823,577	\$ 2,590,428	\$ 143,431	\$ 1,646,497	\$ 1,469,833	\$ 75,487,887

Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity
Year Ended June 30, 2023

Function and Activity	Governmental Funds			Adjustments and Transfers	Governmental Funds
	Capital Assets June 30, 2022	Additions	Deductions		Capital Assets June 30, 2023
General Government:					
County administration	\$ 25,802	\$ -	\$ -	\$ -	\$ 25,802
Tax administration	670,448	-	36,258	(15,820)	618,370
Register of Deeds	204,400	-	-	-	204,400
Elections	687,837	-	-	-	687,837
Information technology	2,541,874	484,609	-	-	3,026,483
Public buildings	11,931,715	182,916	9,201	(19,085)	12,086,345
Other	33,405	-	4,757	-	28,648
Total General Government	16,095,481	667,525	50,216	(34,905)	16,677,885
Public Safety:					
Law enforcement	12,628,569	1,427,010	178,279	(3,434)	13,873,866
Emergency services	3,273,301	63,565	37,316	-	3,299,550
Total Public Safety	15,901,870	1,490,575	215,595	(3,434)	17,173,416
Transportation	3,137,117	200,111	32,960	-	3,304,268
Environmental protection	4,608,659	19,837	49,394	-	4,579,102
Economic and physical development	870,958	-	-	38,339	909,297
Human services	9,065,862	159,812	33,448	-	9,192,226
Culture and recreation	23,440,613	365,565	53,780	(100,705)	23,651,693
Total governmental funds capital assets	\$ 73,120,560	\$ 2,903,425	\$ 435,393	\$ (100,705)	\$ 75,487,887

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, 2023

Fiscal Year	Uncollected Balance June 30, 2022	Additions	Collections	Adjustments	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 57,131,778	\$ 55,671,042	\$ (333,566)	\$ 1,127,170
2021-2022	813,325	-	366,314	(10,572)	436,439
2020-2021	448,970	-	133,455	(8,179)	307,336
2019-2020	249,640	-	55,734	(5,352)	188,554
2018-2019	156,305	-	34,400	(104)	121,801
2017-2018	124,927	-	26,990	(139)	97,798
2016-2017	98,938	-	18,923	(1)	80,014
2015-2016	62,623	-	11,266	-	51,357
2014-2015	46,791	-	9,627	-	37,164
2013-2014	36,867	-	6,360	-	30,507
2012-2013	759	-	-	-	759
	<u>\$ 2,039,145</u>	<u>\$ 57,131,778</u>	<u>\$ 56,334,111</u>	<u>\$ (357,913)</u>	<u>2,478,899</u>
Less write-off 2012-2013 tax year					<u>(759)</u>
					<u>2,478,140</u>
Less allowance for uncollectible ad valorem taxes receivable					<u>43,025</u>
Net property taxes receivable - General Fund					<u>\$ 2,435,115</u>
Reconciliation with revenue:					
Ad valorem taxes - General Fund					<u>\$ 56,334,111</u>
Interest collected - General Fund					<u>509,104</u>
Total Collections					<u>\$ 56,843,215</u>

Carteret County, North Carolina

Analysis of Current Year's Tax Levy
Year Ended June 30, 2023

	<u>County Wide</u>			<u>Total Levy</u>	
	<u>Property</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property</u>	<u>Registered</u>
	<u>Valuation</u>			<u>Excluding</u>	<u>Registered</u>
				<u>Registered</u>	<u>Motor Vehicles</u>
				<u>Motor Vehicles</u>	<u>Motor Vehicles</u>
Original levy:					
Property taxed at current year's rate	\$ 17,312,660,303	0.33	\$ 57,131,779	\$ 53,408,458	\$ 3,723,321
Total	17,312,660,303		57,131,779	53,408,458	3,723,321
Discoveries:					
Current year taxes	7,598,485		25,075	25,075	-
Corrections	6,971,818		23,007	23,007	-
Total	14,570,303		48,082	48,082	-
Abatements	(115,651,212)		(381,649)	(381,649)	-
Total property valuation	\$ 17,211,579,394				
Net levy-General Fund			56,798,212	53,074,891	3,723,321
Uncollected taxes at June 30, 2023 - General Fund			1,127,170	1,127,170	-
Current year's taxes collected - General Fund			\$ 55,671,042	\$ 51,947,721	\$ 3,723,321
Current levy collection percentage - General Fund			98.02%	97.88%	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

Financial Trends

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

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

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

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

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			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 23,480,626	\$ 22,736,938	\$ 24,089,921	\$ 22,009,903
Restricted	20,852,514	23,967,802	31,480,559	31,325,245
Unrestricted	(14,716,290)	(8,948,033)	(9,879,406)	(3,998,944)
Total governmental activities net position	\$ 29,616,850	\$ 37,756,707	\$ 45,691,074	\$ 49,336,204
Business-type activities				
Net investment in capital assets	\$ 5,353,434	\$ 5,133,724	\$ 4,900,315	\$ 4,721,740
Unrestricted	700,030	816,057	908,143	913,436
Total business-type activities	\$ 6,053,464	\$ 5,949,781	\$ 5,808,458	\$ 5,635,176
Primary government				
Net investment in capital assets	\$ 28,834,060	\$ 27,870,662	\$ 28,990,236	\$ 26,731,643
Restricted	20,852,514	23,967,802	31,480,559	31,325,245
Unrestricted	(14,016,260)	(8,131,976)	(8,971,263)	(3,085,508)
Total primary government net position	\$ 35,670,314	\$ 43,706,488	\$ 51,499,532	\$ 54,971,380

Schedule 1

	2018	2019	2020	2021	2022	2023
\$	22,912,344	\$ 22,984,640	\$ 24,982,364	\$ 25,237,224	\$ 26,311,016	\$ 25,713,332
	31,744,580	25,009,402	42,439,846	37,815,978	41,518,084	65,864,995
	(281,156)	31,040	8,020,462	18,538,299	34,706,796	43,839,521
\$	54,375,768	\$ 48,025,082	\$ 75,442,672	\$ 81,591,501	\$ 102,535,896	\$ 135,417,848
\$	4,581,483	\$ 4,422,243	\$ 4,246,388	\$ 4,072,150	\$ 3,904,995	\$ 3,744,047
	835,400	973,978	1,093,955	1,320,748	1,907,678	1,982,840
\$	5,416,883	\$ 5,396,221	\$ 5,340,343	\$ 5,392,898	\$ 5,812,673	\$ 5,726,887
\$	27,493,827	\$ 27,406,883	\$ 29,228,752	\$ 29,309,374	\$ 30,216,011	\$ 29,457,379
	31,744,580	25,009,402	42,439,846	37,815,978	41,518,084	65,864,995
	554,244	1,005,018	9,114,417	19,859,047	36,614,474	45,822,361
\$	59,792,651	\$ 53,421,303	\$ 80,783,015	\$ 86,984,399	\$ 108,348,569	\$ 141,144,735

Carteret County, North Carolina

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 6,442,611	\$ 6,949,982	\$ 7,278,369	\$ 9,236,447
Public safety	18,792,650	19,162,990	18,561,573	20,595,208
Transportation	1,076,768	1,442,425	1,066,561	1,837,842
Economic and physical development	5,031,505	5,538,785	7,064,127	5,691,825
Environmental protection	3,158,629	3,417,029	2,060,267	3,671,733
Human Services	15,324,864	15,635,355	16,754,822	16,666,930
Cultural and recreation	3,783,152	3,711,166	4,452,951	4,222,782
Education	24,135,533	27,466,650	27,494,565	31,315,293
Interest on long term debt	2,097,621	1,596,808	1,594,653	1,452,491
Total governmental activities	79,843,333	84,921,190	86,327,888	94,690,551
Business-type activities:				
Water	1,027,308	983,971	1,045,568	1,118,055
Total primary government expenses	\$ 80,870,641	\$ 85,905,161	\$ 87,373,456	\$ 95,808,606

(Continued)

2018	2019	2020	2021	2022	2023
\$ 8,144,384	\$ 9,357,478	\$ 9,600,044	\$ 10,841,137	\$ 11,060,903	\$ 12,510,464
20,981,474	23,453,487	25,184,103	25,244,004	28,726,905	30,967,089
1,628,539	1,841,321	3,545,761	5,361,325	3,098,950	1,743,879
6,248,400	23,043,843	35,662,784	40,467,487	11,393,215	11,548,452
3,835,482	18,482,660	4,381,762	4,824,986	7,863,001	5,235,489
15,878,033	16,619,956	17,824,420	19,965,556	19,804,952	22,037,398
4,159,922	4,375,740	4,102,082	4,181,010	3,941,443	4,839,386
29,442,864	28,549,195	32,392,870	30,751,818	31,200,546	49,563,483
1,284,366	1,100,892	912,665	723,267	649,124	693,375
91,603,464	126,824,572	133,606,491	142,360,590	117,739,039	139,139,015
1,259,889	1,159,290	1,186,034	1,090,992	1,048,800	1,213,675
\$ 92,863,353	\$ 127,983,862	\$ 134,792,525	\$ 143,451,582	\$ 118,787,839	\$ 140,352,690

Carteret County, North Carolina

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

	Fiscal Year			
	2014	2015	2016	2017
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 1,552,817	\$ 1,612,251	\$ 1,768,252	\$ 1,805,126
Public safety	293,299	212,708	290,455	269,190
Transportation	193,228	177,027	135,956	140,384
Economic and physical development	513,351	544,236	646,629	805,826
Environmental protection	2,398,662	2,431,367	3,299,900	3,271,073
Human services	370,946	367,114	642,414	816,799
Cultural and recreation	269,228	297,915	318,530	361,398
Operating grants and contributions:				
General government	-	-	-	-
Public safety	1,150,055	1,201,955	1,187,152	1,249,821
Transportation	643,090	737,800	778,800	1,071,285
Economic and physical development	119,025	547,165	95,577	661,609
Environmental protection	406,301	149,085	295,188	216,576
Human services	9,349,318	10,211,027	10,372,796	10,836,099
Cultural and recreation	26,761	88,314	-	-
Education	45,159	48,172	40,695	36,276
Interest on long term debt	921,831	904,198	865,552	762,829
Capital grants and contributions:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	222,389	26,130
Economic and physical development	-	-	-	-
Environmental protection	-	-	-	-
Cultural and recreation	-	-	168,320	175,470
Education	-	-	-	2,044
Total governmental activities program revenues	18,253,071	19,530,334	21,128,605	22,507,935

(Continued)

	2018	2019	2020	2021	2022	2023
\$	1,896,230	\$ 3,036,312	\$ 2,042,325	\$ 3,303,306	\$ 3,151,361	\$ 2,622,237
	276,373	240,284	272,614	581,923	654,018	1,579,869
	157,348	152,241	108,324	98,560	187,430	205,501
	862,490	755,176	1,018,108	1,154,846	1,487,710	1,731,962
	3,451,334	3,533,805	3,527,031	3,478,132	3,362,080	3,538,752
	489,837	431,438	872,936	1,125,766	1,195,560	732,365
	350,294	373,935	286,923	120,963	323,367	545,467
	-	-	6,377	310,433	2,000	1,257,088
	892,343	1,180,590	1,469,968	1,206,077	852,485	5,135,437
	1,092,649	1,473,993	2,654,344	4,330,229	2,879,175	1,772,629
	342,557	5,510,341	42,738,966	18,846,363	75,296	2,185,056
	174,854	9,558,750	6,593,546	545,377	253,310	224,338
	9,272,539	9,496,266	10,269,441	13,470,186	15,764,029	14,984,176
	-	-	-	121,048	104,219	1,633,520
	32,605	72,866	41,856	35,781	44,266	37,459
	742,161	720,967	700,201	1,220,840	57,980	36,543
	-	-	-	-	14,722	-
	-	-	-	-	783,333	-
	274,956	228,231	-	58,747	347,041	200,111
	22,481	-	-	-	34,578	616,960
	-	-	-	565,000	-	12,000,000
	5,500	100,000	4,154,597	-	2,500,000	750,000
	54,015	-	-	-	18,996	8,442,070
	20,390,566	36,865,195	76,757,557	50,573,577	34,092,956	60,231,540

Carteret County, North Carolina

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

	Fiscal Year			
	2014	2015	2016	2017
Business-type activities:				
Charge for services - Water	\$ 562,238	\$ 576,057	\$ 576,598	\$ 584,344
Total business-type activities program revenues	562,238	576,057	576,598	584,344
Total primary government program revenues	\$ 18,815,309	\$ 20,106,391	\$ 21,705,203	\$ 23,092,279
Governmental activities	\$ (61,590,262)	\$ (65,390,856)	\$ (65,199,283)	\$ (72,182,616)
Business-type activities	(465,070)	(407,914)	(468,970)	(533,711)
Total primary government net (expense)/revenue	\$ (62,055,332)	\$ (65,798,770)	\$ (65,668,253)	\$ (72,716,327)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 50,921,192	\$ 52,302,979	\$ 49,616,653	\$ 52,093,862
Local option sales tax	13,640,870	14,800,458	15,429,458	15,628,026
Other taxes	5,240,019	6,476,176	6,761,921	7,077,155
Intergovernmental	964,088	966,265	1,073,420	1,144,245
Investment earnings	285,376	198,419	269,450	359,363
Miscellaneous	205,888	764,879	306,748	251,132
Special Item	1,128,496	-	-	-
Transfers	(300,000)	(324,000)	(324,000)	(355,000)
Total governmental activities	72,085,929	75,185,176	73,133,650	76,198,783
Business-type activities:				
Investment earnings	3,487	2,200	3,647	4,881
Miscellaneous	-	1,163	-	548
Transfers	300,000	324,000	324,000	355,000
Total business-type activities	303,487	327,363	327,647	360,429
Total primary government	\$ 72,389,416	\$ 75,512,539	\$ 73,461,297	\$ 76,559,212
Change in Net Position				
Governmental activities	\$ 10,495,667	\$ 9,794,320	\$ 7,934,367	\$ 4,016,167
Business-type activities	(161,583)	(80,551)	(141,323)	(173,282)
Total primary government	\$ 10,334,084	\$ 9,713,769	\$ 7,793,044	\$ 3,842,885

2018	2019	2020	2021	2022	2023
\$ 678,879	\$ 711,732	\$ 693,744	\$ 737,858	\$ 1,095,905	\$ 1,053,436
678,879	711,732	693,744	737,858	1,095,905	1,053,436
\$ 21,069,445	\$ 37,576,927	\$ 77,451,301	\$ 51,311,435	\$ 35,188,861	\$ 61,284,976
\$ (71,212,898) (582,010)	\$ (89,959,377) (447,558)	\$ (56,848,934) (492,290)	\$ (91,787,013) (353,134)	\$ (83,646,083) 47,105	\$ (78,907,475) (160,239)
\$ (71,794,908)	\$ (90,406,935)	\$ (57,341,224)	\$ (92,140,147)	\$ (83,598,978)	\$ (79,067,714)
\$ 53,338,473	\$ 54,449,182	\$ 54,313,866	\$ 62,590,060	\$ 63,952,730	\$ 66,524,024
17,148,416	18,298,871	19,061,509	22,220,692	24,352,848	25,905,950
7,626,941	7,759,109	7,316,586	11,508,408	13,340,414	13,513,968
1,084,553	1,195,756	1,274,575	1,620,055	1,735,444	1,819,045
633,393	1,617,950	979,978	97,429	(482,988)	3,794,656
285,414	687,823	1,740,010	177,844	2,064,700	231,784
-	-	-	-	-	-
(433,600)	(400,000)	(420,000)	(405,000)	(372,670)	-
79,683,590	83,608,691	84,266,524	97,809,488	104,590,478	111,789,427
9,403	26,896	16,412	689	-	74,453
-	-	-	-	-	-
433,600	400,000	420,000	405,000	372,670	-
443,003	426,896	436,412	405,689	372,670	74,453
\$ 80,126,593	\$ 84,035,587	\$ 84,702,936	\$ 98,215,177	\$ 104,963,148	\$ 111,863,880
\$ 8,470,692	\$ (6,350,686)	\$ 27,417,590	\$ 6,022,475	\$ 20,944,395	\$ 32,881,952
(138,007)	(20,662)	(55,878)	52,555	419,775	(85,786)
\$ 8,332,685	\$ (6,371,348)	\$ 27,361,712	\$ 6,075,030	\$ 21,364,170	\$ 32,796,166

Carteret County, North Carolina

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Restricted:				
Stabilization by state statute	\$ 5,613,195	\$ 6,457,421	\$ 6,608,370	\$ 6,881,419
Sheriff's fund	437,789	426,804	508,301	547,341
Recreation districts	102,739	104,081	104,081	116,336
Transportation				
Health programs	797,986	615,523	364,036	121,577
Register of deeds	375,918	394,275	297,572	264,390
Beach nourishment	7,312,865	10,283,851	13,083,623	15,986,798
Economic development	1,705,420	1,128,497	1,128,496	1,096,663
Total restricted	16,345,912	19,410,452	22,094,479	25,014,524
Committed:				
Tax revaluation	-	-	-	-
Assigned:				
Subsequent year's expenditures	5,254,210	3,717,325	3,775,000	5,205,000
County library	-	-	-	-
Unassigned	30,092,051	30,644,570	27,941,462	28,626,430
Total General Fund	\$ 51,692,173	\$ 53,772,347	\$ 53,810,941	\$ 58,845,954
All Other Governmental Funds				
Restricted:				
Public safety	\$ 688,078	\$ 881,162	\$ 1,238,771	\$ 1,003,977
Rescue protection	713,377	820,427	927,601	710,162
Fire protection	1,723,198	1,656,221	1,261,069	1,493,758
School capital	12,139	-	4,512,122	1,438,366
Economic development	1,290,682	1,494,748	1,578,144	1,457,269
Health programs	-	-	-	-
County capital	-	-	-	-
Total restricted	4,427,474	4,852,558	9,517,707	6,103,532
Committed:				
Economic development	732,706	734,594	-	-
County capital	403,529	403,529	267,038	231,541
School capital	903,468	2,130,637	1,157,070	566,343
Community college capital	-	-	750,000	765,000
Assigned:				
Subsequent year's expenditures	1,451,065	2,139,650	1,113,105	593,185
County capital	1,005,471	820,877	3,581,667	3,268,990
Unassigned:				
Special revenue funds	(1,033,467)	(1,181,701)	(1,295,796)	(1,203,874)
Capital projects funds	-	-	-	-
Total all other governmental funds	\$ 7,890,246	\$ 9,900,144	\$ 15,090,791	\$ 10,324,717

Schedule 3

	2018	2019	2020	2021	2022	2023
\$	7,170,172	\$ 8,143,941	\$ 17,871,225	\$ 11,573,033	\$ 13,959,992	\$ 14,427,134
	329,103	313,632	412,053	541,534	321,280	413,470
	33,898	33,898	33,898	33,898	33,898	33,898
				174,965	321,397	161,645
	481,368	484,242	482,776	754,744	901,409	1,217,066
	203,560	204,369	199,720	221,977	264,080	250,884
	18,631,010	10,679,909	17,164,659	17,714,605	19,162,260	27,072,822
	617,948	1,029,885	962,948	962,948	912,948	887,948
	27,467,059	20,889,876	37,127,279	31,977,704	35,877,264	44,464,867
	-	-	-	-	688,491	293,136
	5,324,430	5,300,000	1,600,000	2,400,000	3,300,000	4,300,000
	-	-	-	140,000	140,000	140,000
	29,046,079	21,801,623	26,838,581	34,670,762	38,975,108	43,121,459
\$	61,837,568	\$ 47,991,499	\$ 65,565,860	\$ 69,188,466	\$ 78,980,863	\$ 92,319,462
\$	918,267	\$ 1,301,653	\$ 1,399,418	\$ 1,444,797	\$ 1,275,994	\$ 1,376,599
	862,519	1,081,077	1,211,152	1,550,281	1,375,111	1,721,414
	1,249,282	1,521,484	1,839,316	2,512,320	2,315,523	3,209,186
	139,641	-	-	-	-	12,482,475
	1,500,474	1,611,696	1,932,459	2,519,536	2,442,558	2,253,482
	-	-	3,092	132,873	106,517	1,154,547
	-	-	-	-	3,173,068	15,554,783
	4,670,183	5,515,910	6,385,437	8,159,807	10,688,771	37,752,486
	-	-	-	-	-	-
	74,436	49,177	49,177	49,177	49,177	49,177
	146,313	162,112	622,820	204,775	1,333,118	2,142,012
	1,425,000	1,425,000	-	-	-	-
	774,740	90,000	130,000	-	-	-
	3,910,622	6,364,555	9,452,301	12,080,606	16,827,042	26,475,372
	(1,226,875)	(1,352,346)	(1,632,365)	(2,214,345)	(2,328,505)	(2,115,326)
	-	-	-	(915,798)	(2,623,419)	-
\$	9,774,419	\$ 12,254,408	\$ 15,007,370	\$ 17,364,222	\$ 23,946,184	\$ 64,303,721

Carteret County, North Carolina

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes:				
Property	\$ 50,941,906	\$ 52,173,675	\$ 49,621,522	\$ 51,948,681
Sales and other taxes	18,880,889	21,276,634	22,191,379	22,705,181
Total taxes	69,822,795	73,450,309	71,812,901	74,653,862
Permits and fees	2,575,469	2,592,668	3,103,209	3,480,181
Intergovernmental	13,625,628	14,853,980	15,099,889	16,180,325
Sales and services	3,016,062	3,049,951	3,998,927	3,989,615
Interest	285,376	198,419	269,450	359,363
Miscellaneous	172,353	647,154	325,215	288,839
Total revenues	89,497,683	94,792,481	94,609,591	98,952,185
Expenditures				
General government	6,160,049	6,689,088	7,653,713	7,451,324
Public safety	18,122,055	18,728,679	18,092,186	19,862,881
Transportation	918,872	1,295,944	1,214,961	1,029,693
Environmental protection	3,132,347	3,395,439	3,576,906	3,645,840
Economic development	4,922,228	5,582,073	5,548,594	6,125,261
Human services	14,719,500	15,639,871	16,312,094	16,049,596
Culture and recreation	3,191,895	3,190,144	3,474,047	3,430,211
Education	21,816,743	24,173,981	23,551,049	25,173,000
Capital outlay	2,837,981	3,538,776	6,583,987	8,736,799
Debt service:				
Principal	6,520,683	6,145,377	6,393,040	6,513,867
Interest	2,280,183	2,067,935	1,719,633	1,583,634
Bond issuance cost	-	107,922	-	-
Total expenditures	84,622,536	90,555,229	94,120,210	99,602,106
Excess (deficiency) of of revenues over (under) expenditures	4,875,147	4,237,252	489,381	(649,921)
Other financing sources (uses):				
Transfers in	4,911,458	8,725,677	9,606,950	7,227,485
Transfers out	(5,211,458)	(9,049,677)	(9,930,950)	(7,582,485)
Proceeds from sale of capital assets	53,765	58,782	-	-
Special item	1,128,496	-	-	1,273,860
Bond premium	-	-	463,860	-
Bonds issued	-	-	4,600,000	-
Refunding bonds issued	-	12,250,000	-	-
Payment to refunding escrow agent	-	(12,131,962)	-	-
Lease liabilities issued	-	-	-	-
IT subscription agreements	-	-	-	-
Proceeds from installment note	907,000	-	-	-
Total other financing sources (uses)	1,789,261	(147,180)	4,739,860	918,860
Net change in fund balance	\$ 6,664,408	\$ 4,090,072	\$ 5,229,241	\$ 268,939
Debt service as a percentage of noncapital expenditures	10.52%	9.26%	8.94%	8.36%

Schedule 4

	2018	2019	2020	2021	2022	2023
\$	52,974,061	\$ 54,355,973	\$ 54,920,098	\$ 63,116,088	\$ 64,274,485	\$ 65,960,986
	24,775,357	26,057,980	26,378,095	33,729,100	37,693,262	39,419,918
	77,749,418	80,413,953	81,298,193	96,845,188	101,967,747	105,380,904
	3,777,112	3,427,887	3,833,484	5,710,385	5,925,797	5,265,036
	13,416,534	29,067,046	66,599,091	43,577,447	26,774,668	51,525,372
	4,202,268	4,240,688	4,294,777	4,219,111	4,493,069	5,313,666
	633,393	1,617,950	979,978	97,429	(482,988)	3,794,656
	210,419	1,956,718	1,673,898	359,360	298,383	270,604
	99,989,144	120,724,242	158,679,421	150,808,920	138,976,676	171,550,238
	7,741,029	9,049,444	8,751,597	10,141,410	11,002,191	11,362,940
	20,430,532	23,065,217	23,889,544	24,463,493	27,870,357	29,156,175
	1,439,418	1,537,681	1,142,378	2,334,189	1,606,052	1,285,826
	3,854,481	18,502,451	4,442,846	4,729,163	4,295,454	4,586,843
	6,250,741	5,897,469	5,841,169	7,751,596	13,889,975	10,761,699
	15,286,265	16,112,972	16,742,540	19,067,878	19,568,748	20,920,605
	3,591,363	4,016,630	3,463,928	3,509,051	3,747,161	4,082,656
	25,398,749	26,180,114	27,328,780	27,612,111	27,292,437	30,336,930
	6,118,397	20,663,209	40,780,972	40,371,089	8,019,678	23,309,675
	5,661,914	5,504,773	4,675,514	3,780,514	5,887,959	4,320,755
	1,341,339	1,160,362	968,980	790,322	704,245	570,244
	-	-	-	-	-	146,060
	97,114,228	131,690,322	138,028,248	144,550,816	123,884,257	140,840,408
	2,874,916	(10,966,080)	20,651,173	6,258,104	15,092,419	30,709,830
	9,228,949	20,805,023	19,567,904	26,279,108	18,495,163	27,697,665
	(9,662,549)	(21,205,023)	(19,987,904)	(26,684,108)	(18,867,833)	(27,697,665)
	-	-	96,150	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	2,483,140
	-	-	-	-	-	20,000,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	1,654,610	142,637
	-	-	-	-	-	360,529
	-	-	-	-	-	-
	(433,600)	(400,000)	(323,850)	(405,000)	1,281,940	22,986,306
\$	2,441,316	\$ (11,366,080)	\$ 20,327,323	\$ 5,853,104	\$ 16,374,359	\$ 53,696,136
	7.42%	5.15%	4.23%	3.22%	5.54%	3.54%

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)	
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
2023	13,781,550,634	1,475,619,082	27,113,719	84,179,024	15,368,462,459

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)
\$ 1,212,368,458	\$ 129,665,570	\$ 15,451,156,552	0.29	\$ 1,545,156,552
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
1,679,655,340	163,461,595	17,211,579,394	0.33	25,984,591,109



**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	
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	2.3925	5.3145
2023	0.3300	2.5920	2.5225	5.4445

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			
	2014	2015	2016	2017
Carteret County	0.2900	0.3000	0.3000	0.3100
Municipalities				
Atlantic Beach	0.1650	0.1650	0.1650	0.1650
Beaufort	0.3000	0.3300	0.3475	0.3475
Bogue	0.0500	0.0500	0.0500	0.0500
Cape Carteret	0.1525	0.1525	0.1525	0.1975
Cedar Point	0.0625	0.0625	0.0625	0.0625
Emerald Isle	0.1250	0.1400	0.1550	0.1550
Indian Beach	0.1650	0.1650	0.1950	0.1950
Morehead City	0.3150	0.3300	0.3500	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	0.1970	0.1970
Fire Districts				
Atlantic	0.0700	0.0700	0.0800	0.0800
Beaufort	0.0550	0.0550	0.0550	0.0550
Broad & Gales Creek	0.0300	0.0300	0.0300	0.0400
Cedar Island	0.1000	0.1000	0.1000	0.1000
Davis	0.0850	0.0850	0.0850	0.0850
Harkers Island	0.0700	0.0700	0.0850	0.1100
Harlowe	0.0750	0.0750	0.0750	0.0750
Marshallberg	0.0900	0.0900	0.0975	0.0975
Mill Creek	0.0450	0.0450	0.0450	0.0450
Mitchell Village	0.0550	0.0500	0.0500	0.0500
Newport	0.0700	0.0700	0.0700	0.0700
North River	0.0900	0.0900	0.0900	0.0900
Otway	0.0700	0.0700	0.0700	0.0800
Salter Path	0.0600	0.0600	0.0600	0.0700
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	0.0675	0.0675	0.0675

(Continued)

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2018	2019	2020	2021	2022	2023
0.3100	0.3100	0.3100	0.3300	0.3300	0.3300
0.1650	0.1650	0.1800	0.1800	0.2000	0.2000
0.3775	0.4135	0.4600	0.4600	0.4600	0.4600
0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
0.1975	0.2125	0.2125	0.2125	0.2125	0.2125
0.0625	0.0625	0.0925	0.1175	0.1475	0.1475
0.1550	0.1550	0.1550	0.1550	0.1550	0.1550
0.1950	0.2250	0.2550	0.2850	0.2850	0.2850
0.3500	0.3500	0.3800	0.3800	0.3800	0.3800
0.3570	0.3570	0.3570	0.3950	0.4400	0.4400
0.0550	0.0550	0.0550	0.0550	0.0550	0.0550
0.1970	0.1970	0.1970	0.2070	0.2070	0.2070
0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
0.0550	0.0550	0.0625	0.0700	0.0950	0.1000
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
0.0900	0.0900	0.0900	0.0900	0.0900	0.0800
0.0450	0.0450	0.0550	0.0550	0.0550	0.0750
0.0500	0.0500	0.0500	0.0550	0.0800	0.0800
0.0700	0.0900	0.0900	0.1000	0.1000	0.1000
0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
0.0700	0.0900	0.0900	0.1000	0.1000	0.1000
0.0950	0.0950	0.0950	0.0950	0.0950	0.0950
0.0600	0.0600	0.0600	0.0500	0.0500	0.0500
0.0850	0.0850	0.0850	0.0850	0.0850	0.0850
0.0800	0.1000	0.1000	0.1000	0.1000	0.1000
0.0400	0.0600	0.0600	0.0600	0.0600	0.0600
0.0675	0.0675	0.0675	0.0675	0.0925	0.1125

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			
	2014	2015	2016	2017
Rescue Districts				
Beaufort	0.0500	0.0500	0.0550	0.0550
Broad & Gales Creek	0.0300	0.0300	0.0300	0.0400
Mill Creek	0.0450	0.0450	0.0450	0.0450
Mitchell Village	0.0200	0.0200	0.0200	0.0200
Newport ¹	-	-	-	-
Otway	0.0300	0.0300	0.0400	0.0550
Sea Level	0.0600	0.1000	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	0.0550	0.0550
Indian Beach Non Ocean Front	0.0325	0.0300	0.0200	0.0200
Indian Beach Ocean Front	0.0850	0.0650	0.0400	0.0400
Emerald Isle Non Ocean Front	0.0150	-	-	-
Emerald Isle Ocean Front	0.0450	0.0300	0.0400	0.0400
Pine Knoll Shores Ocean Front	0.0140	0.0140	0.0160	0.0160
Pine Knoll Shores Non Ocean Front	0.0520	0.0520	0.0600	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

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2018	2019	2020	2021	2022	2023
0.0700	0.0600	0.0600	0.0600	0.0550	0.0600
0.0400	0.0400	0.0400	0.0400	0.0400	0.0600
0.0600	0.0600	0.0800	0.0800	0.0800	0.0900
0.0200	0.0200	0.0200	0.0200	0.0200	0.0400
-	-	-	-	-	0.0200
0.0650	0.0650	0.0700	0.0700	0.0700	0.0900
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
-	-	-	0.1225	0.1300	0.1300
0.0300	0.0500	0.0500	0.0500	0.0500	0.0500
0.0550	0.0550	0.0550	0.0550	0.0550	0.0550
0.0200	0.0100	0.0100	0.0100	0.0100	0.0100
0.0400	0.0400	0.0300	0.0300	0.0300	0.0300
-	-	-	-	-	-
0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
0.0160	0.0160	0.0160	0.0150	0.0150	0.0150
0.0600	0.0600	0.0600	0.0550	0.0550	0.0550
0.0550	0.0550	0.0550	0.0550	-	-

Carteret County, North Carolina

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

Name of Taxpayer	Type of Enterprise	Rank	Fiscal Year 2023		
			Assessed Valuation	Tax Levy	Percent of Total Assessed Valuation
Duke Energy Progress, Inc	Utility	1	\$ 73,829,712	243,638	0.429%
Carteret Craven Electric	Utility	2	52,099,338	171,928	0.303%
Open Grounds Farm, Inc.	Farm	3	46,367,579	153,013	0.269%
Goose Creek Landing HOA	Real Estate	4	29,809,525	98,371	0.173%
ITAC 192 LLC	Real Estate	5	27,339,365	90,220	0.159%
USPG Portfolia Five LLC	Real Estate	6	25,754,286	84,989	0.150%
Beaufort Hospitality	Real Estate	7	25,483,567	84,096	0.148%
Carteret Place Investors LLC	Real Estate	8	25,136,140	82,949	0.146%
Spectrum Southeast LLC	Real Estate	9	24,396,037	80,507	0.142%
Atlantic New port Hospitality LLC	Real Estate	10	22,480,151	74,184	0.131%
Progress Energy Carolinas	Utility	-	-	-	-
Carolina Telephone	Utility	-	-	-	-
Time Warner Entertainment	Utility	-	-	-	-
Manatee Investments Lmtd	Real Estate	-	-	-	-
Atlantic Veneer Corp	Manufacturing	-	-	-	-
RBC Real Estate Finance I	Real Estate	-	-	-	-
			\$ 352,695,700	\$ 1,163,895	2.050%

Source: Carteret County Tax Department

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Fiscal Year 2014			
Rank	Assessed Valuation	Tax Levy	Percent of Total Assessed Valuation
-	\$ -	\$ -	-
1	120,701,925	350,036	0.781%
3	67,285,969	195,129	0.435%
5	33,372,126	96,779	0.216%
6	22,732,511	65,924	0.147%
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2	82,196,030	238,368	0.532%
4	39,272,984	113,892	0.254%
7	18,266,175	52,972	0.118%
8	15,133,045	43,886	0.098%
9	11,651,983	33,791	0.075%
10	10,771,453	31,237	0.070%
	<u>\$ 421,384,201</u>	<u>\$ 1,222,014</u>	<u>2.726%</u>

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
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	(194,860)	45,647,025	44,595,689	97.70%
2018	46,325,347	(222,344)	46,103,003	45,175,396	97.99%
2019	46,870,483	(134,420)	46,736,063	45,799,705	98.00%
2020	47,201,126	(306,950)	46,894,176	46,024,208	98.14%
2021	54,605,942	(211,237)	54,394,705	53,530,496	98.41%
2022	55,505,173	(163,001)	55,342,172	54,539,419	98.55%
2023	57,131,779	(333,567)	56,798,212	55,671,042	98.02%

Notes:

(1) Includes General Fund

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

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Total Collections to Date			
Collections of			Percentage
Subsequent Years	Amount		of Levy
\$ 1,015,830	\$ 44,737,964		99.90%
933,877	46,033,839		99.92%
759,892	43,402,729		99.86%
896,126	45,491,815		99.66%
829,809	46,005,205		99.79%
815,557	46,615,262		99.74%
681,414	46,705,622		99.60%
556,873	54,087,369		99.43%
366,314	54,905,733		99.21%
-	55,671,042		98.02%

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	Subscriptions	Direct Placement Installment Loans
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
2023	30,825,000	3,339,394	-	1,429,179	627,583	429,048

* 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 year 2023.

Schedule 10

Business Activity					
Direct Placement Installment Loans	Direct Placement Revenue Bonds	Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)	
\$ 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	1.63%	
1,446,192	997,000	44,828,426	637	1.38%	
1,275,160	980,000	38,692,515	548	1.14%	
1,104,128	962,000	32,712,745	460	0.91%	
933,096	944,000	27,562,234	385	0.71%	
762,064	925,000	23,344,705	345	0.55%	
591,032	906,000	18,690,744	278	0.42%	
420,000	886,000	37,956,204	544	*	



**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
2014	\$ 39,645,791	\$ 15,451,156,552	0.26%	1.31%	67,899	\$ 583.89
2015	36,155,697	15,365,675,000	0.24%	1.19%	67,810	533.19
2016	36,588,620	14,498,901,666	0.25%	1.15%	67,729	540.22
2017	31,827,445	14,720,400,000	0.22%	0.98%	67,678	470.28
2018	27,856,480	14,892,942,258	0.19%	0.82%	68,011	409.59
2019	23,945,515	15,095,364,194	0.16%	0.67%	67,786	353.25
2020	20,694,550	15,137,678,386	0.14%	0.53%	67,724	305.57
2021	17,662,567	16,488,635,759	0.11%	0.41%	68,718	257.03
2022	14,662,017	16,773,558,788	0.09%	0.33%	69,380	211.33
2023	34,164,394	17,211,579,394	0.20%	*	69,721	490.02

Notes:

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

(1) Bureau of Economic Analysis, U.S. Department of Commerce

*Personal income not available to calculate fiscal year 2023

Carteret County, North Carolina

Computation of Legal Debt Margin
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Assessed values of property	\$ 15,451,156,552	\$ 15,365,675,000	\$ 14,498,901,666	\$ 14,720,400,000
Debt limit 8% of assessed value	1,236,092,524	1,229,254,000	1,159,912,133	1,177,632,000
Gross debt:				
Total bonded debt	40,105,000	36,565,000	36,450,000	31,585,000
Direct placement installment debt	13,365,073	11,709,696	10,031,656	8,382,789
Net bond premiums and adjustments	3,100,791	2,680,697	2,768,620	2,417,445
Authorized unissued bonded debt	9,710,000	9,710,000	-	-
Total amount of debt applicable to debt limit	66,280,864	60,665,393	49,250,276	42,385,234
Legal debt margin	\$ 1,169,811,660	\$ 1,168,588,607	\$ 1,110,661,857	\$ 1,135,246,766
Total net debt applicable to the limit as a percentage of debt limit	5.36%	4.94%	4.25%	3.60%

Schedule 12

	2018	2019	2020	2021	2022	2023
\$	14,892,942,258	\$ 15,095,364,194	\$ 15,137,678,386	\$ 16,488,635,759	\$ 16,773,588,788	\$ 17,211,579,394
	1,191,435,381	1,207,629,136	1,211,014,271	1,319,090,861	1,341,884,703	1,376,926,352
	27,455,000	23,390,000	19,990,000	16,775,000	13,580,000	30,825,000
	6,850,875	5,411,102	4,135,588	3,570,074	99,562	429,048
	2,131,480	1,845,515	1,559,550	1,312,567	1,082,017	3,339,394
	-	-	-	42,000,000	42,000,000	22,000,000
	36,437,355	30,646,617	25,685,138	63,657,641	56,761,579	56,593,442
\$	1,154,998,026	\$ 1,176,982,519	\$ 1,185,329,133	\$ 1,255,433,220	\$ 1,285,123,124	\$ 1,320,332,910
	3.06%	2.54%	2.12%	4.83%	4.23%	4.11%

**Computation of Direct and Overlapping Debt
Governmental Activities Debt
June 30, 2023**

	Outstanding Debt	Percent Applicable to County	Amount Applicable to County
Direct			
Carteret County (1)	\$ 34,593,442	100.00%	\$ 34,593,442
Overlapping			
Town of Cedar Point (2)	1,006,926	100.00%	1,006,926
Town of Newport (2)	1,690,685	100.00%	1,690,685
Town of Pine Knoll Shores (2)	2,165,000	100.00%	2,165,000
Subtotal overlapping debt	<u>4,862,611</u>		<u>4,862,611</u>
Total direct and overlapping debt	<u>\$ 39,456,053</u>		<u>\$ 39,456,053</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)
2014	67,899	\$ 2,921,590	\$ 43,028	6.50%	8,254
2015	67,810	3,045,019	44,905	5.76%	8,445
2016	67,729	3,177,832	46,920	5.67%	8,141
2017	67,678	3,248,325	47,997	4.83%	8,072
2018	68,011	3,380,511	49,705	4.35%	8,006
2019	67,786	3,593,460	53,012	4.35%	7,892
2020	67,724	3,889,079	57,425	5.58%	8,058
2021	68,718	4,270,026	62,138	4.85%	7,723
2022	69,380	4,407,792	63,531	3.43%	7,723
2023	69,721	*	*	3.43%	7,911

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



Carteret County, North Carolina

Schedule 15

**Principal Employers
Current Year and Ten Years Ago**

Employer	2023			2014		
	Employment Range	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Carteret County Public Schools	1000+	1	-	1,120	1	4.65%
Carteret General Hospital	1000+	2	-	755	2	3.14%
Carteret County	500-999	3	-	386	4	1.60%
Wal-Mart Associates Inc	250-499	4	-	282	6	1.17%
Lowes Home Improvements	250-499	5	-	174	7	0.72%
Food Lion	250-499	6	-	-	-	-
Carteret Community College	250-499	7	-	168	8	0.70%
Bally Refrigerated Boxes	100-249	8	-	-	-	-
McDonalds	100-249	9	-	-	-	-
Town of Morehead City	100-249	10	-	151	9	0.63%
NC Department of Transportation	-	-	-	441	3	1.83%
US Coast Guard	-	-	-	300	5	1.25%
Bluewater Real Estate	-	-	-	125	10	0.52%

Source: NC Commerce LEAD Division
2023 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			
	2014	2015	2016	2017
General government	57.85	59.80	60.80	61.80
Public safety	135.00	137.00	138.00	141.00
Transportation	3.00	3.00	4.00	4.00
Economic and physical development	14.00	13.87	13.87	14.00
Environmental protection	7.00	6.50	6.50	6.50
Human Services	169.33	168.33	170.98	177.00
Cultural and recreation	19.07	20.07	20.42	22.42
Water/Sewer (Business activity)	4.15	4.83	4.83	4.70
Total	409.40	413.40	419.40	431.42

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.

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2018	2019	2020	2021	2022	2023
62.20	65.72	65.72	68.07	70.52	74.52
144.00	150.00	153.00	159.00	157.00	169.00
4.00	6.00	8.00	9.00	11.00	11.00
16.50	17.00	17.00	18.00	18.00	21.00
6.50	6.50	6.50	7.50	7.50	7.50
184.18	185.18	186.18	186.18	191.38	200.38
22.42	22.42	22.42	42.42	43.22	43.22
4.80	4.78	4.78	4.78	4.78	4.05
444.60	457.60	463.60	494.95	503.40	530.67

Carteret County, North Carolina

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

Function	Fiscal Year			
	2014	2015	2016	2017
Sheriff:				
Physical arrests	2,018	1,659	1,773	1,815
Environmental Protection:				
Solid waste convenience sites:				
Refuse collected (tons / day)	46.25	45.23	38.36	42.17
Recycled Material (tons / day)	5.15	3.90	2.38	4.19
Yard Waste (tons / day)	11.00	4.80	3.24	9.28
Culture and recreation:				
Park reservations	6,462	7,888	7,192	7,508
Senior center and community center admissions	110,435	103,007	117,355	128,229
Public libraries:				
Admissions	269,839	269,184	261,578	259,850
Electronic resources users	292,250	332,243	286,530	227,773
Water:				
New connections	25	18	15	14
Water mains breaks	2	-	-	1
Average daily consumption (gallons / day)	127	117	118	119

Sources: Various government departments.

Notes:

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

* Information unavailable

Schedule 17

2018	2019	2020	2021	2022	2023
1,086	1,170	1,154	1,052	1,052	954
51.65	58.04	60.74	59.48	59.48	41.73
4.62	2.68	2.74	3.45	3.45	0.21
9.59	23.21	4.67	4.35	4.35	5.83
8,220	5,916	2,216	4,340	4,387	4,730
112,893	92,109	58,576	5,105	16,992	17,082
261,347	235,673	260,899	234,810	234,810	241,578
206,564	298,768	239,584	215,626	*	*
13	14	13	23	23	22
1	1	-	-	-	-
121	121	115	125	125	111

Carteret County, North Carolina

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

Function	Fiscal Year			
	2014	2015	2016	2017
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

2018	2019	2020	2021	2022	2023
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 (*Government Auditing Standards*), 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 and Occupancy Tax Fund of Carteret County, North Carolina (the County) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 23, 2024. 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
February 23, 2024

**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, 2023. 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 General Hospital Corporation and the ABC Board that would subject the Carteret County Tourism Development 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, 2023.

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 2023-001 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 February 23, 2024

**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, 2023. 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, 2023.

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 2023-002 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
February 23, 2024

CARTERET COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

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?	_____	Yes	_____ X _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ X _____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ X _____	Yes	_____ _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ X _____	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, 2023

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
Supplemental Nutrition Assistance Program Cluster	10.561
Child Care Development Fund Cluster	93.596
Children's Health Insurance Program - NC Health Choice	93.767
Child Support Enforcement	93.563
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, 2023

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
Disaster Relief and Recovery/Mitigation/Resiliency Directed Grant	N/A
Public School Building Capital Fund – Lottery Proceeds	N/A

II – FINANCIAL STATEMENT FINDINGS

None noted.

CARTERET COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2023

**III – FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS**

**Material Weakness in Internal Control Over Compliance – Medicaid Cluster
Finding 2023-001**

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: 2023

Criteria: Per the NC Department of Health and Human Services-Division of Health Benefits, the County Department of Social Services Agency is responsible for determining 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: 3 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; 1 instance which included incorrect countable resources and/or incorrect budget calculations; and, 5 instances where Agency Internal Control policy required Family & Children's Medicaid and/or Adult Medicaid Review Verification Sheet (DSS Form 5007V) manual checklist and budget was not completed and present in case file documentation or did not agree with evidence in NCFAST and/or supporting documentation provided by client.

Effect: Potential for ineligible applicant to receive benefits.

Cause: Administrative oversight.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2022-001
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, 2023

IV – FINDINGS AND QUESTIONED COSTS FOR STATE AWARDS

Material Weakness in Internal Control Over Compliance – Medical Assistance (MA)
Finding 2023-002

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: 2023

See Section III. Findings and Questioned Costs for Federal Awards, Finding 2023-001

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

January 19, 2024

Corrective Action Plan

Section III. Findings and Questioned Costs for Federal Awards

Material Weakness in Internal Control Over Compliance – Medicaid Cluster Finding 2023-001

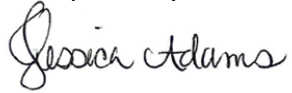
	Deficiency	Corrective Action
1	3 instances which included incorrect countable/noncountable income and/or incorrect budget calculations	<ul style="list-style-type: none"> • Training will be conducted on 1/26/2024 with all IMCs on using deductions correctly and how to address Capital Gain losses. The importance of reviewing income evidence and determinations to determine that income has been correctly end dated before accepting decisions will also be covered. • Caseworkers have a minimum of 1 application and 1 recertification second party monthly. • Checklists and second party review tools will be updated to be more specific in regard to income calculations.
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.	<ul style="list-style-type: none"> • Tax Filing Status and Relationship training covering the review of tax status evidence and determinations for accuracy before accepting decisions

		<p>will be conducted with all IMCs on 1/26/2024.</p> <ul style="list-style-type: none"> • Caseworkers have a minimum of 1 application and 1 recertification second partied monthly. • Checklists and second party review tools will be updated to be more specific in regard to household composition.
3	1 instance which included incorrect countable resources and/or incorrect budget calculations.	<ul style="list-style-type: none"> • Training will be conducted on 1/26/2024 with all Adult MA IMCs on reviewing resource evidence and the resources tab under determinations before accepting decisions. • Checklists and second party review tools will be updated to be more specific in regard to income calculations.
4	5 instances where Agency Internal Control policy required Family & Children’s Medicaid and/or Adult Medicaid Review verification Sheet (DSS Form 5007V) manual checklist and budget was not completed and present in case file or did not agree with evidence in NCFASST and/or supporting documentation provided by client.	<ul style="list-style-type: none"> • The DSS Form 5007V is obsolete per DMA ADMINISTRATIVE LETTER NO: 04-16 and will no longer be utilized. • Technical Assistance will be requested from DHB regarding manual budgets. • The Internal Control Policy will be reviewed with the assistance of DHB to ensure compliance with state guidance, policy and protocols.

Training with all Medicaid Income Maintenance Caseworkers will be conducted on January 26, 2024 to address the deficiencies noted above. All seasoned Medicaid workers have at least one application and one recertification second partied each month. Any errors found are addressed with the caseworkers individually and are used for training during monthly unit meetings held

with all our Medicaid caseworkers. Currently, Carteret County has 14 unseasoned workers who are being 100% second partied.

Respectfully Submitted,

A handwritten signature in black ink that reads "Jessica Adams". The signature is written in a cursive, flowing style.

Jessica Adams
DSS Director

CARTERET COUNTY FINANCE

Denise H. Meshaw, CPA
Deputy County Manager
Finance Department



Tel: (252) 728-8410
Fax: (252) 728-0133
deem@carteretcountync.gov
www.carteretcountync.gov

Summary Schedule of Prior Audit Findings Year Ended June 30, 2023

Finding 2022-001

Status: See identification of repeat finding 2023-001

Finding 2022-002

Status: See identification of repeat finding 2023-002

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2023**

	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	
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 23-CT-054	20.509	DOT-11
Operating Grant 23-ED-054	20.513	23-ED-054
Total US Department of Transportation		

(Continued)

Expenditures		
Federal	State	Local
20,937	-	-
301,185	-	-
554,769	-	554,769
523	-	523
83,789	-	-
639,081	-	555,292
961,203	-	555,292
330	-	-
330	-	-
37,459	-	-
37,459	-	-
190,665	11,916	35,750
125,000	-	125,000
315,665	11,916	160,750

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023**

	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:		
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, In Home/Support Services, Legal Services - HCCBG	93.044	
Home Delivered Meals - HCCBG	93.045	
Congregate Nutrition - HCCBG	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-Work First Administration	93.558	
TANF-Work First Service	93.558	
Total Temporary Assistance for Needy Families (TANF)		
Family Preservation	93.556	

(Continued)

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023**

	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	
Total Low-Income Home Energy Assistance		
COVID 19 - Low-Income Home Water Assistance:		
LIWAP COVID19 ADM Consolidated Appropriations Act	93.568	
LIWAP COVID19 Consolidated Appropriations Act	93.568	
LIWAP COVID19 ADM American Rescue Plan Act	93.568	
LIWAP COVID19 American Rescue Plan Act	93.568	
Total Low Income Water Assistance Program		
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	
Total Child Care Development Fund Cluster		

(Continued)

Expenditures		
Federal	State	Local
448,088	-	-
3	-	1
1,207	(417)	1,039
85,277	-	-
534,575	(417)	1,040
192,022	-	-
32,554	-	-
72,309	-	-
296,885	-	-
19,649	-	-
30,674	-	-
12,624	-	-
56,375	-	-
119,322	-	-
416,207	-	-
78,981	-	-
78,981	-	-

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023**

	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		
Service and Admin	93.645	
Foster Care and Adoption Cluster:		
Foster Care-Title IV-E:		
IV E CPS	93.658	
IV-E Optional Adopt TRN 50%	93.659	
IV-E Family Foster Care MAX	93.658	
IV-E Foster Care & Extended 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	
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:		
Adult Protective Services	93.667	
Other Services & Training	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 - Medicaid for Infants and Children	93.767	

(Continued)

Expenditures		
Federal	State	Local
20,623	-	3,691
136,848	30,027	122,300
4,577	-	4,577
478	-	181
76,078	16,164	11,613
188,868	-	-
4,030	-	188,868
5,735	2,868	2,868
44,934	-	37,492
2,992	-	997
16,568	-	16,568
481,110	49,059	385,465
2,558	-	-
176,885	-	58,962
2,292	-	-
25,433	-	3,633
46,681	-	-
253,850	-	62,595
14,701	-	-
9,921	2,480	-
24,622	2,480	-
49,247	2,889	8,531
49,247	2,889	8,531

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023**

	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		
Medicaid Administrative Claiming (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	
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 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:		
Seniors' Health Insurance Information Program	93.324	90SAPG0099-02-00
Total US Department of Health and Human Services		

(Continued)

Expenditures		
Federal	State	Local
339,869	-	339,869
29,028	5,719	23,309
-	-	-
37,879	4,548	11,191
1,689,944	220,719	493,250
106,463	-	106,463
2,203,183	230,986	974,082
23,757	-	-
2,190	-	-
14,824	-	-
32,371	-	-
29,058	-	-
40,782	-	-
54,266	-	-
40,522	-	-
237,770	-	-
24,400	-	-
38,641	-	-
63,041	-	-
134,328	-	-
8,715	-	-
8,715	-	-
5,733,887	311,823	2,688,973

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023**

	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 Defense		
Office of Local Defense Community Cooperation:		
Administered by the County Shore Protection Department:		
East Taylors Creek/ Radio Island Maintenance Dredging Project	12.600	
Total US Department of Defense		
US Dept. of Treasury		
Administered by the County Finance Department:		
COVID19 Coronavirus State Local Fiscal Recovery Relief Funds	21.027	
Passed-through the NC Judicial Branch:		
Administered by the County Rape Crisis Department:		
Domestic Violence Economic Assistance	21.027	
Passed-through the NC Health and Human Services:		
Division of Public Health:		
Administered by the County Health Department:		
Coronavirus State and Local Fiscal Recovery Funds	21.027	
Total US Department of Treasury		

(Continued)

Expenditures		
Federal	State	Local
680,172	-	-
680,172	-	-
39,032	-	-
11,068	-	-
20,003	-	-
70,103	-	-
551,608	-	-
551,608	-	-
7,374,849	-	-
94,500	-	-
122,693	-	-
7,592,042	-	-

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
State Assistance		
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/MAX Non IV-E		
F/C At Risk Max		
FC Stipend		
Work First Non Reimbursable		
AFDC Incent / Prog Integrity		
SFHF Maximization		
State Foster Home		
Division of Aging and Adult Services:		
Passed through the Eastern Carolina Council:		
Administered by the County Aging Department:		
Senior Center General Purpose		
Fan Relief		
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		
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 Disposal		
Division of Water Resources:		
Administered by the County Shore Protection Office:		
Water Resources Development Grant Program:		
Bogue Banks Master Beach Renourishment Project		NC DEQ CW34490
Shallow Draft Navigation Channel Dredging Projects:		
Salter Creek Channel Maintenance Dredging Project		NC DEQ CW34764
Total NC Department of Environmental Quality		

(Continued)

Expenditures		
Federal	State	Local
-	-	-
-	-	2,494,988
-	-	350,328
-	28,846	-
-	45,179	-
-	5,891	-
-	-	-
-	-	14,986
-	3,489	-
-	33,679	33,678
-	76,954	71,093
-	10,899	-
-	724	-
-	205,661	2,965,073
-	17,292	-
-	80,166	-
-	1,756	-
-	3,747	-
-	10,822	-
-	6,813	-
-	8,425	-
-	-	-
-	39,869	-
-	24,010	-
-	12,493	-
-	50,000	-
-	255,393	-
-	461,054	2,965,073
-	33,794	-
-	130,352	-
-	164,146	-
-	25,000	-
-	108,000	-
-	133,000	-
-	297,146	-

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
NC Wildlife Resources Commission:		
Administered by the County Shore Protection Office:		
Waterway and Dredging Projects		
Total NC Wildlife Resource Commission		
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		
Administered by the Carteret County Transportation Department:		
Transportation Infrastructure Resiliency Fund Grant		
Total NC Department of Public Safety		
NC Department 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 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
Administered by the County Emergency Management Department:		
Capital Projects BRIC		20121
Administered by the County Planning and Inspections Department:		
Capital Projects Water Access Project		20122
Total NC Office of State Budget and Management		
NC Department of Public Safety:		
Administered by the County Sheriff's Office:		
Law Enforcement Grant		CARTERETCO 2021-2023 A12320304-JEC
Law Enforcement Medication-assisted Treatment (MAT) Program		
Administered by the County Planning and Inspections Department:		
Marshallberg Flood Mitigation		CARTERETCO 2021-2023
Disater Relief and Recovery/ Mitigation/ Resiliency Directed Grant, NC Appropriations Act of 2022		
Debris Removal and Storm Resiliency		CARTERETCO 2021-2023
Total NC Department of Public Safety		

(Continued)

Expenditures		
Federal	State	Local
-	89,373	-
-	89,373	-
-	174,189	-
-	174,189	-
-	87,350	-
-	56,526	51,159
-	7,678	-
-	54,772	-
-	200,111	-
-	406,437	51,159
-	2,083	424,011
-	56,219	-
-	58,302	424,011
-	2,166	-
-	42,470	-
-	2,728	-
-	15,501	-
-	62,865	-
-	84,270	-
-	6,000	-
-	90,270	-
-	228,399	-
-	530,831	-
-	849,500	-

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
NC Department of Public Instruction:		
Administered by the County Finance Department:		
Public School Building Capital Fund - Lottery Proceeds		
Total NC Department of Public Instruction		
NC Department of Transportation:		
Administered by the 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		
Other Financial Assistance		
NC Department of Justice:		
Administered by the County Health Department:		
Opioid Settlement Fund		
Total Other Financial Assistance		
Total Federal Expenditures		
Total State Expenditures		
Total Local Expenditures		

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

Expenditures		
Federal	State	Local
-	8,442,070	1,489,788
-	8,442,070	1,489,788
-	61,641	61,641
-	119,718	-
-	21,679	-
-	99,125	-
-	302,163	61,641
-	101,194	-
-	101,194	-
<u>\$ 16,040,840</u>	<u>\$ 11,568,032</u>	<u>\$ 8,396,687</u>

Carteret County, North Carolina

**Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2023**

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, 2023. 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 \$19,864,630 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, 2023:

	Beginning Balance June 30, 2022	Additions	Retirements	Ending Balance June 30, 2023
Revenue Bond	\$ 906,000	\$ -	\$ 20,000	\$ 886,000
Installment purchase obligations	591,032	-	171,032	420,000
	<u>\$ 1,497,032</u>	<u>\$ -</u>	<u>\$ 191,032</u>	<u>\$ 1,306,000</u>

Carteret County, North Carolina

**Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2023**

Note 5. 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 6. 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.