

# McGladrey & Pullen

Certified Public Accountants

## **Carteret County, North Carolina**

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2009

**Prepared by the Finance Department  
Dee Meshaw, Assistant County Manager Finance and Administration**

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# **Introductory Section**

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**Letter of Transmittal**

**List of Principal Officials**

**Organizational Chart**

**Map of Carteret County, North Carolina**

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November 18, 2009

To the Citizens of Carteret County:

State law requires that all general-purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Carteret (the "County") for the fiscal year ended June 30, 2009.

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 McGladrey & Pullen, 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, 2009 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 unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2009, 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 Comprehensive Annual Financial Report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.



## **Profile of the County**

Carteret County, incorporated in 1722, is a growing county located on the central coastline of North Carolina with approximately 63,300 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, the Craven-Pamlico-Carteret Regional Library, Carteret Community College, the Economic Development Council, and Onslow Carteret Behavior Center.

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). 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. He may transfer amounts up to \$20,000 between departments of the same fund. He may not transfer any amount between funds or from contingency appropriation within any fund without action of the Board of Commissioners. The manager may also transfer amounts within and between funds for the sole 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 36 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).

### **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 its successful transition from a seasonal economy dependent on tourism to a diversified, year-round economy. Annual unemployment average was 7.41% for the County compared to 4.74% in the prior year. Although the tourism industry continues to perform well with an average annual economic impact of \$267.42 million, much of the improvement in the economy is attributable to the diversification of the economy into manufacturing, distribution, research, and the construction trades.

## Industrial Parks

The Jarrett Bay Marine Industrial Park is approximately 170 acres north of Beaufort on the Intracoastal Waterway. The Park concentrates on the boat industry. Carteret County has thirty boat builders, the largest number in North Carolina. The Park continues to expand with 98% of the land is sold. In addition, Gregory Poole Marine Power is expanding its facility 24,000 square feet. Bausch American Towers, a subsidiary of American Custom Yachts is new to the park. Bausch American specializes in building custom flybridges and tuna towers of anodized aluminum.

Crystal Coast Business Park is located off US Route 70 in Morehead City. The park is 58 acres with eleven parcels. Six 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 open ocean. Commodities such as rubber, lumber, steel, and wood pulp go through the port. The State completed its 177,000 square foot new terminal warehouse complex. This was an \$85 million investment.

## Retail

Retail continues to expand in Carteret County. Some highlights of expansion last fiscal year are a shopping center that includes stores such as Ashley Furniture and Walgreens as well as several restaurants in Morehead City. Harris Teeter shopping center construction was completed and opened in Morehead City.

The following table lists the 10 largest manufacturing and nonmanufacturing employers in the County in 2009:

Employer	Service	Approximate Number of Employees
Carteret County Public Schools	Education	1,197
Carteret General Hospital	Medical	1,025
Wal Mart	Retail	485
Carteret County	Government Service	473
NC Department of Transportation	Transportation	462
Lowe's Home Improvements	Retail	292
U.S. Coast Guard	Military	273
Food Lion	Retail	239
NC Natural Resources & Community Development	Government	229
Lowe's Foods	Retail	205

Source: Carteret County Economic Development Council, September 2008

## **Long-Term Financial Planning**

The County's operating budget for the fiscal year ending June 30, 2010 totals \$90,329,125 with a tax rate of \$.23 per \$100 of assessed value, based on a total valuation of \$19,664,813,386. The County's assessed value represents approximately a 3.34% increase from the value used in the June 30, 2009 budget. The County anticipates slight growth in its tax base for fiscal year ending June 30, 2011. For the County's operating budget for the fiscal year June 30, 2011, it is anticipated that the tax rate would need to be between \$.23 and \$.25 per \$100 of 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% undesignated fund balance in the General Fund.

## **Major Initiatives**

The County continues to fund construction and building improvements to our county schools. The County anticipates issuing the remaining \$9.71 million of general obligation bonds authorized in the November 2005 referendum in the spring of 2010. In addition, the County is working to secure a financial lending institution for \$5.65 million of School Quality Construction Bonds and Qualified Zone Academy Bonds. If the County is able to receive an acceptable financial package for these bonds, then the County does not anticipate issuing the entire \$9.71 million of authorized general obligation bonds.

As part of the State's adopted budget, Senate Bill 202 states "... effective July 1, 2010, each child support enforcement program being administered by the NC Department of Health and Human Services on behalf of counties shall be administered, or the administration provided for, by the board of county commissioners of those counties..." Therefore, the County is in the planning stages and developing its state required plan to administer this program effectively and efficiently on July 1, 2010. In addition, the County is preparing program operating cost projections as well as estimated federal revenue for the program.

The County anticipates major improvements to the County's water system over the next two fiscal years. Engineering services have been engaged for the project's design. The estimated construction cost is \$2.15 million and will be funded by grants and installment loans.

## **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 Comprehensive Annual Financial Report for the year ended June 30, 2008. This was the tenth 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 Comprehensive Annual 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 current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2009. 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 Comprehensive Annual 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 McGladrey & Pullen, 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 H. Meshaw  
Assistant County Manager Finance & Administration

# CARTERET COUNTY, NORTH CAROLINA

## LIST OF PRINCIPAL OFFICIALS JUNE 30, 2009

### BOARD OF COMMISSIONERS

DOUGLAS HARRIS  
Chairman  
Atlantic Beach, North Carolina

HOLT FAIRCLOTH  
Vice Chairman  
Morehead City, North Carolina

PETE ALLEN  
Emerald Isle, North Carolina

PAT JOYCE  
Beaufort, North Carolina

GREGORY LEWIS  
Morehead City, North Carolina

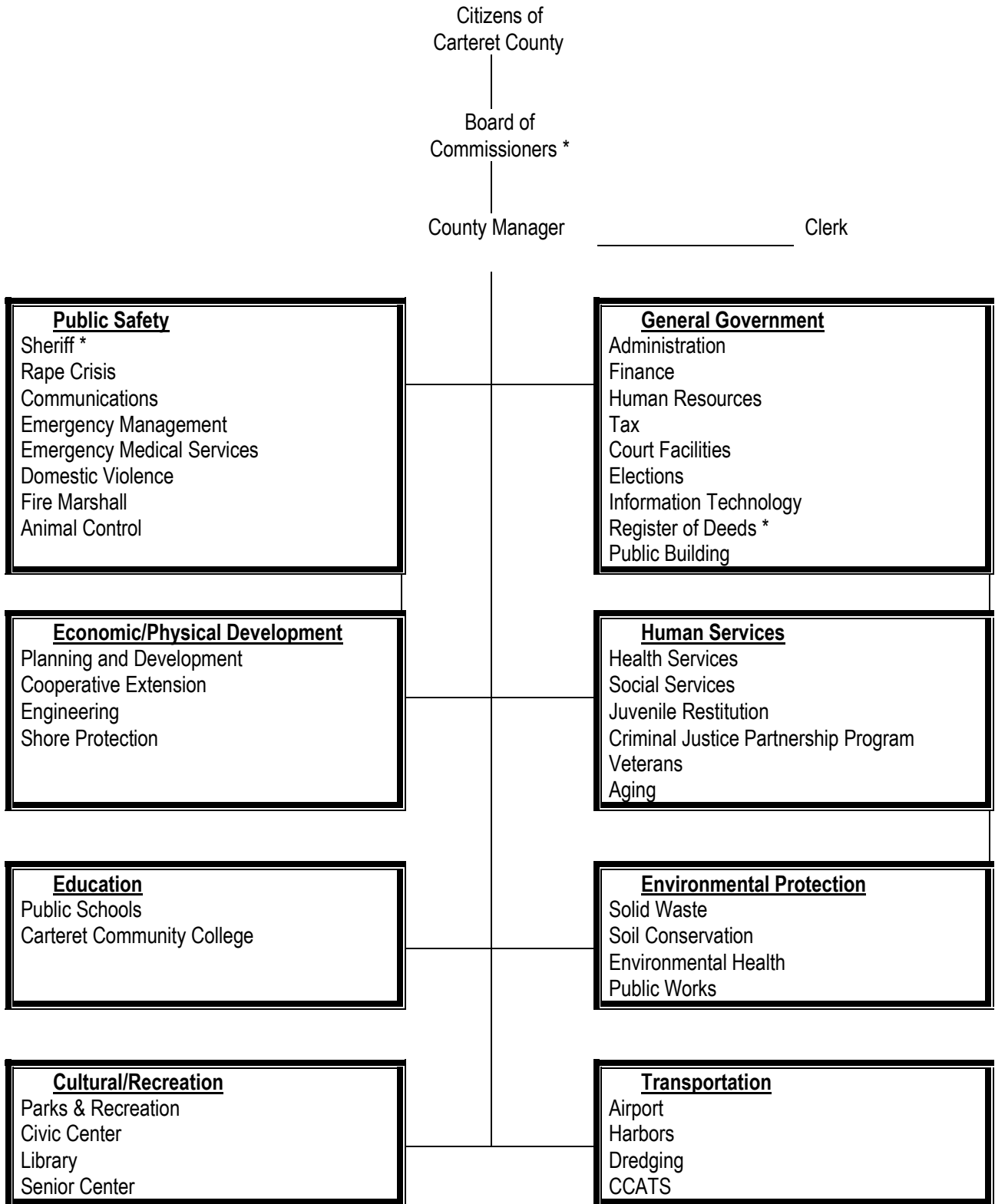
WADE NELMS  
Newport, North Carolina

JONATHAN ROBINSON  
Atlantic, North Carolina

### COUNTY OFFICIALS

John Langdon	County Manager
Dee H. Meshaw	Assistant County Manager Finance & Administration
Jack Veit	Assistant County Manager Public Facilities
Asa Buck III	Sheriff
Joy Lawrence	Register of Deeds
J.T. Garrett	Health Director
Katrina Marshall	Planning & Development Director
David Atkinson	Social Services Director
Jo Ann Smith	Emergency Management Director
Myles McLoughlin	Human Resources Director
Betty Fentress	Parks & Recreation Director
Carl Tilghman	Tax Administrator
Gavin Hutchins	Information Technology Director

**Carteret County, North Carolina  
Organizational Chart**



\* Elected Officials

**MAP OF  
CARTERET COUNTY, NORTH CAROLINA**

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Carteret County  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



A handwritten signature in black ink, appearing to read "M. L. R.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer", written in a cursive style.

Executive Director



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## **Financial Section**

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- **Independent Auditor's Report**
  - **Management's Discussion and Analysis**
  - **Basic Financial Statements**
  - **Notes to Financial Statements**
  - **Supplementary Information**
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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carteret County, North Carolina (the "County"), as of and for the fiscal year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carteret County, North Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Beaufort-Morehead City Airport Authority, Carteret County Tourism Development Authority, Carteret County Alcoholic Beverage Control ("ABC") Board or Carteret County General Hospital Corporation, which constitute all of the County's discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Carteret County ABC Board and Carteret County General Hospital Corporation, each discretely presented component units, were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the 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, and the aggregate remaining fund information of Carteret County, North Carolina, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Occupancy Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 10 to the financial statements, the County initially adopted Governmental Accounting Standards Board Statement No. 45 for its fiscal year ended June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated, November 17, 2009 on our consideration of Carteret County, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information on pages 15 through 25 and 91 through 94, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standard Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carteret County, North Carolina's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section, as well as the Schedule of Expenditures of Federal and State Awards (in the compliance section) as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act is presented for purposes of additional analysis and are not a required part of the basic financial statements of Carteret County, North Carolina. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal and State Awards have been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section of the Comprehensive Annual Financial Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Morehead City, North Carolina  
November 17, 2009

## Carteret County, North Carolina

### Management's Discussion and Analysis (Unaudited) June 30, 2009

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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, 2009. 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.

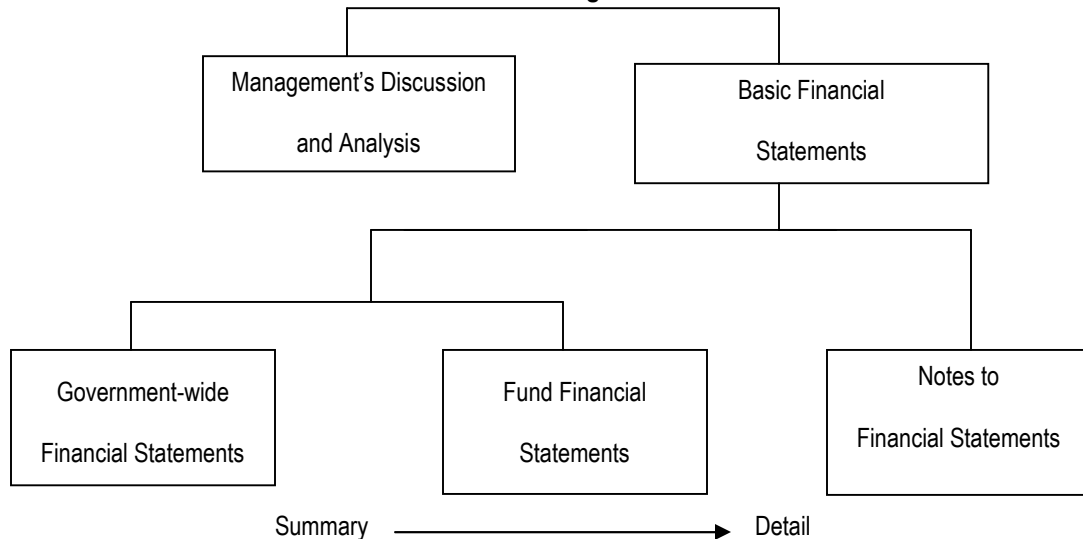
#### Financial Highlights

- The assets of Carteret County (primary government) were greater than its liabilities at the close of the fiscal year by \$11,243,708 (*net assets*).
- The government's total net assets decreased by \$663,171, primarily due to spending accumulated balances in the County's capital project funds.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$59,075,470, after a net decrease in fund balance of \$4,952,351. As stated above, this decrease is due to spending fund balances in the County's capital project funds. Approximately 70.34 percent of this total amount, or \$41,553,948, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$23,791,470 or 32.92 percent of total General Fund expenditures, excluding other financing uses, for the fiscal year.
- The County's total long-term debt (Figure 5) decreased by \$2,783,337 due primarily to retiring debt principal.
- The County maintained its AA (Standard & Poor's and Fitch Ratings) for the third year and Aa3 (Moody's Investor Services) for the ninth consecutive 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. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

**Required Components of Annual Financial Report**  
**Figure 1**



### Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension and other postemployment benefit plans. After the required supplemental information, additional **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

### Government-Wide Financial Statements

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

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets 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 Board by appointing its members.

The government-wide financial statements are on pages 27 – 30 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 Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.



**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2009**

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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 31 – 37 of this report.

**Proprietary Funds** – The County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its water activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. The proprietary fund financial statements are on pages 38 – 41 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 three agency funds. The fiduciary fund financial statements are on page 42 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 46 – 87 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its law enforcement employees. Required supplementary information can be found beginning on page 89 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the County exceeded liabilities by \$11,243,708 as of June 30, 2009. The County's net assets decreased by \$663,171 for the fiscal year ended June 30, 2009. Net assets are reported in three categories: invested in capital assets, net of related debt of \$26,118,542, restricted net assets of \$13,043,008, and unrestricted net assets (deficit) of (\$27,917,842).

## Carteret County, North Carolina

### Management's Discussion and Analysis (Unaudited) June 30, 2009

The invested in capital assets, net of related debt 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 assets is restricted net assets. This represents resources that are subject to external restriction on how they may be used. The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligation to citizens and creditors. At June 30, 2009, the total unrestricted net assets reported a deficit of \$27,917,842. Of the County's net assets, \$13,043,008 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 deficit in unrestricted net assets 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. Since the County, as the 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 \$75.74 million of the outstanding debt on the County's financial statements was related to assets included in the school system and community college's financial statements. However, since the majority of this school system and community college 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 Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 67,275,555	\$ 72,362,824	\$ 702,189	\$ 655,632	\$ 67,977,744	\$ 73,018,456
Capital assets	26,166,952	24,478,186	6,448,608	6,543,170	32,615,560	31,021,356
<b>Total assets</b>	<b>93,442,507</b>	<b>96,841,010</b>	<b>7,150,797</b>	<b>7,198,802</b>	<b>100,593,304</b>	<b>104,039,812</b>
Long-term liabilities outstanding	81,040,957	82,939,274	2,831,952	2,999,748	83,872,909	85,939,022
Other liabilities	5,345,520	6,101,498	131,167	92,413	5,476,687	6,193,911
<b>Total liabilities</b>	<b>86,386,477</b>	<b>89,040,772</b>	<b>2,963,119</b>	<b>3,092,161</b>	<b>89,349,596</b>	<b>92,132,933</b>
Net assets:						
Invested in capital assets, net of related debt	22,484,382	21,792,965	3,634,160	3,557,690	26,118,542	25,350,655
Restricted	13,043,008	10,233,675	-	-	13,043,008	10,233,675
Unrestricted	(28,471,360)	(24,226,402)	553,518	548,951	(27,917,842)	(23,677,451)
<b>Total net assets</b>	<b>\$ 7,056,030</b>	<b>\$ 7,800,238</b>	<b>\$ 4,187,678</b>	<b>\$ 4,106,641</b>	<b>\$ 11,243,708</b>	<b>\$ 11,906,879</b>

## Carteret County, North Carolina

### Management's Discussion and Analysis (Unaudited) June 30, 2009

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**Governmental activities:** Governmental activities decreased the County's net assets by \$744,208 from fiscal year 2008. Key elements of this decrease are as follows:

- Governmental activities property taxes increased approximately \$1.58 million from fiscal year 2008. The County maintained the same General Fund ad valorem property tax rate of twenty-three cents per \$100 assessed value from fiscal year 2008 to fiscal year 2009. The General Fund received approximately \$.49 million more than the previous year; however, this increase was due to increased delinquent tax collections. The remaining \$1.09 million increase is due to property tax rate increases in the fire and rescue special taxing district funds.
- Decreases in other taxes were approximately \$4.19 million. The sales tax decreases were approximately \$3.32 million due to the economy and ¼ percent levy loss of Article 44 as a result of the State taking over a portion of the County's Medicaid burden. Occupancy taxes decreased approximately \$.37 million, and the remaining approximate \$.50 million decrease is due to a NC legislative change in revenue for the 911 Fund, which is now classified as intergovernmental.
- Governmental activities charges for services decreased approximately \$.79 million from the previous fiscal year. This is primarily due to the decrease in Register of Deeds recording fees and building permits. Housing sales have decreased from the previous fiscal year, and thus Register of Deeds fees have decreased approximately \$.35 million or 26.4%. In addition, there is little new construction in the County and thus the decrease in building permits. Building permit revenue decreased approximately \$.21 million or 34.7% from the previous fiscal year.
- Operating grants and contributions increased \$1.34 million from the prior fiscal year. This is due to increased funds available for human services, public safety, and debt service.
- Capital grants and contributions increased approximately \$1.62 million from the prior fiscal year. This is due to grant funding, \$1.13 million for water access land purchases and improvements, and county park improvements.
- Education expenses decreased approximately \$11.72 million from the prior year due to changes in operation and building renovation expenditures. Payments to the Schools and Community College for operating expenditures increased approximately \$1.28 million and payments for renovation and construction expenditures decreased approximately \$13 million.
- Due to the State assuming a portion of the County's burden for Medicaid expenses, Medicaid decreased \$1.14 million from the previous year. Human services operating expenses increased \$.79 million, and as a result, human services had a net decrease of \$.35 million from the previous year.

**Business-type activities:** Business-type activities increased the County's net assets by \$81,037. The primary factor for the increase was due to fee revenues and actual investment earnings that were greater than projected and some expenses such as maintenance, supplies, and small equipment were less than anticipated.

Carteret County, North Carolina

Management's Discussion and Analysis (Unaudited)  
June 30, 2009

The County's Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 5,112,273	\$ 5,903,331	\$ 573,359	\$ 550,256	\$ 5,685,632	\$ 6,453,587
Operating grants and contributions	12,647,140	11,310,278	-	-	12,647,140	11,310,278
Capital grants and contributions	1,680,223	63,694	167,757	-	1,847,980	63,694
General revenues:						
Property taxes	50,175,809	48,592,344	-	-	50,175,809	48,592,344
Other taxes	18,753,280	22,947,844	-	-	18,753,280	22,947,844
Other	1,917,892	4,066,631	16,840	33,908	1,934,732	4,100,539
<b>Total revenues</b>	<b>90,286,617</b>	<b>92,884,122</b>	<b>757,956</b>	<b>584,164</b>	<b>91,044,573</b>	<b>93,468,286</b>
<b>Expenses:</b>						
General government	6,558,268	6,254,064	-	-	6,558,268	6,254,064
Public safety	16,599,129	16,381,281	-	-	16,599,129	16,381,281
Transportation	858,784	892,718	-	-	858,784	892,718
Economic and physical development	5,207,919	4,848,724	-	-	5,207,919	4,848,724
Environmental protection	3,105,363	2,914,590	-	-	3,105,363	2,914,590
Human services	16,302,247	16,656,957	-	-	16,302,247	16,656,957
Cultural and recreation	3,182,526	3,355,687	-	-	3,182,526	3,355,687
Education	35,465,104	47,189,262	-	-	35,465,104	47,189,262
Interest on long-term debt	3,493,485	3,690,063	-	-	3,493,485	3,690,063
Water	-	-	934,919	813,171	934,919	813,171
<b>Total expenses</b>	<b>90,772,825</b>	<b>102,183,346</b>	<b>934,919</b>	<b>813,171</b>	<b>91,707,744</b>	<b>102,996,517</b>
<b>Decrease in net assets before transfers</b>	<b>(486,208)</b>	<b>(9,299,224)</b>	<b>(176,963)</b>	<b>(229,007)</b>	<b>(663,171)</b>	<b>(9,528,231)</b>
Transfers	(258,000)	(278,000)	258,000	278,000	-	-
<b>Increase (decrease) in net assets</b>	<b>(744,208)</b>	<b>(9,577,224)</b>	<b>81,037</b>	<b>48,993</b>	<b>(663,171)</b>	<b>(9,528,231)</b>
Net assets, July 1,	7,800,238	17,377,462	4,106,641	4,057,648	11,906,879	21,435,110
<b>Net assets, June 30</b>	<b>\$ 7,056,030</b>	<b>\$ 7,800,238</b>	<b>\$ 4,187,678</b>	<b>\$ 4,106,641</b>	<b>\$ 11,243,708</b>	<b>\$ 11,906,879</b>

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.

## Carteret County, North Carolina

### Management's Discussion and Analysis (Unaudited) June 30, 2009

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**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, unreserved fund balance 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, unreserved and undesignated fund balance of the General Fund was \$23,791,470, while total fund balance reached \$39,503,988. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 32.92 percent of total General Fund expenditures, excluding other financing uses, while total fund balance represents 54.67 percent of that same amount.

At June 30, 2009, the governmental funds of the County reported a combined fund balance of \$59,075,470, a 7.7 percent decrease from last year. The primary reason for this decrease is due to spending fund balance in the County's capital project funds.

#### General Fund Budgetary Highlights

During fiscal year 2009, the County's financial picture was fair. Due to the current economic downturn, revenues were less than budgeted revenues by \$2.80 million. The \$2.80 million is a combination of sales taxes underperforming by \$1.674 million, fees, such as register of deeds and building inspections, underperforming by approximately \$424,000, intergovernmental under budget by approximately \$455,000, and ad valorem taxes approximately \$290,000 less than budgeted. Investment earnings were greater than projected by approximately \$112,000. Despite this revenue shortfall, through conservative management and prioritizing our expenditures and capital outlay, the County did not spend any of its fund balance and finished the year in 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 \$515,048 and appropriations by \$2,279,271. The appropriations increase was mostly due to the increases in public safety for land purchases and in the County's human services departments.

As stated above, the actual operating revenues for the General Fund were less than the budgeted amount by \$2.80 million. The County's expenditures were less than the budgeted amount by \$3.91 million, and are mostly due to savings in Medicaid and other human services programs, general government, public safety, economic and physical development, and culture and recreation.

#### Other Major Funds

The 2006 School Project Fund accounts for general obligation bond proceeds from the November 2005 referendum. These funds are used for construction and renovation projects to the County's schools. During fiscal year 2009, the fund's fund balance decreased \$4,999,545 to \$9,158,773. The decrease in the fund balance is due to spending the bond proceeds on the approved school construction projects.

## Carteret County, North Carolina

### Management's Discussion and Analysis (Unaudited) June 30, 2009

The County Beaufort Square and 911 Center Project Fund is a new fund established in fiscal year 2009. The County borrowed \$1,483,000 to renovate office space required to expand and relocate the County's Beaufort Library, and County offices such as Elections, Parks and Recreation, and Soil Conservation. The renovation project will be completed early in fiscal year 2010. The fund's ending fund balance for fiscal year 2009 is \$601,924.

**Proprietary Funds.** The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water Fund at the end of the fiscal year were \$553,518. The primary factors affecting the finances of this fund were water fees greater than anticipated as well as investment earnings and various operating expenses such as maintenance and small equipment that were less than budgeted. As in previous years, the Water Fund is not self supporting and continues to rely on transfers from the General Fund. The transfer for fiscal year 2009 was \$258,000 compared to \$278,000 for fiscal year 2008.

### 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, 2009, totals \$32,615,560 (net of accumulated depreciation). These assets include land, buildings, automotive equipment, office and other equipment, and water plant and lines.

Major capital asset transactions during the year include:

- Water access land purchases and improvements.
- Park improvements.
- Purchase of vehicles in departments including nine Sheriff Department vehicles.
- Beaufort Square renovation project began that is expanding the Beaufort Library, as well as providing County office space. This project was not completed on June 30, 2009.
- Water fund assets included the addition of water lines to a newly developed subdivision in the County.

### The County's Capital Assets

#### Figure 4

Additional information on the County's capital assets can be found in Note 4 of the basic financial statements

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 5,119,901	\$ 3,857,823	\$ 52,500	\$ 52,500	\$ 5,172,401	\$ 3,910,323
Buildings	14,038,616	14,902,076	1,718,959	1,789,601	15,757,575	16,691,677
Water lines	-	-	4,623,297	4,672,562	4,623,297	4,672,562
Vehicles	1,157,343	1,070,457	10,590	16,148	1,167,933	1,086,605
Equipment	747,860	1,048,199	43,262	12,359	791,122	1,060,558
Airport facilities	110,464	149,626	-	-	110,464	149,626
Other improvements	3,757,126	3,429,280	-	-	3,757,126	3,429,280
Construction in progress	1,235,642	20,725	-	-	1,235,642	20,725
<b>Total</b>	<b>\$ 26,166,952</b>	<b>\$ 24,478,186</b>	<b>\$ 6,448,608</b>	<b>\$ 6,543,170</b>	<b>\$ 32,615,560</b>	<b>\$ 31,021,356</b>

**Carteret County, North Carolina**

**Management's Discussion and Analysis (Unaudited)  
June 30, 2009**

**Long-Term Debt.** As of June 30, 2009, the County had total bonded debt outstanding of \$55,920,000, 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.

**General Obligation, Capital Leases and Installment Notes Payable**

**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 55,920,000	\$ 59,550,000	\$ -	\$ -	\$ 55,920,000	\$ 59,550,000
Certificate of participation	7,045,000	15,605,000	-	-	7,045,000	15,605,000
Installment note payable	16,453,210	6,367,364	2,814,448	2,985,480	19,267,658	9,352,844
<b>Total long-term debt</b>	<b>\$ 79,418,210</b>	<b>\$ 81,522,364</b>	<b>\$ 2,814,448</b>	<b>\$ 2,985,480</b>	<b>\$ 82,232,658</b>	<b>\$ 84,507,844</b>

The County's governmental debt decreased by \$2,104,154 (excluding deferred amounts) or 2.6% during the past fiscal year. The decrease is due to debt principal payments in the governmental activities. In addition, the County issued \$7.76 million private placement advance refunding bonds. The County advance refunded \$7.25 million Certificates of Participation on May 21, 2009. The advanced refunding was undertaken to reduce total debt service payments over the next 10 years by \$362,572 and resulted in an economic gain of \$488,846.

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

Moody's Investor Services	Aa3 positive outlook
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, 2009 for the County is \$1,433,177,842.

Additional information regarding the County's long-term debt can be found in Note 8 on pages 68 - 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, 2009, the unemployment rate for the County averaged 7.41%, compared to the 4.74% for fiscal year 2008. This compares favorably to the state's average unemployment rate of 8.86% for fiscal year 2009. Although residential and commercial development is growing slightly, it is growing and has not stopped in the County. Despite this very slow growth in development combined with other revenue losses, such as 16% decrease in sales tax, the County continues meeting its capital needs and demands for services with minimal tax increases. The County maintained its 23 cent ad valorem tax rate in fiscal year 2009. In fiscal year 2008, the County's revaluation was implemented with an adopted 23 cents per \$100 assessed value tax rate; one cent above revenue neutral. The one cent rate increase was necessary to fund School debt service. Prior to revaluation, the County implemented only one two cent tax rate increase over a five year period that was necessary for School debt service.

## Carteret County, North Carolina

### Management's Discussion and Analysis (Unaudited) June 30, 2009

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#### Budget Highlights for the Fiscal Year Ending June 30, 2010

**Governmental Activities:** The County has approved a \$74.68 million general fund budget for fiscal year 2010 which represents a \$14.43 million or 16.20% decrease over fiscal year 2009. The net decrease in the budget is primarily the combination of decreasing debt service by \$7.94 million budgeted for the 2000 COPs advanced refunding, decreasing transfers to capital funds by \$1.26 million, decreasing \$1.73 million in Medicaid required funding, decreasing education expenses \$1.04 million, decreasing public safety 1.40 million (mostly due to land purchases), and reductions in other County departments of \$1.06 million. The ad valorem tax rate is twenty-three cents; the same rate as fiscal year ending June 30, 2009. All revenues are budgeted conservatively, and with the exception of ad valorem taxes, all budgeted revenues are decreased from the fiscal year 2009. The fiscal year 2010 General Fund budgets no fund balance appropriation.

Education is the largest service area in terms of its portion of total expenditures. Capital and operating education expenditures total \$22,876,176 or 320.6% of the fiscal year 2009 budget. This area includes funding for the public school system and the Carteret County Community College. Budgeted expenditures for public education operating expenses decreased \$1.04 million and will decrease the per pupil allocation to \$2,378 compared to \$2,407 fiscal year 2009. School capital funding decreased \$1.36 million from the previous year due to construction cost saving in the general obligation bond fund, as well as ARRA allotments for capital construction available to the County.

Although the Board of Commissioners has reduced county department budgets, the Board continues to invest and meet County needs for fiscal year 2010. The Board has funded replacing vehicles and capital equipment, investing in parks continuing to fund the development of a new park, and investing in staff. The Board funded a bonus program based on employee meritorious performance.

**Business Activities:** The County has engaged engineering services to plan and design upgrades to the County's water treatment system. The projected cost is \$2.1 million, and the County anticipates these improvements to be funded with a combination of grants and installment loans.

#### Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Assistant County Manager of Finance and Administration, Carteret County, 302 Courthouse Square, Beaufort, NC 28516.



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Carteret County, North Carolina

Statement of Net Assets

June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 14,195,948	\$ 629,205	\$ 14,825,153
Investments	26,512,529	-	26,512,529
Receivables (net)	10,339,088	72,984	10,412,072
Due from component unit	200,070	-	200,070
Inventories	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	4,872,519	-	4,872,519
Investments	10,532,124	-	10,532,124
Deferred charges, debt issuance costs	623,277	-	623,277
Other assets	-	-	-
Capital assets:			
Land, improvements, and construction in progress	6,355,543	52,500	6,408,043
Other capital assets, net of depreciation	19,811,409	6,396,108	26,207,517
<b>Total capital assets</b>	<b>26,166,952</b>	<b>6,448,608</b>	<b>32,615,560</b>
<b>Total assets</b>	<b>93,442,507</b>	<b>7,150,797</b>	<b>100,593,304</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	3,412,036	56,755	3,468,791
Accrued interest payable	745,977	12,733	758,710
Customer deposits	-	61,679	61,679
Unearned revenue	47,138	-	47,138
Liabilities to be paid from restricted assets	1,140,369	-	1,140,369
Long-term liabilities:			
Due within one year	7,005,401	188,536	7,193,937
Due in more than one year	74,035,556	2,643,416	76,678,972
<b>Total liabilities</b>	<b>86,386,477</b>	<b>2,963,119</b>	<b>89,349,596</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	22,484,382	3,634,160	26,118,542
Restricted for:			
Public Safety	3,350,600	-	3,350,600
Economic Development	8,303,489	-	8,303,489
Cultural and Recreation	89,129	-	89,129
Register of Deeds	325,898	-	325,898
Human Services	973,892	-	973,892
Other purposes	-	-	-
Unrestricted (deficit)	(28,471,360)	553,518	(27,917,842)
<b>Total net assets</b>	<b>\$ 7,056,030</b>	<b>\$ 4,187,678</b>	<b>\$ 11,243,708</b>

See Notes to Financial Statements.

Component Units				
Beaufort- Morehead City Airport Authority	Carteret County Tourism Development Authority	Carteret County General Hospital Corporation	Carteret County ABC Board	
\$ 186,121	\$ 424,410	\$ 37,292,159	\$ 742,726	
-	-	-	-	
2,853	402,052	16,980,652	200	
-	-	-	-	
-	-	2,502,790	1,287,093	
2,315	-	1,235,213	31,726	
-	-	6,136,904	-	
-	-	-	-	
-	-	-	-	
-	-	2,381,157	-	
118,630	56,757	3,081,077	1,149,703	
3,523,103	81,362	35,920,493	3,168,205	
3,641,733	138,119	39,001,570	4,317,908	
3,833,022	964,581	105,530,445	6,379,653	
6,875	47,821	11,283,351	994,181	
-	-	-	-	
-	-	-	-	
-	-	2,408,980	-	
-	-	-	-	
20,549	3,152	1,860,652	808,031	
99,116	9,456	2,938,607	1,809,225	
126,540	60,429	18,491,590	3,611,437	
3,522,068	138,119	34,202,311	2,028,913	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	602,757	327,490	
184,414	766,033	52,233,787	411,813	
\$ 3,706,482	\$ 904,152	\$ 87,038,855	\$ 2,768,216	

Carteret County, North Carolina

Statement of Activities  
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 6,558,268	\$ 1,561,770	\$ 68,319	\$ -
Public safety	16,599,129	174,213	1,408,259	-
Transportation	858,784	95,664	389,394	158,668
Economic and physical development	5,207,919	414,507	848,310	-
Environmental protection	3,105,363	2,247,269	16,114	-
Human services	16,302,247	415,474	8,402,963	-
Cultural and recreation	3,182,526	203,376	-	1,134,485
Education	35,465,104	-	136,401	387,070
Interest on long-term debt	3,493,485	-	1,377,380	-
<b>Total governmental activities</b>	<b>90,772,825</b>	<b>5,112,273</b>	<b>12,647,140</b>	<b>1,680,223</b>
Business-type activities:				
Water	934,919	573,359	-	167,757
<b>Total primary government</b>	<b>\$ 91,707,744</b>	<b>\$ 5,685,632</b>	<b>\$ 12,647,140</b>	<b>\$ 1,847,980</b>
Component units:				
Airport Authority	\$ 188,811	\$ 99,292	\$ -	\$ 145,822
Tourism Development Authority	2,579,190	2,174,914	150,000	-
Hospital	97,446,515	103,469,059	634,594	115,224
ABC Board	8,399,061	8,571,949	-	-
<b>Total component units</b>	<b>\$ 108,613,577</b>	<b>\$ 114,315,214</b>	<b>\$ 784,594</b>	<b>\$ 261,046</b>

General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Unrestricted intergovernmental

Investment earnings, unrestricted

Miscellaneous, unrestricted

Transfers

**Total general revenues and transfers**

**Change in net assets**

Net assets, beginning

Net assets, ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets			Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Carteret County			
			Beaufort - Morehead City Airport Authority	Tourism Development Authority	Carteret County General Hospital Corporation	Carteret County ABC Board
\$ (4,928,179)	\$ -	\$ (4,928,179)				
(15,016,657)	-	(15,016,657)				
(215,058)	-	(215,058)				
(3,945,102)	-	(3,945,102)				
(841,980)	-	(841,980)				
(7,483,810)	-	(7,483,810)				
(1,844,665)	-	(1,844,665)				
(34,941,633)	-	(34,941,633)				
(2,116,105)	-	(2,116,105)				
(71,333,189)	-	(71,333,189)				
-	(193,803)	(193,803)				
(71,333,189)	(193,803)	(71,526,992)				
			\$ 56,303	\$ -	\$ -	\$ -
			-	(254,276)	-	-
			-	-	6,772,362	-
			-	-	-	172,888
			56,303	(254,276)	6,772,362	172,888
50,175,809	-	50,175,809	-	-	-	-
14,210,399	-	14,210,399	-	-	-	-
4,542,881	-	4,542,881	-	-	-	-
263,104	-	263,104	84,686	-	-	-
1,593,849	16,840	1,610,689	173	5,616	1,337,362	3,926
60,939	-	60,939	-	1,741	-	-
(258,000)	258,000	-	-	-	-	-
70,588,981	274,840	70,863,821	84,859	7,357	1,337,362	3,926
(744,208)	81,037	(663,171)	141,162	(246,919)	8,109,724	176,814
7,800,238	4,106,641	11,906,879	3,565,320	1,151,071	78,929,131	2,591,402
\$ 7,056,030	\$ 4,187,678	\$ 11,243,708	\$ 3,706,482	\$ 904,152	\$ 87,038,855	\$ 2,768,216

Carteret County, North Carolina

Balance Sheet - Governmental Funds  
June 30, 2009

	Governmental Fund Types			
	Major Funds			
	General	Occupancy Tax Fund	2006 School Project Fund	Beaufort Square and County 911 Center
<b>Assets</b>				
Cash and investments	\$ 33,930,972	\$ 36,309	\$ 414,365	\$ -
Receivables, net	7,238,656	752,915	-	-
Restricted cash and investments	872,974	-	9,884,777	1,483,226
Due from other funds	1,534,652	-	-	-
Due from component units	200,070	-	-	-
<b>Total assets</b>	<b>\$ 43,777,324</b>	<b>\$ 789,224</b>	<b>\$ 10,299,142</b>	<b>\$ 1,483,226</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,142,211	\$ 402,052	\$ -	\$ 169,942
Due to other funds	-	351,430	-	711,360
Liabilities payable from restricted assets	-	-	1,140,369	-
Unearned revenue	47,138	-	-	-
Deferred revenue	2,083,987	-	-	-
<b>Total liabilities</b>	<b>4,273,336</b>	<b>753,482</b>	<b>1,140,369</b>	<b>881,302</b>
Fund balances:				
Reserved for Register of Deeds	325,898	-	-	-
Reserved for Recreation Districts	89,129	-	-	-
Reserved for Beach Nourishment	7,665,277	-	-	-
Reserved by State statute	6,537,961	-	-	-
Reserved for Sheriff's fund	120,361	-	-	-
Reserved for Health programs	973,892	-	-	-
Reserved for Special taxing districts	-	-	-	-
Unreserved:				
Designated for subsequent year's expenditures - Special revenue funds	-	-	-	-
Designated for subsequent year's expenditures - Capital projects funds	-	-	9,158,773	601,924
Undesignated - General fund	23,791,470	-	-	-
Undesignated - Special revenue funds	-	35,742	-	-
Undesignated - Capital projects funds	-	-	-	-
<b>Total fund balance</b>	<b>39,503,988</b>	<b>35,742</b>	<b>9,158,773</b>	<b>601,924</b>
<b>Total liabilities and fund balance</b>	<b>\$ 43,777,324</b>	<b>\$ 789,224</b>	<b>\$ 10,299,142</b>	<b>\$ 1,483,226</b>

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

- Total fund balances for governmental funds
- Capital assets used in governmental activities are financial resources and, therefore are not reported in the funds
- Liabilities for earned but deferred revenues in the fund statements
- Accrued interest receivable deferred in the fund statements
- Deferred charges for 2004 COPS, 2005 General Obligation, and 2009 installment refunding Issuance cost
- Accrued interest payable on long-term debt is not a current financial obligation and, therefore, is not in the funds
- Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds

**Net assets of governmental activities**

See Notes to Financial Statements.

Total Non-Major Funds		Total Governmental Funds	
\$	6,326,831	\$	40,708,477
	1,815,347		9,806,918
	3,163,666		15,404,643
	-		1,534,652
	-		200,070
<b>\$</b>	<b>11,305,844</b>	<b>\$</b>	<b>67,654,760</b>

\$	697,831	\$	3,412,036
	471,862		1,534,652
	-		1,140,369
	-		47,138
	361,108		2,445,095
	1,530,801		8,579,290

	-		325,898
	-		89,129
	-		7,665,277
	-		6,537,961
	-		120,361
	-		973,892
	1,809,004		1,809,004

	48,068		48,068
	3,073,900		12,834,597
	-		23,791,470
	1,370,134		1,405,876
	3,473,937		3,473,937
	9,775,043		59,075,470
<b>\$</b>	<b>11,305,844</b>	<b>\$</b>	<b>67,654,760</b>

	\$	59,075,470
		26,166,952
		2,445,095
		532,170
		623,277
		(745,977)
		(81,040,957)
	<b>\$</b>	<b>7,056,030</b>

Carteret County, North Carolina

Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds  
Year Ended June 30, 2009

	Governmental Fund Types			
	Major Funds			
	General	Occupancy Tax Fund	2006 School Project Fund	Beaufort Square and County 911 Center
<b>Revenue</b>				
Ad valorem taxes	\$ 43,831,307	\$ -	\$ -	\$ -
Other taxes and licenses	12,764,008	4,402,898	-	-
Permits and fees	2,484,066	-	-	-
Intergovernmental	11,555,554	-	262,792	3,000
Sales and services	2,605,889	-	-	-
Interest	1,112,318	1,316	229,468	226
Miscellaneous	149,586	-	-	-
<b>Total revenue</b>	<b>74,502,728</b>	<b>4,404,214</b>	<b>492,260</b>	<b>3,226</b>
<b>Expenditures</b>				
Current				
General government	5,821,968	-	-	-
Public safety	9,390,531	-	-	-
Transportation	941,321	-	-	-
Environmental protection	3,070,121	-	-	-
Economic and physical development	2,182,028	2,174,914	-	-
Human services	15,774,335	-	-	-
Culture and recreation	2,685,231	-	-	-
Education	22,851,145	-	-	-
Capital outlay	-	-	5,485,305	884,302
Debt service:				
Principal retirement	5,911,331	-	-	-
Interest and fees	3,634,756	-	-	-
<b>Total expenditures</b>	<b>72,262,767</b>	<b>2,174,914</b>	<b>5,485,305</b>	<b>884,302</b>
<b>Revenue over (under) expenditures</b>	<b>2,239,961</b>	<b>2,229,300</b>	<b>(4,993,045)</b>	<b>(881,076)</b>
<b>Other financing sources (uses)</b>				
Debt issuance	7,874,570	-	-	1,483,000
Advance refunding	(7,331,747)	-	-	-
Discount on advance refunding	(442,823)	-	-	-
Transfer in	2,237,822	-	-	-
Transfers out	(2,673,000)	(2,228,943)	(6,500)	-
<b>Total other financing sources (uses)</b>	<b>(335,178)</b>	<b>(2,228,943)</b>	<b>(6,500)</b>	<b>1,483,000</b>
<b>Net change in fund balance</b>	<b>1,904,783</b>	<b>357</b>	<b>(4,999,545)</b>	<b>601,924</b>
<b>Fund balances</b>				
Beginning	37,599,205	35,385	14,158,318	-
Ending	\$ 39,503,988	\$ 35,742	\$ 9,158,773	\$ 601,924

See Notes to Financial Statements.



Total Non-Major Funds	Total Governmental Funds
\$ 5,847,623	\$ 49,678,930
1,586,374	18,753,280
-	2,484,066
2,722,879	14,544,225
-	2,605,889
250,521	1,593,849
-	149,586
<u>10,407,397</u>	<u>89,809,825</u>

-	5,821,968
7,033,691	16,424,222
-	941,321
-	3,070,121
832,325	5,189,267
-	15,774,335
-	2,685,231
-	22,851,145
9,195,226	15,564,833
-	5,911,331
-	3,634,756
<u>17,061,242</u>	<u>97,868,530</u>
<u>(6,653,845)</u>	<u>(8,058,705)</u>

1,781,354	11,138,924
-	(7,331,747)
-	(442,823)
2,415,000	4,652,822
(2,379)	(4,910,822)
<u>4,193,975</u>	<u>3,106,354</u>
<u>(2,459,870)</u>	<u>(4,952,351)</u>

12,234,913	64,027,821
<u>\$ 9,775,043</u>	<u>\$ 59,075,470</u>

Carteret County, North Carolina

Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balance to the Statement of Activities - Governmental Funds  
Year Ended June 30, 2009

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Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	\$ (4,952,351)
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	3,848,139
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	496,879
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	2,022,498
Some expenses including depreciation that are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(2,159,373)
<b>Total changes in net assets of governmental activities</b>	<b>\$ (744,208)</b>

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund  
Year Ended June 30, 2009

General Fund				
	Original	Final		Variance With
	Budget	Budget	Actual	Final Budget - Positive (Negative)
<b>Revenue</b>				
Ad valorem taxes	\$ 44,121,000	\$ 44,121,000	\$ 43,831,307	\$ (289,693)
Other taxes and licenses	14,438,000	14,438,000	12,764,008	(1,673,992)
Permits and fees	2,814,800	2,908,000	2,484,066	(423,934)
Intergovernmental	11,567,101	12,010,954	11,555,554	(455,400)
Sales and services	2,668,722	2,593,522	2,605,889	12,367
Interest	1,000,000	1,000,000	1,112,318	112,318
Miscellaneous	180,357	233,552	149,586	(83,966)
<b>Total revenue</b>	<b>76,789,980</b>	<b>77,305,028</b>	<b>74,502,728</b>	<b>(2,802,300)</b>
<b>Expenditures</b>				
Current:				
General government	6,344,305	6,546,395	5,821,968	724,427
Public safety	9,033,095	9,933,325	9,390,531	542,794
Transportation	915,530	956,141	941,321	14,820
Environmental protection	3,106,490	3,242,607	3,070,121	172,486
Economic and physical development	2,566,355	2,652,840	2,182,028	470,812
Human services	16,674,180	17,217,856	15,774,335	1,443,521
Culture and recreation	2,953,120	3,027,059	2,685,231	341,828
Education	22,729,000	22,925,123	22,851,145	73,978
Debt service:				
Principal retirement	6,030,000	6,030,000	5,911,331	118,669
Interest and fees	3,544,000	3,644,000	3,634,756	9,244
<b>Total expenditures</b>	<b>73,896,075</b>	<b>76,175,346</b>	<b>72,262,767</b>	<b>3,912,579</b>
<b>Revenue over expenditures</b>	<b>2,893,905</b>	<b>1,129,682</b>	<b>2,239,961</b>	<b>1,110,279</b>
<b>Other financing sources (uses)</b>				
Debt issuance	-	7,942,570	7,874,570	(68,000)
Advanced refunding	-	(7,842,570)	(7,331,747)	510,823
Discount on advance refunding	-	-	(442,823)	(442,823)
Transfers in	2,560,100	2,566,600	2,237,822	(328,778)
Transfers out	(2,963,000)	(3,003,000)	(2,673,000)	330,000
Contingency reserves	(3,211,005)	(2,089,662)	-	2,089,662
Appropriated fund balance	720,000	1,296,380	-	(1,296,380)
<b>Total other financing uses</b>	<b>(2,893,905)</b>	<b>(1,129,682)</b>	<b>(335,178)</b>	<b>794,504</b>
<b>Revenue over expenditures and other sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,904,783</b>	<b>\$ 1,904,783</b>
<b>Fund balances</b>				
Beginning			37,599,205	
Ending			<u>\$ 39,503,988</u>	

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Revenue, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Occupancy Tax Fund  
 Year Ended June 30, 2009

	Occupancy Tax Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenue				
Other taxes and licenses:				
Occupancy taxes	\$ 5,020,000	\$ 5,020,000	\$ 4,398,683	\$ (621,317)
Occupancy taxes, penalties and interest	5,000	5,000	4,215	(785)
Interest	5,000	5,000	1,316	(3,684)
<b>Total revenue</b>	<b>5,030,000</b>	<b>5,030,000</b>	<b>4,404,214</b>	<b>(625,786)</b>
Expenditures				
Economic and physical development:				
Tourism:				
Tourism Development Authority	2,484,900	2,484,900	2,174,914	309,986
<b>Total expenditures</b>	<b>2,484,900</b>	<b>2,484,900</b>	<b>2,174,914</b>	<b>309,986</b>
<b>Revenue over expenditures</b>	<b>2,545,100</b>	<b>2,545,100</b>	<b>2,229,300</b>	<b>(315,800)</b>
Other financing uses				
Transfers out	(2,545,100)	(2,545,100)	(2,228,943)	316,157
<b>Total other financing uses</b>	<b>(2,545,100)</b>	<b>(2,545,100)</b>	<b>(2,228,943)</b>	<b>316,157</b>
<b>Revenue over expenditures     and other uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>357</b>	<b>\$ 357</b>
Fund balances				
Beginning			35,385	
Ending			<u>\$ 35,742</u>	

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Fund Net Assets - Proprietary Fund

June 30, 2009

	Water Fund
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 629,205
Receivables, net	72,984
<b>Total current assets</b>	<u>702,189</u>
Noncurrent Assets	
Capital assets:	
Land, improvements, and construction in progress	52,500
Other capital assets, net of depreciation	6,396,108
<b>Total capital assets</b>	<u>6,448,608</u>
<b>Total noncurrent assets</b>	<u>6,448,608</u>
<b>Total assets</b>	<u>7,150,797</u>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable and accrued expenses	56,755
Customer deposits	61,679
Accrued interest payable	12,733
Current portion of long-term liabilities	188,536
<b>Total current liabilities</b>	<u>319,703</u>
Long-Term Liabilities	
Installment loan payable	2,643,416
<b>Total long-term liabilities</b>	<u>2,643,416</u>
<b>Total liabilities</b>	<u>2,963,119</u>
<b>Net Assets</b>	
Invested in Capital Assets, net of related debt	3,634,160
Unrestricted	553,518
<b>Total net assets</b>	<u>\$ 4,187,678</u>

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Revenue, Expenses and Changes in Fund Net Assets - Proprietary Funds  
Year Ended June 30, 2009

	Water Fund
Operating revenues	
Charges for services	\$ 573,359
<b>Total operating revenues</b>	<u>573,359</u>
Operating expenses	
Water plant operations	548,790
Depreciation	304,599
<b>Total operating expenses</b>	<u>853,389</u>
<b>Operating loss</b>	<u>(280,030)</u>
<b>Nonoperating revenues</b>	
Interest revenue	16,840
Other Developer Revenue	167,757
Interest expense	(81,530)
<b>Total nonoperating revenues (expenses)</b>	<u>103,067</u>
<b>Loss before transfers</b>	(176,963)
Transfers in	258,000
<b>Change in net assets</b>	<u>81,037</u>
Total net assets	
Beginning	4,106,641
Ending	<u>\$ 4,187,678</u>

See Notes to Financial Statements.

**Carteret County, North Carolina**

**Statement of Cash Flows - Proprietary Funds**

**Year Ended June 30, 2009**

	<b>Water Fund</b>
<hr/>	
Cash Flows From Operating Activities	
Cash received from customers	\$ 476,855
Cash paid for goods and services	(204,129)
Cash paid to employees for services	(207,801)
Customer deposits received	4,239
<b>Net cash provided by operating activities</b>	<u>69,164</u>
Cash Flows From Noncapital Financing	
Transfers in	<u>258,000</u>
<b>Net cash provided by noncapital financing</b>	<u>258,000</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on installment debt and capital lease	(171,032)
Interest paid on installment debt and capital lease	(82,331)
Developer Revenue	167,757
Acquisition and construction of capital assets	(210,037)
<b>Net cash used in capital and related financing activities</b>	<u>(295,643)</u>
Cash Flows Provided By Investing Activities	
Interest on investments	<u>16,840</u>
<b>Net increase in cash and cash equivalents</b>	<b>48,361</b>
Cash and cash equivalents:	
Beginning	580,844
Ending	<u>\$ 629,205</u>

(Continued)

Carteret County, North Carolina

Statement of Cash Flows - Proprietary Funds (Continued)  
Year Ended June 30, 2009

	Water Fund
Reconciliation of Operating Loss to Net Cash	
Provided By Operating Activities	
Operating loss	\$ (280,030)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	304,599
Provision for uncollectible accounts	98,352
Changes in assets and liabilities:	
Increase in accounts receivable	(96,548)
Increase in accounts payable and accrued liabilities	35,316
Increase in customer deposits	4,239
Increase in accrued vacation pay	3,236
<b>Net cash provided by operating activities</b>	<b>\$ 69,164</b>

See Notes to Financial Statements.



Carteret County, North Carolina

Statement of Fiduciary Assets and Liabilities - Fiduciary Funds  
June 30, 2009

	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	<u><u>\$    90,737</u></u>
 <b>Liabilities</b>	
Accounts payable and accrued liabilities	<u><u>\$    90,737</u></u>

See Notes to Financial Statements.

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## **Notes to Financial Statements**

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

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## Carteret County, North Carolina

### Notes to Financial Statements

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

##### Nature of operations

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

##### Reporting entity

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

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

Carteret County Tourism Development Authority: The Carteret County Tourism Development Authority ("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 County does not have authority to designate management of the Authority nor remove board members of the Authority. However, the Authority must submit its annual budget and subsequent budget amendments to the Board of County Commissioners for approval and receives substantially all its revenue from an occupancy tax implemented, and revocable, by the County Commissioners. The TDA 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, North Carolina

### Notes to Financial Statements

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

Carteret County Alcoholic Beverage Control Board ("ABC Board"): The ABC Board is governed by a board appointed by the County Commissioners. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. The ABC Board has a June 30 year-end.

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

- Beaufort-Morehead City Airport Authority, Highway 101 East, Beaufort, NC 28516
- Carteret County Tourism Development Authority, 3409 Arendell Street, Morehead City, NC 28557
- Carteret County General Hospital Corporation, PO Box 1619, Morehead City, NC 28557
- Carteret County ABC Board, 410 Live Oak Street, Beaufort, NC 28516

The following corporation is included as a blended component:

County of Carteret Public Facilities Financing Corporation: The County of Carteret Public Facilities Financing Corporation is a 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, 2009.

#### Summary of significant accounting policies

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

#### Basis of presentation, Measurement Focus – Basis of Accounting

*Government-wide statements*: The statement of net assets and the statement of activities display information about the primary government (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. 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.

Notes to Financial Statements

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

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. Separate statements for each fund category – *governmental, proprietary, and fiduciary* are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor 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:* Although the Occupancy Tax Fund does not meet the criteria for a major fund, it is being treated as major this year to be consistent with prior years. This 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.

*2006 School Bond Project Fund:* This fund is used to account for financial resources to be used for various construction projects which include building expansions and extensive renovations to our public schools.

*Beaufort Square and County 911 Center Fund:* This fund is used to account for the financial resources to be used for the construction and renovation project including the Beaufort Library and County offices.

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.

## Carteret County, North Carolina

### Notes to Financial Statements

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

The County reports the following fiduciary fund:

*Agency Funds:* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: The Social Services Trust Fund, which accounts for moneys deposited within the Department of Social Services for the benefit of various clients, and the Sheriff's Department Fund which accounts for the collection and distribution of assets in conjunction with the clerk of court for judgments and claims that have been assessed and the Motor Vehicle Agency Fund which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

#### Measurement focus and basis of accounting

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

*Government-wide, proprietary, and fiduciary fund financial statements:* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The agency funds have no 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 an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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



## Carteret County, North Carolina

### Notes to Financial Statements

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

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 capital leases are reported as other financing sources.

The County recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when one government provides (or receives) value to (or 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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Carteret County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes, which were billed during this period, are shown as a receivable on these financial statements.

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. Intergovernmental revenues, and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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 assets 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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

## Carteret County, North Carolina

### Notes to Financial Statements

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

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 occupancy tax fund, the special revenue funds (excluding 2005 CDBG Supplemental Program, 2006 CDBG SSH Program, 2006 CDBG Water Connection Program, 2006 Hazardous Mitigation Grant Program), the capital projects funds (excluding the Carteret Community College Renovation Fund, the Morehead Elementary School Fund, the School Capital Projects Fund and the East Carteret High School Building 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 object 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 \$20,000. Transfers between departments that exceed \$20,000 or any transfers between funds require Board approval. For internal management purposes, the budgets are detailed by line item within each department and entered into the accounting records. Comparisons of actual expenditures to budget are made on an ongoing basis.

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

## Carteret County, North Carolina

### Notes to Financial Statements

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

State statute [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 ("NCCMT").

The County's money market investments with a maturity of more than one year at acquisition and nonmoney-market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC registered 2a-7 mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and nonparticipating interest earnings and investment contracts are reported at amortized cost.

Cash and cash equivalents: The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. 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 investments because their use is limited by applicable debt instruments.

Ad valorem taxes receivable: Ad valorem taxes 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 taxes receivable that was not recognized as revenue is shown as a deferred revenue.

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

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

The taxes for the current fiscal year are generally based on January 1, 2008 assessed values.

## Carteret County, North Carolina

### Notes to Financial Statements

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

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

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets: Capital assets of the County are not capitalized in the governmental fund used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and capitalized and reported in the government-wide financial statements as capital assets of governmental activities. Capital assets are capitalized in proprietary fund financial statements and in business-type activities of the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The County has no significant, other than the water system, amount of public domain or infrastructure fixed 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. Also, the County does not capitalize interest costs as a component of the cost of capital assets constructed for its use in governmental activities.

The County holds title to certain Carteret County 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 Carteret County Board of Education. Revenues and expenditures related to these construction projects are reflected in governmental funds financial statements of Carteret County during the duration of construction.

Capital assets of the Hospital, the ABC Board 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. 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 Airport Authority does not own any land but utilizes facilities provided by the County. All Airport land is owned by the County and is included in the government-wide financial statements as assets of the County. The County owns legal title to all Hospital facilities and improvements under a lease agreement which allows the Hospital unrestricted use of those facilities. The County's policy is to report these assets in the Hospital component unit.

## Carteret County, North Carolina

### Notes to Financial Statements

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

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:

	<u>Useful Lives</u>
Buildings and improvements	10 - 40 years
Furniture and equipment	4 - 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:

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

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

Amortization of debt issuance costs: Debt issuance costs incurred are deferred and amortized over the life of the related debt issue using the straight-line method.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated absences: The vacation policies of the County, the Hospital, 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 funds, the Airport, TDA, 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 LIFO basis, assuming that employees are taking time as it is earned.

The sick leave policies of the County, the Airport, TDA, 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.

## Carteret County, North Carolina

### Notes to Financial Statements

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

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 assets.

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

In accordance with GASB Statement No. 23, 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 type activities. The unamortized charge is reported as a deduction from long-term debt.

Bond discounts and premiums: In the government-wide and proprietary fund financial statements, bond discounts and premiums are deferred and amortized over the life of the bonds using the proportionate-to-stated-interest method. Long-term debt is reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

#### Net assets/fund balances:

Net assets: Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent 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: Fund balances are recognized in the governmental funds financial statements. Reservations or restrictions of fund balances represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

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

**Notes to Financial Statements**

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

The governmental funds classify fund balances as follows:

Reserved

- Reserved for Register of Deeds — portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the register of deeds office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the register of deeds office.
- Reserved for Recreation Districts — represents amounts restricted for specific recreation purposes.
- Reserved for Beach Nourishment — represents amount reserved for beach nourishment.
- Reserved by State statute — portion of fund balance not available for appropriation after remaining reserves not available for appropriation have been segregated [G.S. 159-8(a)]. This generally includes accounts receivable and amounts due from other funds, which are not offset by deferred revenues. Receivables of the General Fund due from the Occupancy Tax Fund totaling \$351,430, which would otherwise be reserved by State statute, are already reported as Reserved for Beach Nourishment, accordingly, these amounts are not included in amounts reported as reserved by State statute.
- Reserved for Sheriff's fund — represents amounts restricted for expenditures relating to special drug programs and concealed weapons programs.
- Reserved for Health programs — represents amounts restricted to expenditures in specific health programs.
- Reserved for Special taxing districts — represents amounts restricted to expenditures for special rescue and fire taxing districts.

Unreserved

- Designated for subsequent year's expenditures — portion of total fund balance available for appropriation that has been designated for the adopted 2009-2010 budget ordinance.
- Undesignated — portion of total fund balance available for appropriation, which is uncommitted at June 30, 2009.

Carteret County, North Carolina

Notes to Financial Statements

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

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 assets.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of (\$52,019,440) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	\$ 50,459,157
Less accumulated depreciation	24,292,205
<b>Net capital assets</b>	<u>26,166,952</u>
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	532,170
Deferred charges for COPS Issuance costs and General Obligation Issuance costs	623,277
Liabilities for revenue deferred but earned therefore recorded in the fund statements but not in the government-wide statements	2,445,095
Accrued interest is not due and payable in the current period and therefore is not reported in the funds	(745,977)
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, COPS and installment financing	(79,418,210)
Premiums on refundings	(1,131,701)
Deferred charges	459,024
Discount on refundings	870,249
Compensated absences	(1,071,413)
Accrued net pension obligation	(748,906)
<b>Total adjustment</b>	<u>\$ (52,019,440)</u>



**Notes to Financial Statements**

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

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 assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$4,208,143 as follows:

<b>Description</b>	<b>Amount</b>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,848,139
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(2,078,378)
Bank Installment Debt issued (including Bond Discount) includes installment issuance	(11,138,924)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements. Amounts also include bond issuance costs and unamortized charge	6,047,280
Payments to escrow agent on refunded debt	7,774,570
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(78,173)
Long-term net pension obligations are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(546,392)
Decrease in interest payable on long-term debt at June 30, 2009	5,322
Sale of capital assets	(20,087)
Costs on disposal of capital assets	(60,908)
Amortization expense	(41,185)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Reversal of deferred tax revenue recorded at July 1, 2008	(2,064,148)
Recording of tax receipts deferred in the fund statements as of June 30, 2009	2,445,095
Increase in accrued interest on taxes receivable for year ended June 30, 2009	115,932
<b>Total adjustment</b>	<b>\$ 4,208,143</b>

## Carteret County, North Carolina

### Notes to Financial Statements

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#### **Note 2. Cash and Investments**

Cash on hand:

The County had \$1,720 in petty cash on hand at June 30, 2009.

Component unit information:

Carteret County General Hospital had \$3,005 in cash on hand at September 30, 2008.

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 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, 2009, the County's deposits and petty cash had a carrying amount of \$19,697,672 and a bank balance of \$20,432,055. Of the bank balance, \$2,085,356 was covered by federal depository insurance and \$18,346,699 was covered by collateral held under the Pooling Method. Restricted cash in the amount of \$4,872,519 was being held in noninterest-bearing deposits for banking services in the amount of \$58,296, interest bearing accounts for banking services of \$475,333, \$2,428,115 for capital projects, and the remaining \$1,910,775 is restricted for fire and rescue special taxing districts.

At June 30, 2009, the County's agency fund deposits had a carrying amount of \$90,737 and a bank balance of \$94,703. The bank balance was covered by collateral held under the pooling method.

## Carteret County, North Carolina

### Notes to Financial Statements

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#### Note 2. Cash and Investments (Continued)

Component unit information:

At June 30, 2009, the carrying amount of deposits for Tourism and Development Authority was \$424,410, including deposits with financial institutions of \$305,370 and cash investments of \$119,040 in the North Carolina Capital Management Trust's Cash Portfolio and the bank balance was \$457,373. Of the bank balance with financial institutions of the Authority, \$250,000 was covered by federal depository insurance and the remaining \$55,370 was covered by collateral held under the pooling method.

At June 30, 2009, the carrying amount of deposits and petty cash for Beaufort-Morehead City Airport Authority was \$186,121 and the bank balance was \$194,241. Of the bank balance, \$194,241 was covered by federal depository insurance.

At September 30, 2008, the carrying amount of the Hospital's deposits was \$43,429,063 and the bank balance was \$38,845,543. Of the bank balance, \$700,000 was covered by federal depository insurance and the remainder is collateralized by the dedicated method or under the pooling method.

At June 30, 2009, the carrying amount of deposits for Carteret County ABC Board was \$735,626 and the bank balance was \$702,909. All of the bank balance was covered by federal depository insurance.

Investments:

At June 30, 2009, the County had the following investments and maturities.

Investment Type	Fair Value	Less Than			
		1 Year	1-3 Years	3-9 Years	10-15 Years
Commercial Paper	\$ 999,990	\$ 999,990	\$ -	\$ -	\$ -
US Government Agencies	11,235,933	2,659,756	508,440	2,082,540	5,985,197
NC Capital Management					
Trust Cash Portfolio	24,416,726	N/A	N/A	N/A	N/A
NC Capital Management					
Trust Term Portfolio	392,006	392,006	-	-	-
<b>Total</b>	<b>\$37,044,655</b>	<b>\$ 4,051,752</b>	<b>\$ 508,440</b>	<b>\$ 2,082,540</b>	<b>\$ 5,985,197</b>

*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 fifteen years.

## Carteret County, North Carolina

### Notes to Financial Statements

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#### **Note 2. Cash and Investments (Continued)**

*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 had no formal policy on managing credit risk. As of June 30, 2009, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US Agencies (Federal Home Loan Bank 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 each of the following: Federal National Mortgage Association \$2,288,465 (6.18%) and Federal Home Loan Mortgage \$7,026,120 (18.97%). 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, 2009, the County had restricted investments of \$10,532,124. In the Capital Projects Funds there are restricted investments of \$67 for the construction of the Newport Middle School, \$286 for the construction of Beaufort Elementary School and \$10,300,863 for the expansions and renovations to our public schools as outlined in the 2006 School GO Bond, and \$230,908 for Qualified Zone Academy Bond debt service.

#### Component unit information

At June 30, 2009, the TDA had \$119,040 invested in the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Authority has no policy regarding credit risk. This amount is included in cash and cash equivalents on the statement of net assets.

Carteret County, North Carolina

Notes to Financial Statements

**Note 3. Receivables**

Receivables at the government-wide level are comprised of the following major categories as of June 30, 2009:

	Governmental Activities	Business-Type Activity, Water	Total
Receivables:			
Interest	\$ 532,170	\$ -	\$ 532,170
Taxes	2,758,784	-	2,758,784
Accounts	626,444	222,396	848,840
Intergovernmental	6,290,488	-	6,290,488
Other	752,915	-	752,915
<b>Gross receivables</b>	<b>10,960,801</b>	<b>222,396</b>	<b>11,183,197</b>
Less allowance for uncollectibles	(621,713)	(149,412)	(771,125)
<b>Net total receivables</b>	<b>\$ 10,339,088</b>	<b>\$ 72,984</b>	<b>\$ 10,412,072</b>

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
2006	\$ 205,352	\$ 48,771	\$ 254,123
2007	183,299	27,037	210,336
2008	185,350	10,658	196,008
2009	193,028	-	193,028
<b>Total</b>	<b>\$ 767,029</b>	<b>\$ 86,466</b>	<b>\$ 853,495</b>

Component unit information

The Carteret County General Hospital Corporation receivables are net of an allowance for doubtful accounts in the amount of \$11,309,000. Approximately 65% of the Hospital's revenue is from the Medicare and Medicaid programs.

Carteret County, North Carolina

Notes to Financial Statements

**Note 4. Capital Assets**

The following is a summary of changes in the County's capital assets during the fiscal year:

	Capital Assets July 1, 2008	Additions	Retirements	Adjustments and Transfers	Capital Assets June 30, 2009
Governmental activities:					
Capital assets, not being depreciated:					
Land, airport	\$ 169,549	\$ -	\$ -	\$ -	\$ 169,549
Land, other	3,688,274	1,262,078	-	-	4,950,352
Construction in progress	20,725	1,214,917	-	-	1,235,642
<b>Total capital assets not being depreciated</b>	<b>3,878,548</b>	<b>2,476,995</b>	<b>-</b>	<b>-</b>	<b>6,355,543</b>
Capital assets, being depreciated:					
Buildings	27,229,668	-	-	-	27,229,668
Vehicles	3,829,239	592,482	(237,151)	-	4,184,570
Equipment	4,511,725	114,723	(42,769)	-	4,583,679
Airport facilities	1,524,747	-	-	-	1,524,747
Other improvements	6,040,936	663,939	(123,925)	-	6,580,950
<b>Total capital assets being depreciated</b>	<b>43,136,315</b>	<b>1,371,144</b>	<b>(403,845)</b>	<b>-</b>	<b>44,103,614</b>
Less accumulated depreciation for:					
Buildings	12,327,592	863,460	-	-	13,191,052
Vehicles	2,758,782	445,680	(177,235)	-	3,027,227
Equipment	3,463,526	415,062	(42,769)	-	3,835,819
Airport facilities	1,375,121	39,162	-	-	1,414,283
Other improvements	2,611,656	315,014	(102,846)	-	2,823,824
<b>Total accumulated depreciation</b>	<b>22,536,677</b>	<b>\$ 2,078,378</b>	<b>\$ (322,850)</b>	<b>\$ -</b>	<b>24,292,205</b>
<b>Total capital assets, being depreciated, net</b>	<b>20,599,638</b>				<b>19,811,409</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 24,478,186</b>				<b>\$ 26,166,952</b>

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

Governmental activities:	
General government	\$ 467,376
Public Safety	713,090
Transportation	99,183
Economic & Physical Development	25,662
Human Services	336,453
Culture & Recreation	374,978
Environmental Protection	61,636
<b>Total depreciation expense - governmental activities</b>	<b>\$ 2,078,378</b>

Carteret County, North Carolina

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	Capital Assets July 1, 2008	Additions	Retirements	Adjustments and Transfers	Capital Assets June 30, 2009
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 52,500	\$ -	\$ -	\$ -	\$ 52,500
<b>Total capital assets, not being depreciated</b>	<b>52,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,500</b>
Capital assets, being depreciated:					
Buildings	2,119,264	-	-	-	2,119,264
Infrastructure	6,083,387	167,657	-	-	6,251,044
Vehicles	27,792	-	-	-	27,792
Equipment	47,470	42,380	-	-	89,850
<b>Total capital assets being depreciated</b>	<b>8,277,913</b>	<b>210,037</b>	<b>-</b>	<b>-</b>	<b>8,487,950</b>
Less accumulated depreciation for:					
Buildings	329,663	70,642	-	-	400,305
Infrastructure	1,410,825	216,922	-	-	1,627,747
Vehicles	11,644	5,558	-	-	17,202
Equipment	35,111	11,477	-	-	46,588
<b>Total accumulated depreciation</b>	<b>1,787,243</b>	<b>\$ 304,599</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,091,842</b>
<b>Total capital assets being depreciated, net</b>	<b>6,490,670</b>				<b>6,396,108</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 6,543,170</b>				<b>\$ 6,448,608</b>

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

Discretely presented component unit information

The following is a summary of the Carteret County General Hospital Corporation's capital assets at September 30, 2008:

	Balance September 30, 2007	Additions	Retirements	Balance September 30, 2008
Capital assets:				
Nondepreciable capital assets:				
Construction in progress	\$ 87,786	\$ 1,759,682	\$ (1,744,892)	\$ 102,576
Land	2,173,362	805,139	-	2,978,501
	2,261,148	2,564,821	(1,744,892)	3,081,077
Depreciable capital assets:				
Land improvements	1,092,141	25,119	(6,272)	1,110,988
Buildings and improvements	25,778,747	1,431,007	(22,498)	27,187,256
Equipment	43,158,373	1,606,120	(81,870)	44,682,623
	70,029,261	3,062,246	(110,640)	72,980,867
<b>Total capital assets at historical costs</b>	<b>72,290,409</b>	<b>5,627,067</b>	<b>(1,855,532)</b>	<b>76,061,944</b>
Less accumulated depreciation:				
Land improvements	677,587	45,325	(6,272)	716,640
Buildings and improvements	8,852,408	926,856	(16,705)	9,762,559
Equipment	23,045,143	3,587,790	(51,758)	26,581,175
<b>Total accumulated depreciation</b>	<b>32,575,138</b>	<b>4,559,971</b>	<b>(74,735)</b>	<b>37,060,374</b>
<b>Capital assets, net</b>	<b>\$ 39,715,271</b>	<b>\$ 1,067,096</b>	<b>\$ (1,780,797)</b>	<b>\$ 39,001,570</b>

## Carteret County, North Carolina

### Notes to Financial Statements

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#### Note 4. Capital Assets (Continued)

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

The following is a summary of the ABC Board's capital assets at June 30, 2009:

Land	\$ 1,149,703
Buildings	3,139,916
Furniture and equipment	1,129,970
Leasehold improvements	144,927
Building improvements	112,352
	<hr/>
	5,676,868
Less accumulated depreciation	1,358,960
	<hr/>
	<u>\$ 4,317,908</u>

The following is a summary of the Beaufort – Morehead City Airport Authority's capital assets at June 30, 2009:

Construction in progress	\$ 118,630
Aviation easement	577,000
Equipment	77,010
Vehicle	24,066
Hangers	140,000
Other improvements	3,045,213
	<hr/>
	3,981,919
Less accumulated depreciation	340,186
	<hr/>
	<u>\$ 3,641,733</u>

The following is a summary of the Carteret County Tourism and Development Authority's capital assets at June 30, 2009:

Buildings	\$ 67,069
Other improvements	56,757
Equipment	109,778
Vehicles and motorized equipment	20,286
	<hr/>
	253,890
Less accumulated depreciation	115,771
	<hr/>
	<u>\$ 138,119</u>



Carteret County, North Carolina

Notes to Financial Statements

**Note 5. 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, 2009, were as follows:

	Vendors	Benefits	Total
Governmental activities:			
General	\$ 1,553,656	\$ 588,555	\$ 2,142,211
Occupancy Tax Fund	402,052	-	402,052
2006 School Project Fund	1,140,369	-	1,140,369
Beaufort Square & County 911 Center Fund	169,942	-	169,942
Other governmental	696,189	1,642	697,831
<b>Total governmental activities (1)</b>	<b>\$ 3,962,208</b>	<b>\$ 590,197</b>	<b>\$ 4,552,405</b>
Business-type activities:			
Water	\$ 51,086	\$ 5,669	\$ 56,755
<b>Total business - type activities</b>	<b>\$ 51,086</b>	<b>\$ 5,669</b>	<b>\$ 56,755</b>

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

**Note 6. Deferred/Unearned Revenues**

The balance in deferred revenue on the fund statements and unearned revenues on the fund financial statements and government-wide statements at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 47,138
Taxes receivable, net (General)	1,775,963	-
Taxes receivable, net (Special Revenue)	361,108	-
Solid waste fees (General)	308,024	-
<b>Total</b>	<b>\$ 2,445,095</b>	<b>\$ 47,138</b>

**Notes to Financial Statements**

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**Note 7. 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 carries commercial insurance for liability, casualty risks, property and workers' compensation coverage. There have been no significant reductions in insurance coverage from the previous fiscal year and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County does not carry flood insurance since they are above the AE zone.

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 surety bond. The Director of Finance and tax collector are each individually bonded for \$100,000 and \$50,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond ranging from \$10,000 to \$50,000.

**Component Unit Information:**

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

Carteret County General Hospital is insured under claims-made policies for the purpose of providing professional and patient care liability insurance. These policies cover only malpractice claims reported to the insurance carrier during the policy term. Coverage includes a \$3,000,000 policy on professional liability limited to \$1,000,000 per case and an excess coverage policy for specified aggregate amounts in excess of the basic coverage. The Hospital also maintains for Taylor Extended Care, a flood insurance policy, which has a one-year term and is renewable in October and November of each year.

The ABC Board has commercial property, general liability, auto liability, workers' compensation and employee health coverage. The Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The TDA has property, general liability, workers' compensation, and employee health coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Airport Authority has property and general liability insurance coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

**Carteret County, North Carolina**

**Notes to Financial Statements**

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**Note 8. Long-Term Obligations**

General obligation bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of capital facilities for general government activities and for the construction of Board of Education 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 requirements are provided by appropriation in the year in which they become due. The County general obligation bonds payable at June 30, 2009 are comprised of the following individual issues:

2002 Carteret Community College additions due on August 1 and February 1 in varying installments through February 1, 2020; interest at varying rates ranging from 3% to 4.75%	<b>\$ 6,000,000</b>
2004 Refunding of 1995 and 1996 general obligation bonds due on November 1 and May 1 in varying installments through May 1, 2017; interest at varying rates ranging from 3% to 5%	<b>12,970,000</b>
2006 School bond, due on October 1 and April 1 in varying installments through April 1, 2026; interest at varying rates ranging from 4% to 5%	<b>20,050,000</b>
2007 School bond, due on October 1 and April 1 in varying installments through April 1, 2027; interest at varying rates ranging from 3.625% to 5%	<b>16,900,000</b>
	<b><u>\$ 55,920,000</u></b>

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 3,590,000	\$ 2,431,235
2011	3,585,000	2,269,235
2012	3,625,000	2,107,485
2013	3,770,000	1,943,735
2014	4,040,000	1,797,285
2015-2019	18,860,000	6,393,417
2020-2024	12,950,000	2,773,063
2025-2027	5,500,000	382,488
	<b><u>\$ 55,920,000</u></b>	<b><u>\$ 20,097,943</u></b>

**Carteret County, North Carolina**

**Notes to Financial Statements**

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**Note 8. Long-Term Obligations (Continued)**

Certificates of Participation

Advance Refundings

On May 21, 2009, the County issued \$9,275,000 private placement advance refunding bonds, a portion of which, \$7,760,000, was used 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 \$7,919,266 certificates of participation. The remaining funds totaling \$1,515,000 will be used to finance construction of capital facilities used for general governmental activities. 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 assets. Additionally, as part of the total financing agreement, an installment contract for technology improvements was refinanced in the amount of \$82,750. The reacquisition prices exceeded the net carrying amounts of the old debt by \$442,823. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$362,572 and resulted in an economic gain of \$488,846.

The County issues Certificates of Participation to finance the construction of capital facilities used for general government activities. These obligations are serviced by the General Fund.

2002 certificates of participation due on December 1 and June 1 in varying installments through June 1, 2022, interest at 4.23% collateralized by the Western Library and the Beaufort Elementary School	<b>\$ 6,320,000</b>
2000 certificates of participation due on June 1 in varying installments through June 1, 2010, interest at 5.10% collateralized by the Newport Middle School	<b>725,000</b>
	<b>\$ 7,045,000</b>

Annual debt service requirements to maturity for certificates of participation as of June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 1,310,000	\$ 302,271
2011	580,000	244,821
2012	580,000	223,796
2013	575,000	202,046
2014	445,000	179,765
2015-2019	2,225,000	616,918
2020-2022	1,330,000	126,113
	\$ 7,045,000	\$ 1,895,730

**Carteret County, North Carolina**

**Notes to Financial Statements**

**Note 8. Long-Term Obligations (Continued)**

The County has entered into various installment-financing agreements for equipment and capital improvements.

Governmental activities (serviced by the General Fund):

Renovations of building purchased for health center for 10 consecutive annual installments, beginning in fiscal year 2002-2003, including interest at 3.35%	<b>\$ 900,000</b>
Renovations of Morehead Elementary School for 15 consecutive annual debt service fund installments beginning fiscal year 2007-2008	<b>2,000,000</b>
Construction and renovations to Carteret Community College buildings for 7 consecutive annual installments, beginning in fiscal year 2007-2008, including interest at 4.260%	<b>1,214,286</b>
Technology improvements for Carteret County Schools for 5 consecutive annual installments, beginning in fiscal year 2007-2008, including interest at 4.420%	<b>1,200,000</b>
Renovations of Newport Elementary School for 15 consecutive annual debt service fund installments beginning fiscal year 2009-2010	<b>1,781,354</b>
2009 governmental office space renovation and refunding of 2000 certificates of participation due on December 1 and June 1 in varying installments through June 1, 2020, interest at 3.59% collateralized by Newport Middle School and the County Health Center	<b>9,275,000</b>
Technology improvements for Carteret County Emergency Management for 2 consecutive annual installments, beginning in fiscal year 2009-2010, including interest at 3.35%	<b>82,570</b>
Business-type activities (serviced by the Water Fund):	
Construction of water treatment and distribution facilities for 19 consecutive annual installments, beginning in fiscal year 2004-2005, including interest at 5.75%	<b>434,448</b>
Construction of Phase II Waterline extension for 20 consecutive annual installments, beginning in fiscal year 2005 - 2006, including interest at 2.205%	<b>2,380,000</b>
	<b><u>\$ 19,267,658</u></b>

Annual debt service requirements to maturity for installment financing at June 30, 2009 are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,317,427	\$ 450,170	\$ 171,032	\$ 77,460	\$ 1,488,459	\$ 527,630
2011	2,090,857	423,311	171,032	72,588	2,261,889	495,899
2012	2,017,857	348,301	171,032	67,717	2,188,889	416,018
2013	1,307,857	275,761	171,032	62,846	1,478,889	338,607
2014	1,297,858	231,310	171,032	57,974	1,468,890	289,284
2015-2019	5,100,000	607,608	855,160	216,802	5,955,160	824,410
2020-2024	3,321,354	25,487	824,128	95,018	4,145,482	120,505
2025-2027	-	-	280,000	9,261	280,000	9,261
	<b>\$ 16,453,210</b>	<b>\$ 2,361,948</b>	<b>\$ 2,814,448</b>	<b>\$ 659,666</b>	<b>\$ 19,267,658</b>	<b>\$ 3,021,614</b>

Carteret County, North Carolina

Notes to Financial Statements

**Note 8. Long-Term Obligations (Continued)**

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2009:

	Beginning Balance June 30, 2008	Additions	Retirements	Ending Balance June 30, 2009	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 59,550,000	\$ -	\$ 3,630,000	\$ 55,920,000	\$ 3,590,000
Certificates of participation	15,605,000	-	8,560,000	7,045,000	1,310,000
Less deferred amounts:					
Advance refunding charge	(1,002,623)	-	(132,374)	(870,249)	-
Issuance premiums	413,242	-	23,003	390,239	-
Issuance discounts	(27,533)	(442,823)	(11,332)	(459,024)	-
Premium on refunding	838,070	-	96,608	741,462	-
<b>Total bonds payable</b>	<b>75,376,156</b>	<b>(442,823)</b>	<b>12,165,905</b>	<b>62,767,428</b>	<b>4,900,000</b>
Installment purchase obligations	6,367,364	11,138,924	1,053,078	16,453,210	1,317,427
Compensated absences	993,240	1,075,288	997,115	1,071,413	787,974
Separation allowance pension obligations	202,514	44,434	31,110	215,838	-
Net OPEB obligation	-	705,823	172,755	533,068	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 82,939,274</b>	<b>\$ 12,521,646</b>	<b>\$14,419,963</b>	<b>\$ 81,040,957</b>	<b>\$ 7,005,401</b>
Business-type activities:					
Installment purchase obligations	\$ 2,985,480	\$ -	\$ 171,032	\$ 2,814,448	\$ 171,032
Compensated absences	14,268	15,938	12,702	17,504	17,504
<b>Business-type activity long-term liabilities</b>	<b>\$ 2,999,748</b>	<b>\$ 15,938</b>	<b>\$ 183,734</b>	<b>\$ 2,831,952</b>	<b>\$ 188,536</b>

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, 2009, Carteret County had bonds authorized but unissued of \$9,710,000 and a legal debt margin of 1,433,177,842.

## Carteret County, North Carolina

### Notes to Financial Statements

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#### Note 8. Long-Term Obligations (Continued)

Component unit information:

The Hospital has a note payable with a bank, payable in consecutive equal annual payments of \$600,000 plus accrued interest at 4.19% due September 2011. The note is collateralized by a deed of trust on certain buildings. At September 30, 2008, the outstanding balance on the note was \$1,800,000.

Scheduled principal repayments are as follows:

Year Ending September 30,	Amount
2009	\$ 600,000
2010	600,000
2011	600,000
	<u>\$ 1,800,000</u>

The Hospital has several capital lease obligations for certain medical equipment at September 30, 2008. The leases expire at various dates through December 2012 and have a present value of minimum lease payments of \$2,999,259.

Minimum annual lease payments for years subsequent to September 30, 2008 are as follows:

Year Ending September 30,	Capital Leases
2009	\$ 1,388,343
2010	778,092
2011	648,432
2012	372,647
2013	70,375
<b>Total minimum lease payments</b>	<u>3,257,889</u>
Less amount representing interest 3.00% - 7.36%	258,630
<b>Present value of net minimum lease obligations</b>	<u>2,999,259</u>
Less current maturities	<u>1,260,652</u>
<b>Obligations under capital leases, less current maturities</b>	<u>\$ 1,738,607</u>

Assets under capital leases had a cost basis of \$6,739,526 and accumulated depreciation on these assets of \$3,742,968 at September 30, 2008.

**Carteret County, North Carolina**

**Notes to Financial Statements**

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**Note 8. Long-Term Obligations (Continued)**

Long-term obligations for the ABC Board as of June 30, 2009 are as follows:

Installment loan payable in the loan amount of \$389,000 payable in monthly payments of interest only at 4.55%. Balance and all unpaid interest there on shall be due December 1, 2009. Secured by real estate	<b>\$ 371,238</b>
Installment loan payable in the loan amount of \$748,000 with interest payable at 4.55% monthly. Repayment terms call for a 9-month interest only future advance line of credit. Upon completion of the new Cape Carteret location, the outstanding loan will term over to a 15-year amortization with 59 consecutive monthly payments and one balloon payment of unpaid principal and interest	<b>690,994</b>
Installment loan payable in the loan amount of \$483,780 payable in monthly installments of \$3,701 including interest at 4.50%, due April 4, 2022. Secured by real estate	<b>312,539</b>
Installment loan payable in the loan amount of \$995,000 with interest payable at 4.71% monthly. Repayment terms call for a 12-month interest only future advance line of credit. Upon completion of the new Beaufort location, the outstanding loan will term over to a 15-year amortization with 59 consecutive monthly payments and one balloon payment of unpaid principal and interest	<b>914,224</b>
	<u><b>2,288,995</b></u>
Less current maturities	<b>479,770</b>
<b>Long-term debt</b>	<u><u><b>\$ 1,809,225</b></u></u>

Aggregate maturities of the ABC Board's long-term debt are as follows:

Year Ending	Amount
June 30,	
2010	\$ 479,770
2011	113,643
2012	118,995
2013	124,599
2014	130,499
2015 and thereafter	1,321,489
	<u><u><b>\$ 2,288,995</b></u></u>

The ABC Board's notes payable include a \$250,000 revolving line of credit with First Citizens Bank, interest payable on varying dates based on a fixed rate of 5.50% for a tax-exempt status. The outstanding balance on this line of credit was \$147,295 at June 30, 2009. The note is unsecured and requires that the principal balance be reduced to a zero balance for a period of at least 30 consecutive days during the year.



**Carteret County, North Carolina**

**Notes to Financial Statements**

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**Note 8. Long-Term Obligations (Continued)**

The ABC Board's notes payable include a \$250,000 revolving line of credit with Branch Banking & Trust, interest payable on varying dates based on a fixed rate of 5.00% for a tax exempt status. The outstanding balance on this line of credit was \$180,966 at June 30, 2009. The note is unsecured and requires that the principal balance be reduced to a zero balance for a period of at least 30 consecutive days during the year.

The Beaufort-Morehead City Airport Authority has an installment purchase contract with Carteret County to finance the purchase of a hangar. The contract requires monthly payments of \$1,220 including interest at 5% per annum. During the year ended June 30, 2005, the Authority borrowed an additional \$157,540 to pay for a runway resealing project. This additional loan amount and the existing loan were consolidated into one new loan. The new loan requires monthly payments of \$2,078 including interest at 3.98% per annum, beginning in November 2004 and is collateralized by an assignment of rents by the Airport Authority to the County.

The future minimum debt service payments of the Airport Authority for the installment purchase contract as of June 30, 2009, including \$13,348 of interest, are as follows:

Year Ending June 30,	Amount
2010	\$ 24,940
2011	24,940
2012	24,940
2013	24,940
2014	24,940
2015	8,313
	<u>\$ 133,013</u>

The Tourism and Development Authority had accrued compensated absences as a long-term debt at June 30, 2009 in the amount of \$12,608.

## Carteret County, North Carolina

### Notes to Financial Statements

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#### Note 9. Retirement Systems

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

*Plan description:* Carteret County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System ("LGERs"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERs provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERs. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding policy:* Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.91% and 4.86%, respectively, of annual covered payroll. The ABC Board's current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.72%, respectively, of annual covered payroll. The contribution requirements of members and of Carteret County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contribution to LGERs for the years ended June 30, 2009, 2008, and 2007 were \$694,422, \$660,552 and \$616,966, respectively. The ABC Board's contributions to LGERs for the years ended June 30, 2009, 2008, and 2007 were \$33,411, \$30,121 and \$25,941, respectively. The contribution made by the County and the ABC Board equaled the required contributions for each year.

##### Law Enforcement Officers' Special Separation Allowance

###### 1. Plan Description

Carteret County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2007, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Active plan members	48
<b>Total</b>	<b>50</b>

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

**Carteret County, North Carolina**

**Notes to Financial Statements**

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**Note 9. Retirement Systems (Continued)**

2. Summary of Significant Accounting Policies

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

Method used to value investments: No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

3. Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2007 was 23 years.

Annual pension cost and net pension obligation: The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 42,551
Interest on net pension obligation	14,682
Adjustment to annual required contribution	(12,799)
<b>Annual pension cost</b>	<b>44,434</b>
Employer contributions made for fiscal year ended June 30, 2009	31,110
<b>Increase in net pension obligation</b>	<b>13,324</b>
Net pension obligation, beginning of fiscal year	202,514
Net pension obligation, end of fiscal year	<b>\$ 215,838</b>

3 Year Trend Information

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Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
6/30/2007	\$ 30,593	42.81%	\$ 192,947
6/30/2008	35,763	73.25%	202,514
6/30/2009	44,434	70.01%	215,838

## Carteret County, North Carolina

### Notes to Financial Statements

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#### Note 9. Retirement Systems (Continued)

##### 4. Funded Status and Funding Progress.

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$289,070. The covered payroll (annual payroll of active employees covered by the plan) was \$1,729,225, and the ratio of the UAAL to the covered payroll was 16.72 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

##### Supplemental Retirement Income Plan for Law Enforcement Officers

Plan description: The County and ABC Board contribute to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the 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 Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR 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 and ABC Board to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions from the County for the year ended June 30, 2009 were \$140,040, which consisted of \$87,668 from the County and \$52,372 from law enforcement officers. Contributions from the ABC Board for June 30, 2009 consisted of \$2,538 from the Board and zero from the law enforcement officers.

##### Supplemental Retirement Income Plan for General Employees

Plan description: Carteret County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to general employees of the 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, 2009 were \$960,364, which consisted of \$618,925 from the County and \$341,439 from the employees.

## Carteret County, North Carolina

### Notes to Financial Statements

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#### Note 9. Retirement Systems (Continued)

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

Plan description: Carteret County also contributes to the Registers of Deeds' Supplemental Pension Fund ("Fund"), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the 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. The Registers of Deeds' Supplemental Pension Fund is included in the CAFR for the State of North Carolina. The State's CAFR 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, or by calling (919) 981-5454.

Funding policy: On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$8,513.

##### Carteret County General Hospital Corporation Pension Plan

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

Contributions for years ended September 30, 2008 and 2007 totaled \$1,916,084 and \$2,180,775, respectively.

##### Carteret County Tourism Development Authority Retirement Plan

The Authority adopted a simplified employee pension - Individual Retirement Account for each of its full-time employees who have completed one year of employment. The Authority contribution is four percent of salary for qualifying employees. The Authority's contribution amount for the fiscal year ended June 30, 2009 was \$6,137.

##### Carteret County ABC Board 401 (k) Plan

The ABC Board sponsors a 401 (k) plan for the benefit of its employees, substantially all of whom are eligible to participate after meeting minimum qualifying standards.

The Board has elected to make matching contributions to the 401 (k) plan on behalf of participating employees up to 3% of their eligible wages. The Board made matching contributions to the plan for years ended June 30, 2009 and 2008 totaling \$32,099 and \$28,310, respectively.

**Carteret County, North Carolina**

**Notes to Financial Statements**

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**Note 10. 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 twenty years, and retire with at least ten years of creditable service with the County. 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.

Membership of the HCB Plan consisted of the following at December 31, 2006, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and spouses receiving benefits	22	5
Active plan members	385	44
<b>Total</b>	<b>407</b>	<b>49</b>

*Funding Policy.* The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under the County personnel policy that can be amended by County Commissioners. The County's members pay \$701 per month for dependent coverage. The County has chosen to fund the healthcare benefits on a pay as you go basis, from the general fund.

The current ARC rate is 5.53% of annual covered payroll. For the current year, the County contributed \$172,755 or 1.35% of annual covered payroll. The County obtains healthcare coverage through private insurers. There were no contributions made by employees or retirees, except for dependent and spouse coverage in the amount of \$264,591. The County's obligation to contribute to HCB Plan is established and may be amended by the County Commission.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the County's net OPEB obligation for the healthcare benefits:

**Carteret County, North Carolina**

**Notes to Financial Statements**

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**Note 10. Other Post-Employment Benefits (Continued)**

Annual required contribution	\$ 705,823
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>705,823</u>
Contributions made	<u>(172,755)</u>
Increase (decrease) in net OPEB obligation	<u>533,068</u>
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 533,068</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 705,823	24.48%	\$ 533,068

*Funded Status and Funding Progress.* As of December 31, 2006, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$7,463,212. The covered payroll (annual payroll of active employees covered by the plan) was \$12,778,343, and the ratio of the UAAL to the covered payroll was 58.41%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2006 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 12.00 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006 was 30 years.

**Carteret County, North Carolina**

**Notes to Financial Statements**

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**Note 11. Other Employment Benefits**

The County and the ABC Board have 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 and for the ABC Board. All death benefit payments are made from the Death Benefit Plan. The County and the ABC Board have no liability beyond the payment of monthly contributions.

Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the year ended June 30, 2009, the County made contributions to the State for death benefits of \$16,103 and the ABC Board made contributions of \$916. The County's and the ABC Board's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .11% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

**Note 12. Additional Social Welfare Expenditures**

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

	<b>Federal</b>	<b>State</b>
Food Stamps	\$ 7,586,555	\$ -
Medicaid	42,382,852	16,595,294
TANF	369,247	7
WIC	978,423	-
Low Income Home Energy	268,024	-
Special Assistance	-	412,966
	<b>\$ 51,585,101</b>	<b>\$ 17,008,267</b>



## **Carteret County, North Carolina**

### **Notes to Financial Statements**

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#### **Note 13. Joint Ventures**

The County, in conjunction with Craven County and Pamlico County, participates in the Coastal Regional Solid Waste Management Authority. Carteret County appoints two members of the seven-member board. The Authority is a joint venture established to provide solid waste management within these counties. The County has an ongoing financial responsibility for the Authority because it and the other counties are legally obligated under the intergovernmental agreement that created the Authority to honor any deficiencies in the event that proceeds from other sources are insufficient. The County did not contribute any funds to the Authority during the fiscal year ended June 30, 2009. 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, 2009. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 7400 Old Highway 70 West, Cove City, North Carolina 28523.

The County, in conjunction with the State of North Carolina and the Carteret County Board of Education, participates in a joint venture to operate Carteret Community College. The County appoints four members of the twelve-member board of trustees of the community college. The community college is included as a component unit of the State of North Carolina. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds and bank installment loans to provide financing for new and restructured facilities. Of the last general obligation bond issue and bank installment loan for this purpose, \$6,000,000 and \$1,214,286 in debt is still outstanding, respectively. 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 \$3,029,813 to the Community College during the fiscal year ended June 30, 2009. 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, 2009. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 3505 Arendell Street, Morehead City, North Carolina 28557.

#### **Note 14. Jointly Governed Organizations**

##### **Regional Library**

The County, in conjunction with two other counties, governs the operations of the Craven-Pamlico-Carteret Regional Library. Each participating government appoints three board members to the nine-member board. The County has no ongoing financial responsibility for the joint venture because the library's continued existence depends on the State of North Carolina's continued funding. None of the participating governments have any equity interest in the library, so no equity interest has been reflected in the financial statements at June 30, 2009. During the year ended June 30, 2009, the County appropriated \$910,000 to the library in Carteret County.

## Carteret County, North Carolina

### Notes to Financial Statements

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#### **Note 14. Jointly Governed Organizations (Continued)**

##### Global Trans-Park Development Commission

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

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

The Commission is responsible for a nonexpendable trust fund consisting of an initial State appropriation of \$7.5 million and 85% of the quarterly distributions of the \$5 motor vehicle license fees collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and will be collected for a period of five years. The principal balance of the trust funds are nonexpendable and will revolve as loans are made and repaid to the Commission. At June 30, 2009, the portion of the trust available to be loaned exclusively to Carteret County was \$1,705,420.

#### **Note 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.

##### Component unit information:

The Hospital is insured under claims-made for the purpose of providing professional and patient care liability insurance. These policies cover only malpractice claims reported to the insurance carrier during the policy term. Coverage includes a \$3,000,000 policy on professional liability limited to \$1,000,000 per case and an excess coverage policy for specified aggregate amounts in excess of the basic coverage. The excess coverage is an occurrence policy with a retroactive date of 6/15/76. Incidents occurring through September 30, 2008 may result in the assertion of a claim. In the opinion of management, these actions would be successfully defended or resolved without material adverse effect on the financial position of the Hospital.

**Carteret County, North Carolina**

**Notes to Financial Statements**

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**Note 15. Commitments and Contingencies (Continued)**

The ABC Board has elected to pay direct costs of employment securities benefits in lieu of employment security taxes on payroll. A liability for benefit payments could accrue in the year following discharge of employees.

The Beaufort-Morehead City Airport Authority has the following construction commitments as of June 30, 2009:

<b>Project</b>	<b>Spent-To-Date</b>	<b>Remaining Commitment</b>
Runway Extension and Partial Parallel Taxiway	\$ 81,315	\$ 85,352
Hangar Project	37,155	262,845
	<u>\$ 118,470</u>	<u>\$ 348,197</u>

**Note 16. Interfund and Intra-Entity Receivables and Payables**

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Occupancy Tax	
	Occupancy tax distribution	\$ 351,430
	2006 HMGP Isabel Fund	241,784
	CDBG 2006 SSH Fund	12,286
	Beaufort Square Project Fund	711,360
	Carteret Community College Renovation Fund	217,792
		<u>\$ 1,534,652</u>

Due to/from primary government and component units:

<b>Receivable Entity</b>	<b>Payable Entity</b>	<b>Amount</b>
Primary government:	Component unit:	
General Fund	Beaufort-Morehead City Airport Authority	
	Long-term liability due to Carteret County from component unit	\$ 119,665
	Carteret General Hospital	
	Interest due to the County for Hospital interest rate modification	52,166
	Carteret County ABC Board	
	Net income distribution due to County at June 30, 2009	28,239
		<u>\$ 200,070</u>

Carteret County, North Carolina

Notes to Financial Statements

**Note 17. Interfund 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 nonoperating revenues (expenses) in the Enterprise Fund.

Interfund transfers for the year ended June 30, 2009 are as follows:

Transfers Out	Transfers In			Total
	Major General	Other Governmental Funds	Major Water Fund	
Major General Fund	\$ -	\$ 2,415,000	\$ 258,000	\$ 2,673,000
Occupancy Tax Fund	2,228,943	-	-	2,228,943
2006 School Project Fund	6,500	-	-	6,500
Other Governmental Funds	2,379	-	-	2,379
<b>Total transfers out</b>	<b>\$ 2,237,822</b>	<b>\$ 2,415,000</b>	<b>\$ 258,000</b>	<b>\$ 4,910,822</b>

Transfers consist primarily of the following:

<b>\$ 2,673,000</b>	Transfer from General Fund for various current and future capital projects and to supplement other funding sources in the special revenue, capital projects and enterprise funds
<b>2,228,943</b>	Transfer from Occupancy Tax Fund in accordance with North Carolina General Statutes
<b>6,500</b>	Transfer from 2006 School Project Fund to General Fund for arbitrage services
<b>2,379</b>	Transfer from Salter Path Fund to General Fund to close fund

Intra-entity transactions with discretely presented component units for the year ended June 30, 2009 are as follows:

Expenditures from General Fund to Beaufort-Morehead City Airport Authority for operations	<b>\$ 119,157</b>
Expenditures from Occupancy Tax Fund to Carteret County Tourism Development Authority for portion Room Occupancy Tax	<b>2,174,914</b>
	<b>\$ 2,294,071</b>
Profit Contributions from ABC Board to General Fund	<b>\$ 101,595</b>

**Notes to Financial Statements**

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**Note 18. Pronouncements Issued, Not Yet Effective**

In June, 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which requires that all intangible assets (for example easements, water rights, timber rights, patents, trademarks and computer software) not specifically excluded by the scope of its provisions be classified as capital assets, and follow existing authoritative guidance relating to the accounting and financial reporting for capital assets. This guidance includes recognition in financial statements and amortization of intangible assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

The GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

**Note 19. Subsequent Events**

On July 20, 2009, the County Board of Commissioners approved applications for Qualified School Construction Bonds (QSCB) and Qualified Zone Academy Bonds (QZAB) up to a maximum of \$1,653,861 and \$4,000,000, respectively, with the NC Department of Public Instruction. As of the date of this report, the final QZAB award amount has not been issued and therefore financing has not begun but is expected to be completed during fiscal year 2010. Any amounts awarded under QZAB, will reduce the amounts authorized but not issued related to the 2006 School Bonds.

Carteret County, North Carolina

Notes to Financial Statements

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**Note 19. Subsequent Events (Continued)**

On August 24, 2009, the ABC Board refinanced all long-term installment notes. The following summarizes the relevant terms of these notes:

<u>Lender Institution</u>	<u>Collateral</u>	<u>Terms and Conditions</u>	<u>Balances</u>
First Citizens Bank	Newport property	Interest rate of 3.9% per annum. Principal and interest payable in 28 monthly payments of \$2,809 commencing on 9/19/09 and one final payment of the entire balance due on 1/19/12.	\$ 369,675
First Citizens Bank	Cape Carteret facility	Interest rate of 3.9% per annum. Principle and interest payable in 52 monthly payments of \$5,108 commencing on 9/19/09 and one final payment on the entire balance due on 1/19/14.	675,141
First Citizens Bank	Beaufort facility	Interest rate of 3.9% per annum. Principle and interest payable in 40 monthly payments of \$7,270 commencing on 9/19/09 and one final payment on the entire balance due on 1/19/13.	910,264
First Citizens Bank	Atlantic Beach facility	Interest rate of 3.9% per annum. Principle and interest payable in 19 monthly payments of \$2,588 commencing on 9/19/09 and one final payment on the entire balance due on 4/19/11.	310,010

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# Required Supplemental Financial Data

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

**Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance**

**Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance**

**Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance**

**Schedule of Funding Progress for the Other Postemployment Benefits**

**Schedule of Employer Contributions for the Other Postemployment Benefits**

**Notes to the Required Schedules for the Other Postemployment Benefits**

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**Carteret County, North Carolina**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL)- Proj Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ( (b-a) /c)
12/31/2003	\$ -	\$ 179,265	\$ 179,265	0.00%	\$ 1,203,410	14.90%
12/31/2004	-	205,031	205,031	0.00%	1,214,506	16.88%
12/31/2005	-	185,553	185,553	0.00%	1,335,490	13.89%
12/31/2006	-	223,213	223,213	0.00%	1,460,449	15.28%
12/31/2007	-	330,143	330,143	0.00%	1,683,212	19.61%
12/31/2008	-	289,070	289,070	0.00%	1,729,225	16.72%

**Carteret County, North Carolina**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Employer Contributions**

Year Ending June 30,	Annual Required Contributions	Percentage Contributions
2004	\$ 25,542	-
2005	29,931	-
2006	32,346	-
2007	30,593	42.81%
2008	35,763	73.25%
2009	42,551	70.01%

Notes to the Required Schedules:

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

Valuation date	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% - 12.3%
*Includes inflation at	3.75%
Cost of living adjustments	N/A

**Carteret County, North Carolina**

**Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) /c)
12/31/2006	\$ -	\$ 7,463,212	\$ 7,463,212	0.00%	\$ 12,778,343	58.41%

**Carteret County, North Carolina**

**Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Employer Contributions**

Year Ending June 30,	Annual Required Contributions	Percentage Contributed
2009	\$ 705,823	24.48%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at December 31, 2006. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	12.00% - 5.00%
 *Includes inflation at	 3.75%
Cost of living adjustments	N/A

The assumed investment rate of return reflects the fact that no assets are set aside within Carteret County that are legally held exclusively for retiree health benefits. If a trust or equivalent arrangement were set up for this purpose, the investment rate of return can be increased.

## **Supplementary Information**

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## **Major Funds Summary**



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Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2009

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<b>Revenue</b>			
Ad valorem taxes:			
Current period	\$ 42,768,000	\$ 42,486,645	\$ (281,355)
Prior years	1,100,000	1,031,129	(68,871)
Interest and penalties	253,000	313,533	60,533
	<u>44,121,000</u>	<u>43,831,307</u>	<u>(289,693)</u>
Other taxes and licenses:			
White goods disposal tax	20,000	19,898	(102)
ABC local bottle tax	30,000	33,117	3,117
Local option sales tax	14,325,000	12,624,025	(1,700,975)
Solid waste disposal tax	-	19,868	19,868
Scrap tire disposal tax	63,000	67,100	4,100
	<u>14,438,000</u>	<u>12,764,008</u>	<u>(1,673,992)</u>
Permits and fees:			
Sheriff fees	82,500	131,934	49,434
Register of deeds	1,227,000	960,477	(266,523)
Privilege licenses	13,000	15,158	2,158
Franchise fees	400,000	557,572	157,572
Building and Inspection Fees	550,000	392,457	(157,543)
Environmental health fees	460,000	281,705	(178,295)
Other fees	175,500	144,763	(30,737)
	<u>2,908,000</u>	<u>2,484,066</u>	<u>(423,934)</u>
Intergovernmental:			
Restricted:			
Federal and State grants	10,615,954	10,440,076	(175,878)
Lottery Proceeds	400,000	453,646	53,646
Court facilities fees	340,000	262,327	(77,673)
Unrestricted:			
Beer and wine tax	165,000	161,509	(3,491)
ABC profits	390,000	101,595	(288,405)
Croatan National Forest	100,000	136,401	36,401
	<u>12,010,954</u>	<u>11,555,554</u>	<u>(455,400)</u>
Sales and services:			
Solid waste	2,200,000	2,247,269	47,269
Civic center fees	171,000	172,564	1,564
Other	222,522	186,056	(36,466)
	<u>2,593,522</u>	<u>2,605,889</u>	<u>12,367</u>
Interest	1,000,000	1,112,318	112,318
Miscellaneous:			
Proceeds from sale of fixed assets	20,000	17,464	(2,536)
Other	213,552	132,122	(81,430)
	<u>233,552</u>	<u>149,586</u>	<u>(83,966)</u>
<b>Total revenue</b>	<u>77,305,028</u>	<u>74,502,728</u>	<u>(2,802,300)</u>

(Continued)

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)  
Year Ended June 30, 2009

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<b>Expenditures</b>			
General government:			
Governing body:			
Salaries and employee benefits	\$ 55,500	\$ 51,064	\$ 4,436
Operating expenses	287,480	247,349	40,131
Professional services	137,080	128,113	8,967
	<u>480,060</u>	<u>426,526</u>	<u>53,534</u>
Administration:			
Salaries and employee benefits	349,009	349,005	4
Operating expenses	53,240	42,415	10,825
	<u>402,249</u>	<u>391,420</u>	<u>10,829</u>
Information systems:			
Salaries and employee benefits	227,026	191,672	35,354
Operating expenses	461,705	430,314	31,391
	<u>688,731</u>	<u>621,986</u>	<u>66,745</u>
Finance:			
Salaries and employee benefits	556,846	499,118	57,728
Operating expenses	58,120	44,681	13,439
	<u>614,966</u>	<u>543,799</u>	<u>71,167</u>
Human resources:			
Salaries and employee benefits	177,112	177,090	22
Operating expenses	64,750	47,590	17,160
	<u>241,862</u>	<u>224,680</u>	<u>17,182</u>
Tax:			
Salaries and employee benefits	1,023,429	949,031	74,398
Operating expenses	106,285	107,952	(1,667)
Contract services	159,000	110,297	48,703
	<u>1,288,714</u>	<u>1,167,280</u>	<u>121,434</u>
Revaluation:			
Salaries and employee benefits	212,528	201,043	11,485
Operating expenses	57,500	28,196	29,304
Contract services	7,000	-	7,000
	<u>277,028</u>	<u>229,239</u>	<u>47,789</u>
Legal:			
Professional services	65,000	55,254	9,746
Court facilities:			
Operating expenses	59,915	42,047	17,868
Elections:			
Salaries and employee benefits	229,880	215,599	14,281
Operating expenses	295,969	170,389	125,580
	<u>525,849</u>	<u>385,988</u>	<u>139,861</u>
Register of deeds:			
Salaries and employee benefits	341,208	319,059	22,149
Operating expenses	127,035	120,747	6,288
Capital outlay	27,000	-	27,000
	<u>495,243</u>	<u>439,806</u>	<u>55,437</u>

(Continued)

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)  
Year Ended June 30, 2009

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Public buildings:			
Salaries and employee benefits	\$ 544,868	\$ 551,063	\$ (6,195)
Operating expenses	861,910	742,880	119,030
	<u>1,406,778</u>	<u>1,293,943</u>	<u>112,835</u>
<b>Total general government</b>	<b>6,546,395</b>	<b>5,821,968</b>	<b>724,427</b>
Public safety:			
Sheriff:			
Salaries and employee benefits	2,893,281	2,904,183	(10,902)
Operating expenses	761,009	710,726	50,283
Contract services	27,531	28,626	(1,095)
Capital outlay	487,880	494,036	(6,156)
	<u>4,169,701</u>	<u>4,137,571</u>	<u>32,130</u>
Communications:			
Salaries and employee benefits	418,392	417,635	757
Operating expenses	184,895	175,791	9,104
Capital outlay	10,290	-	10,290
	<u>613,577</u>	<u>593,426</u>	<u>20,151</u>
Sheriff - Jail division:			
Salaries and employee benefits	1,480,869	1,382,001	98,868
Operating expenses	971,620	758,704	212,916
Contract services	326,570	314,646	11,924
Capital outlay	178,047	185,549	(7,502)
	<u>2,957,106</u>	<u>2,640,900</u>	<u>316,206</u>
Emergency medical service:			
Salaries and employee benefits	128,537	122,125	6,412
Operating expenses	25,145	29,774	(4,629)
Contract services	16,207	16,200	7
	<u>169,889</u>	<u>168,099</u>	<u>1,790</u>
Paramedic operations:			
Salaries and employee benefits	565,619	575,321	(9,702)
Operating expenses	138,124	126,443	11,681
Capital outlay	52,600	53,553	(953)
	<u>756,343</u>	<u>755,317</u>	<u>1,026</u>
Emergency management:			
Salaries and employee benefits	85,005	54,133	30,872
Operating expenses	78,218	63,862	14,356
Contract services	66,220	99,468	(33,248)
Capital outlay	15,500	-	15,500
	<u>244,943</u>	<u>217,463</u>	<u>27,480</u>
Rape crisis program:			
Salaries and employee benefits	205,178	198,499	6,679
Operating expenses	31,090	28,170	2,920
Contract services	6,500	-	6,500
	<u>242,768</u>	<u>226,669</u>	<u>16,099</u>
Domestic violence program:			
Operating expenses	79,020	29,700	49,320

(Continued)

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)  
Year Ended June 30, 2009

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Fire Marshall:			
Salaries and employee benefits	\$ 67,921	\$ 65,247	\$ 2,674
Operating expenses	24,270	14,895	9,375
	<u>92,191</u>	<u>80,142</u>	<u>12,049</u>
Consolidated Communications:			
Salaries and employee benefits	65,795	59,733	6,062
Operating expenses	22,050	11,787	10,263
	<u>87,845</u>	<u>71,520</u>	<u>16,325</u>
Medical examiner:			
Professional services	55,000	42,400	12,600
Animal control:			
Salaries and employee benefits	220,264	214,240	6,024
Operating expenses	235,678	204,085	31,593
Capital outlay	9,000	8,999	1
	<u>464,942</u>	<u>427,324</u>	<u>37,618</u>
<b>Total public safety</b>	<b>9,933,325</b>	<b>9,390,531</b>	<b>542,794</b>
Transportation:			
Harbors:			
Operating expenses	33,605	19,721	13,884
Beaufort-Morehead City Airport Authority	<u>102,490</u>	<u>102,490</u>	<u>-</u>
CCATS:			
Salaries and employee benefits	92,716	91,369	1,347
Operating expenses	534,330	542,967	(8,637)
Capital outlay	193,000	184,774	8,226
	<u>820,046</u>	<u>819,110</u>	<u>936</u>
<b>Total transportation</b>	<b>956,141</b>	<b>941,321</b>	<b>14,820</b>
Environmental protection:			
Forest fire control	124,000	94,401	29,599
Landfill closure	<u>17,000</u>	<u>1,000</u>	<u>16,000</u>
Tri-County solid waste collections	<u>2,266,600</u>	<u>2,157,378</u>	<u>109,222</u>
Soil conservation:			
Salaries and employee benefits	57,308	54,700	2,608
Operating expenses	12,009	9,235	2,774
	<u>69,317</u>	<u>63,935</u>	<u>5,382</u>
Public works:			
Salaries and employee benefits	391,567	396,855	(5,288)
Operating expenses	315,023	298,983	16,040
Contract services	6,000	4,500	1,500
Capital outlay	53,100	53,069	31
	<u>765,690</u>	<u>753,407</u>	<u>12,283</u>
<b>Total environmental protection</b>	<b>3,242,607</b>	<b>3,070,121</b>	<b>172,486</b>

(Continued)

**Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)**  
**Year Ended June 30, 2009**

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Economic and physical development			
Special appropriations:			
Economic Development Council	\$ 175,000	\$ 175,793	\$ (793)
Business development	100,000	-	100,000
	<u>275,000</u>	<u>175,793</u>	<u>99,207</u>
Beach nourishment			
Salaries and employee benefits	102,925	102,698	227
Operating expenses	231,645	215,220	16,425
Contract services	663,600	384,652	278,948
	<u>998,170</u>	<u>702,570</u>	<u>295,600</u>
Planning and zoning:			
Salaries and employee benefits	822,630	783,838	38,792
Operating expenses	89,668	63,181	26,487
Contract services	43,480	45,828	(2,348)
Capital outlay	16,162	16,653	(491)
	<u>971,940</u>	<u>909,500</u>	<u>62,440</u>
Engineering:			
Salaries and employee benefits	131,495	131,447	48
Operating expenses	13,500	9,643	3,857
	<u>144,995</u>	<u>141,090</u>	<u>3,905</u>
Cooperative extension:			
Salaries and employee benefits	10,573	10,734	(161)
Operating expenses	252,162	242,341	9,821
	<u>262,735</u>	<u>253,075</u>	<u>9,660</u>
<b>Total economic and physical development</b>	<b>2,652,840</b>	<b>2,182,028</b>	<b>470,812</b>
Human Services:			
Health center:			
Salaries and employee benefits	884,705	873,925	10,780
Operating expenses	274,272	256,674	17,598
Capital outlay	6,600	6,600	-
	<u>1,165,577</u>	<u>1,137,199</u>	<u>28,378</u>
Health promotion:			
Salaries and employee benefits	96,889	84,861	12,028
Operating expenses	20,900	361	20,539
	<u>117,789</u>	<u>85,222</u>	<u>32,567</u>
Breast & Cervical Cancer			
Salaries and employee benefits	26,148	23,704	2,444
Operating expenses	29,737	12,515	17,222
	<u>55,885</u>	<u>36,219</u>	<u>19,666</u>
Dental Program			
Salaries and employee benefits	244,301	243,678	623
Operating expenses	30,673	25,168	5,505
	<u>274,974</u>	<u>268,846</u>	<u>6,128</u>
Communicable Diseases			
Salaries and employee benefits	142,106	126,020	16,086
Operating expenses	1,500	898	602
	<u>143,606</u>	<u>126,918</u>	<u>16,688</u>

(Continued)

**Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)**  
**Year Ended June 30, 2009**

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Operating Preparedness and Response			
Salaries and employee benefits	\$ 66,675	\$ 66,489	\$ 186
Operating expenses	9,524	7,221	2,303
	<u>76,199</u>	<u>73,710</u>	<u>2,489</u>
Family Planning			
Salaries and employee benefits	135,660	105,569	30,091
Operating expenses	47,120	31,249	15,871
	<u>182,780</u>	<u>136,818</u>	<u>45,962</u>
Maternal adult and child health:			
Salaries and employee benefits	274,305	268,352	5,953
Operating expenses	6,015	2,660	3,355
	<u>280,320</u>	<u>271,012</u>	<u>9,308</u>
Child care coordination:			
Salaries and employee benefits	168,674	168,026	648
Operating expenses	3,150	2,360	790
	<u>171,824</u>	<u>170,386</u>	<u>1,438</u>
Women, infants, and children:			
Administration:			
Salaries and employee benefits	210,050	198,942	11,108
Operating expenses	10,268	6,845	3,423
	<u>220,318</u>	<u>205,787</u>	<u>14,531</u>
Nutrition:			
Salaries and employee benefits	63,542	62,506	1,036
Operating expenses	1,341	-	1,341
	<u>64,883</u>	<u>62,506</u>	<u>2,377</u>
Environmental health:			
Salaries and employee benefits	1,028,215	999,501	28,714
Operating expenses	154,470	89,162	65,308
Capital outlay	29,406	30,300	(894)
	<u>1,212,091</u>	<u>1,118,963</u>	<u>93,128</u>
State smart start grant			
Salaries and fringe benefits	42,796	38,016	4,780
Operating supplies	7,744	5,919	1,825
	<u>50,540</u>	<u>43,935</u>	<u>6,605</u>
Mental health:			
Mental health center and other	273,000	273,000	-
Mental health, ABC	30,000	30,000	-
	<u>303,000</u>	<u>303,000</u>	<u>-</u>
DSS administration:			
Salaries and employee benefits	5,049,200	5,048,671	529
Operating expenses	642,821	456,053	186,768
Professional services	10,000	887	9,113
Capital outlay	26,679	-	26,679
	<u>5,728,700</u>	<u>5,505,611</u>	<u>223,089</u>

(Continued)

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)  
Year Ended June 30, 2009

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
General assistance:			
Boarding home	\$ 191,000	\$ 125,065	\$ 65,935
Clothing and medical expense	30,000	13,074	16,926
Special children adoption	37,000	7,996	29,004
Childrens Adoption Incentive	34,000	33,894	106
Smart Start day care	27,000	25,000	2,000
Miscellaneous	35,000	26,630	8,370
	<u>354,000</u>	<u>231,659</u>	<u>122,341</u>
TANF Block grant:			
TANF Block grant	268,225	241,123	27,102
Operating expenses	155,000	75,083	79,917
	<u>423,225</u>	<u>316,206</u>	<u>107,019</u>
DSS special assistance	4,785,085	4,199,421	585,664
Special projects	502,124	449,459	52,665
Other human services	297,273	249,323	47,950
CBA juvenile restitution program:			
Salaries and employee benefits	38,653	36,687	1,966
Operating expenses	8,182	9,929	(1,747)
Contract services	13,086	5,592	7,494
	<u>59,921</u>	<u>52,208</u>	<u>7,713</u>
Veteran services:			
Salaries and employee benefits	263,136	256,190	6,946
Operating expenses	50,594	48,529	2,065
Contract services	1,825	1,175	650
Capital outlay	40,504	40,504	-
	<u>356,059</u>	<u>346,398</u>	<u>9,661</u>
Senior center operation:			
Salaries and employee benefits	190,396	189,694	702
Operating expenses	43,167	35,349	7,818
Contract services	151,380	151,760	(380)
	<u>384,943</u>	<u>376,803</u>	<u>8,140</u>
Title III F grant:			
Salaries and employee benefits	4,933	4,958	(25)
Operating expenses	1,807	1,768	39
	<u>6,740</u>	<u>6,726</u>	<u>14</u>
<b>Total human services</b>	<b>17,217,856</b>	<b>15,774,335</b>	<b>1,443,521</b>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	384,152	342,495	41,657
Operating expenses	326,746	269,353	57,393
Contract services	21,985	14,587	7,398
Capital outlay	18,000	17,774	226
	<u>750,883</u>	<u>644,209</u>	<u>106,674</u>
Parks and recreation maintenance:			
Salaries and employee benefits	450,923	403,037	47,886
Operating expenses	187,050	150,891	36,159
Contract services	23,100	12,604	10,496
Capital outlay	25,792	22,560	3,232
	<u>686,865</u>	<u>589,092</u>	<u>97,773</u>

(Continued)



Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)  
Year Ended June 30, 2009

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Senior center:			
Salaries and employee benefits	\$ 107,301	\$ 76,001	\$ 31,300
Operating expenses	112,100	65,667	46,433
Contract services	21,970	26,898	(4,928)
	<u>241,371</u>	<u>168,566</u>	<u>72,805</u>
Carteret County Library:			
Appropriations to Library Systems	980,000	980,000	-
Civic center:			
Salaries and employee benefits	186,290	185,790	500
Operating expenses	170,650	110,766	59,884
Contract services	11,000	6,808	4,192
	<u>367,940</u>	<u>303,364</u>	<u>64,576</u>
<b>Total culture and recreation</b>	<b>3,027,059</b>	<b>2,685,231</b>	<b>341,828</b>
Education:			
Public schools, current expense	20,605,372	20,545,989	59,383
Community college, current expense	2,086,000	2,085,996	4
Community college, capital outlay	233,751	219,160	14,591
<b>Total education</b>	<b>22,925,123</b>	<b>22,851,145</b>	<b>73,978</b>
Debt service:			
Principal retirement	13,872,570	13,243,078	629,492
Interest and fees	3,544,000	3,535,593	8,407
Refunding discount	-	442,823	(442,823)
Issuance cost	100,000	99,163	837
<b>Total debt service</b>	<b>17,516,570</b>	<b>17,320,657</b>	<b>195,913</b>
<b>Total expenditures</b>	<b>84,017,916</b>	<b>80,037,337</b>	<b>3,980,579</b>
<b>Revenue over (under) expenditures</b>	<b>(6,712,888)</b>	<b>(5,534,609)</b>	<b>1,178,279</b>
<b>Other financing sources (uses)</b>			
Transfers in (out):			
From Occupancy Tax Fund	2,545,100	2,228,943	(316,157)
From Salter Path District Fund	-	2,379	2,379
From School Bond Fund	6,500	6,500	-
From Community College Bond Fund	15,000	-	(15,000)
To School Project Fund	(2,215,000)	(2,215,000)	-
To Water Fund	(258,000)	(258,000)	-
To Capital Improvements Fund	(530,000)	(200,000)	330,000
Contingency reserves	(2,089,662)	-	2,089,662
Debt issuance	7,942,570	7,874,570	(68,000)
Appropriated fund balance	1,296,380	-	(1,296,380)
<b>Total other financing sources (uses)</b>	<b>6,712,888</b>	<b>7,439,392</b>	<b>726,504</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>1,904,783</b>	<b>\$ 1,904,783</b>
<b>Fund balance</b>			
Beginning		37,599,205	
Ending		<u>\$ 39,503,988</u>	

Carteret County, North Carolina

**Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget and Actual - 2006 School Bond Project Fund  
From Inception and for the Year Ended June 30, 2009**

	2006 School Bond Project Fund				
	Original Project Estimate	Amended Project Estimate	Prior Years	Actual Current Year	Total to Date
<b>Revenue</b>					
Interest	\$ -	\$ 6,500	\$ 2,526,382	\$ 229,468	\$ 2,755,850
Sales Tax Refunds	-	-	112,026	262,792	374,818
State Bond Proceeds	-	-	9,195	-	9,195
<b>Total revenue</b>	<b>-</b>	<b>6,500</b>	<b>2,647,603</b>	<b>492,260</b>	<b>3,139,863</b>
<b>Expenditures</b>					
Current:					
Atlantic Elementary School	-	815,788	728,406	45,717	774,123
Beaufort Middle School	-	2,275,764	1,594,379	461,528	2,055,907
Bogue Sound Elementary School	-	1,884,189	1,563,827	101,359	1,665,186
Broad Creek Middle School	197,667	2,254,038	1,669,073	366,587	2,035,660
Croatan High School	-	5,596,250	222,659	2,434,802	2,657,461
East Carteret High School	87,396	2,963,373	1,867,283	436,696	2,303,979
Harkers Island School	-	968,583	916,344	193,641	1,109,985
Morehead Middle School	77,265	1,333,284	484,981	730,244	1,215,225
Morehead Primary School	168,039	1,108,972	542,527	330,407	872,934
Newport Elementary School	-	5,207,085	4,998,750	(912,932)	4,085,818
Newport Middle School	-	404,600	228,272	(228,272)	-
Smyrna Elementary School	58,995	1,100,627	966,077	90,229	1,056,306
West Carteret High School	178,045	4,454,018	757,967	282,424	1,040,391
White Oak Elementary School	-	6,268,917	5,456,186	1,028,185	6,484,371
Central Office	-	214,187	200,671	13,516	214,187
Transportation Facility	-	336,488	334,488	2,000	336,488
Other Construction	-	336,051	212,577	107,318	319,895
Issuance cost	100,000	150,000	139,079	1,856	140,935
Capital outlay	20,771,955	(3,466,870)	-	-	-
<b>Total expenditures</b>	<b>21,639,362</b>	<b>34,205,344</b>	<b>22,883,546</b>	<b>5,485,305</b>	<b>28,368,851</b>
<b>Revenue under expenditures</b>	<b>(21,639,362)</b>	<b>(34,198,844)</b>	<b>(20,235,943)</b>	<b>(4,993,045)</b>	<b>(25,228,988)</b>
<b>Other financing sources (uses)</b>					
Long-term debt issued	22,000,000	36,100,000	36,100,000	-	36,100,000
Bond premium	365,126	438,626	438,267	-	438,267
Transfer to other funds	(725,764)	(2,339,782)	(2,144,006)	(6,500)	(2,150,506)
<b>Total other financing sources (uses)</b>	<b>21,639,362</b>	<b>34,198,844</b>	<b>34,394,261</b>	<b>(6,500)</b>	<b>34,387,761</b>
<b>Revenue over (under) expenditures and other sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,158,318</b>	<b>(4,999,545)</b>	<b>\$ 9,158,773</b>
<b>Fund balances:</b>					
Beginning				14,158,318	
Ending				<u>\$ 9,158,773</u>	

Carteret County, North Carolina

**Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget and Actual - Beaufort Square and County 911 Center  
From Inception and for the Year Ended June 30, 2009**

	Beaufort Square and County 911 Center				
	Original Project Estimate	Amended Project Estimate	Actual		
			Prior Years	Current Year	Total to Date
<b>Revenue</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000
Interest	-	-	-	226	226
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,226</b>	<b>3,226</b>
<b>Expenditures</b>					
Capital outlay:					
Beaufort Square Project	1,500,000	1,500,000	-	809,697	809,697
Department of Social Services Improvement	-	-	-	17,911	17,911
911 Center Project	-	-	-	56,694	56,694
<b>Total expenditures</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>-</b>	<b>884,302</b>	<b>884,302</b>
<b>Revenue over (under) expenditures</b>	<b>(1,500,000)</b>	<b>(1,500,000)</b>	<b>-</b>	<b>(881,076)</b>	<b>(881,076)</b>
<b>Other financing sources (uses)</b>					
Long-term debt issued	1,500,000	1,500,000	-	1,483,000	1,483,000
<b>Revenue and other financing sources over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>601,924</b>	<b>\$ 601,924</b>
<b>Fund balances</b>					
Beginning				-	
Ending				<u>\$ 601,924</u>	

Carteret County, North Carolina

Combining Balance Sheet - Nonmajor Governmental Fund Types

June 30, 2009

	Government Fund Types		
	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Assets:			
Cash and investments	\$ 1,320,195	\$ 5,006,636	\$ 6,326,831
Restricted cash and investments	1,910,775	1,252,891	3,163,666
Receivables, net	1,079,784	735,563	1,815,347
<b>Total assets</b>	<b>\$ 4,310,754</b>	<b>\$ 6,995,090</b>	<b>\$ 11,305,844</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 468,370	\$ 229,461	\$ 697,831
Due to other funds	254,070	217,792	471,862
Deferred revenue	361,108	-	361,108
<b>Total liabilities</b>	<b>1,083,548</b>	<b>447,253</b>	<b>1,530,801</b>
Fund balances:			
Reserved for special districts	1,809,004	-	1,809,004
Unreserved:			
Designated for subsequent year's expenditures	48,068	3,073,900	3,121,968
Undesignated	1,370,134	3,473,937	4,844,071
<b>Total fund balance</b>	<b>3,227,206</b>	<b>6,547,837</b>	<b>9,775,043</b>
<b>Total liabilities and fund balance</b>	<b>\$ 4,310,754</b>	<b>\$ 6,995,090</b>	<b>\$ 11,305,844</b>

Carteret County, North Carolina

Combining Statement of Revenue, Expenditures and Changes in Fund Balances -  
 Nonmajor Governmental Fund Types  
 Year Ended June 30, 2009

	Government Fund Types		
	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenue</b>			
Ad valorem taxes	\$ 5,847,623	\$ -	\$ 5,847,623
Other taxes and licenses	1,586,374	-	1,586,374
Intergovernmental	1,457,116	1,265,763	2,722,879
Interest	61,892	188,629	250,521
<b>Total revenue</b>	<b>8,953,005</b>	<b>1,454,392</b>	<b>10,407,397</b>
<b>Expenditures</b>			
Current:			
Public safety	7,033,691	-	7,033,691
Economic and physical development	832,325	-	832,325
Capital outlay	-	9,195,226	9,195,226
<b>Total expenditures</b>	<b>7,866,016</b>	<b>9,195,226</b>	<b>17,061,242</b>
<b>Revenue over (under) expenditures</b>	<b>1,086,989</b>	<b>(7,740,834)</b>	<b>(6,653,845)</b>
<b>Other financing sources (uses)</b>			
Long term debt issued	-	1,781,354	1,781,354
Transfers in	-	2,415,000	2,415,000
Transfers out	(2,379)	-	(2,379)
<b>Total other financing sources (uses)</b>	<b>(2,379)</b>	<b>4,196,354</b>	<b>4,193,975</b>
<b>Net change in fund balance</b>	<b>1,084,610</b>	<b>(3,544,480)</b>	<b>(2,459,870)</b>
<b>Fund balances</b>			
Beginning	2,142,596	10,092,317	12,234,913
Ending	\$ 3,227,206	\$ 6,547,837	\$ 9,775,043

## **Nonmajor Special Revenue Funds**

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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.

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**Carteret County, North Carolina**

**Nonmajor Special Revenue Funds**

**Combining Balance Sheet  
June 30, 2009**

	Rescue Squad Fund	Fire District Fund	Emergency 911 Fund
<b>Assets</b>			
Cash and investments	\$ -	\$ -	\$ 1,320,195
Restricted cash and investments	846,791	1,063,984	-
Receivables:			
Property taxes receivable, net	146,392	214,716	-
Accounts receivable	148,177	257,399	46,589
<b>Total assets</b>	<b>\$ 1,141,360</b>	<b>\$ 1,536,099</b>	<b>\$ 1,366,784</b>
<b>Liabilities and Fund Balances (Deficits)</b>			
Liabilities:			
Accounts payable	\$ 239,401	\$ 200,307	\$ 13,188
Due to other funds	-	-	-
Deferred revenue	146,392	214,716	-
<b>Total liabilities</b>	<b>385,793</b>	<b>415,023</b>	<b>13,188</b>
Fund balances (deficits):			
Reserved special districts	743,964	1,065,040	-
Unreserved:			
Designated for subsequent year's expenditures	11,603	36,465	-
Undesignated fund balance (deficit)	-	19,571	1,353,596
<b>Total fund balances (deficit)</b>	<b>755,567</b>	<b>1,121,076</b>	<b>1,353,596</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,141,360</b>	<b>\$ 1,536,099</b>	<b>\$ 1,366,784</b>



CDBG 2006 SSH Fund	CDBG 2006 Hazardous Mitigation Fund	Totals
\$ -	\$ -	\$ 1,320,195
-	-	1,910,775
-	-	361,108
24,727	241,784	718,676
<b>\$ 24,727</b>	<b>\$ 241,784</b>	<b>\$ 4,310,754</b>

\$ 15,474	\$ -	\$ 468,370
12,286	241,784	254,070
-	-	361,108
<b>27,760</b>	<b>241,784</b>	<b>1,083,548</b>

-	-	1,809,004
-	-	48,068
(3,033)	-	1,370,134
(3,033)	-	3,227,206
<b>\$ 24,727</b>	<b>\$ 241,784</b>	<b>\$ 4,310,754</b>

Carteret County, North Carolina

Nonmajor Special Revenue Funds

Combining Statement of Revenue, Expenditures and Changes in Fund Balances (Deficits)

Year Ended June 30, 2009

	Rescue Squad Fund	Fire District Fund	Emergency 911 Fund	Salter Path District Fund
<b>Revenue</b>				
Ad valorem taxes	\$ 2,329,939	\$ 3,517,684	\$ -	\$ -
Other taxes and licenses	579,812	1,006,536	-	26
Intergovernmental	-	-	645,196	-
Interest	13,890	16,321	31,681	-
<b>Total revenue</b>	<b>2,923,641</b>	<b>4,540,541</b>	<b>676,877</b>	<b>26</b>
<b>Expenditures</b>				
Public safety	2,701,054	4,055,981	276,656	-
Economic and physical development	-	-	-	20,525
<b>Total expenditures</b>	<b>2,701,054</b>	<b>4,055,981</b>	<b>276,656</b>	<b>20,525</b>
<b>Revenue over (under) expenditures</b>	<b>222,587</b>	<b>484,560</b>	<b>400,221</b>	<b>(20,499)</b>
<b>Other financing sources (uses)</b>				
Transfers out	-	-	-	(2,379)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,379)</b>
<b>Revenue and other financing sources over (under) expenditures and other financing uses</b>	<b>222,587</b>	<b>484,560</b>	<b>400,221</b>	<b>(22,878)</b>
<b>Fund balances (deficits)</b>				
Beginning	532,980	636,516	953,375	22,878
Ending	\$ 755,567	\$ 1,121,076	\$ 1,353,596	\$ -

CDBG 2005 Supplemental Fund	CDBG 2006 SSH Fund	CDBG 2006 Hazardous Mitigation Fund	CDBG 2006 Water Connection Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 5,847,623
-	-	-	-	1,586,374
426,254	24,727	360,669	270	1,457,116
-	-	-	-	61,892
426,254	24,727	360,669	270	8,953,005
-	-	-	-	7,033,691
426,254	24,877	360,669	-	832,325
426,254	24,877	360,669	-	7,866,016
-	(150)	-	270	1,086,989
-	-	-	-	(2,379)
-	-	-	-	(2,379)
-	(150)	-	270	1,084,610
-	(2,883)	-	(270)	2,142,596
\$ -	\$ (3,033)	\$ -	\$ -	\$ 3,227,206

Carteret County, North Carolina

Rescue Squad Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>			
Ad valorem taxes	\$ 2,270,580	\$ 2,329,939	\$ 59,359
Other taxes and licenses:			
Local option sales tax	670,300	579,812	(90,488)
Interest	-	13,890	13,890
<b>Total revenue</b>	<b>2,940,880</b>	<b>2,923,641</b>	<b>(17,239)</b>
<b>Expenditures</b>			
Public safety:			
Beaufort	640,140	674,138	(33,998)
Broad and Gales Creek	140,115	168,989	(28,874)
Mill Creek	80,920	80,920	-
Mitchell Village	226,000	227,342	(1,342)
Otway	161,500	170,939	(9,439)
Sea Level	363,335	363,336	(1)
Western Carteret	438,300	461,819	(23,519)
District reserves	220,270	-	220,270
Local sales tax	670,300	553,571	116,729
<b>Total expenditures</b>	<b>2,940,880</b>	<b>2,701,054</b>	<b>239,826</b>
<b>Revenue over expenditures and other financing uses</b>	<b>\$ -</b>	<b>222,587</b>	<b>\$ 222,587</b>
<b>Fund balances</b>			
Beginning		532,980	
Ending		<u>\$ 755,567</u>	

Carteret County, North Carolina

Fire District Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>			
Ad valorem taxes	\$ 3,584,755	\$ 3,517,684	\$ (67,071)
Other taxes and licenses:			
Local option sales tax	940,000	1,006,536	66,536
Interest	-	16,321	16,321
<b>Total revenue</b>	<u>4,524,755</u>	<u>4,540,541</u>	<u>15,786</u>
<b>Expenditures</b>			
Public safety:			
Fire Districts:			
Atlantic	81,365	81,360	5
Beaufort	216,455	234,981	(18,526)
Broad and Gales Creek	207,375	207,372	3
Cedar Island	52,100	52,104	(4)
Davis	77,300	77,304	(4)
Harkers Island	182,050	182,052	(2)
Harlowe	56,000	56,004	(4)
Marshallberg	199,170	199,170	-
Mill Creek	27,345	27,348	(3)
Mitchell Village, Crab Point	425,000	425,004	(4)
Newport	319,875	319,872	3
North River	32,020	32,956	(936)
Otway	133,525	133,524	1
Salter Path	199,590	37,355	162,235
Sea Level	53,550	53,550	-
South River	50,935	50,940	(5)
Stacy	17,000	17,447	(447)
Stella	31,800	33,954	(2,154)
Wildwood	416,000	416,000	-
Western Carteret	516,700	516,696	4
District reserves	294,726	63,841	230,885
Local sales tax	940,000	837,147	102,853
<b>Total expenditures</b>	<u>4,529,881</u>	<u>4,055,981</u>	<u>473,900</u>
<b>Revenue over (under) expenditures</b>	<u>(5,126)</u>	<u>484,560</u>	<u>489,686</u>
<b>Other financing sources</b>			
Appropriated fund balance	5,126	-	(5,126)
<b>Revenue over expenditures and other financing uses</b>	<u>\$ -</u>	<u>484,560</u>	<u>\$ 484,560</u>
<b>Fund balances</b>			
Beginning		636,516	
Ending		<u>\$ 1,121,076</u>	

Carteret County, North Carolina

Emergency 911 Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>			
Intergovernmental	\$ 449,525	\$ 645,196	\$ 195,671
Interest	5,000	31,681	26,681
<b>Total revenue</b>	<b>454,525</b>	<b>676,877</b>	<b>222,352</b>
<b>Expenditures</b>			
Public safety:			
Salaries and fringe benefits	58,925	60,494	(1,569)
Operating expenses	240,600	202,823	37,777
Contracted services	80,000	13,339	66,661
Capital outlay	75,000	-	75,000
<b>Total expenditures</b>	<b>454,525</b>	<b>276,656</b>	<b>177,869</b>
<b>Revenue over (under) expenditures</b>	<b>-</b>	<b>400,221</b>	<b>400,221</b>
<b>Revenue and other financing sources over expenditures</b>	<b>\$ -</b>	<b>400,221</b>	<b>\$ 400,221</b>
<b>Fund balances</b>			
Beginning		953,375	
Ending		<u>\$ 1,353,596</u>	

Carteret County, North Carolina

Salter Path District Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>			
Other taxes and licenses:			
Local option sales tax	\$ -	\$ 26	\$ 26
<b>Total revenue</b>	<u>-</u>	<u>26</u>	<u>26</u>
<b>Expenditures</b>			
Economic and physical development:			
Contribution to Indian Beach	20,525	20,525	-
<b>Total expenditures</b>	<u>20,525</u>	<u>20,525</u>	<u>-</u>
<b>Revenue over (under) expenditures</b>	<u>(20,525)</u>	<u>(20,499)</u>	<u>26</u>
<b>Other financing sources (uses)</b>			
Fund Balance Appropriated	20,525	-	(20,525)
Transfer to General Fund	-	(2,379)	(2,379)
<b>Revenue over (under) expenditures and     other financing uses</b>	<u>\$ -</u>	<u>(22,878)</u>	<u>\$ (22,878)</u>
<b>Fund balances</b>			
Beginning		22,878	
Ending		<u>\$ -</u>	

Carteret County, North Carolina

2005 CDBG Program

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and the Year Ended June 30, 2009

	Total Project Estimate	Actual		
		Prior Years	Current Year	Total to Date
<b>Revenue</b>				
Intergovernmental:				
Community Development Block Grant	\$ 600,000	\$ 106,329	\$ 426,254	\$ 532,583
<b>Expenditures</b>				
Economic and Physical Development:				
Clearance	48,000	7,825	18,123	25,948
Relocation	460,000	98,504	348,297	446,801
Administration	92,000	-	59,834	59,834
	600,000	106,329	426,254	532,583
<b>Revenue over expenditures</b>	\$ -	\$ -	-	\$ -
<b>Fund balances</b>				
Beginning			-	
Ending			\$ -	



Carteret County, North Carolina

2006 CDBG SSH Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and the Year Ended June 30, 2009

	Total Project Estimate	Prior Years	Actual Current Year	Total to Date
<b>Revenue</b>				
Intergovernmental:				
Community Development Block Grant	\$ 400,000	\$ -	\$ 24,727	\$ 24,727
<b>Expenditures</b>				
Economic and Physical Development:				
Clearance	3,000	-	9,253	9,253
Relocation	60,000	-	959	959
Rehabilitation	297,000	-	14,515	14,515
Administration	40,000	2,883	150	3,033
	400,000	2,883	24,877	27,760
<b>Revenue under expenditures</b>	\$ -	\$ (2,883)	(150)	\$ (3,033)
<b>Fund balances (deficit)</b>				
Beginning			(2,883)	
Ending			\$ (3,033)	

Carteret County, North Carolina

CDBG 2006 Hazardous Mitigation Grant Program

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and the Year Ended June 30, 2009

	Total Project Estimate	Prior Years	Actual Current Year	Total to Date
<b>Revenue</b>				
Intergovernmental:				
Hazardous Mitigation Funds	\$ 1,814,368	\$ 87,381	\$ 360,669	\$ 448,050
<b>Expenditures</b>				
Economic and Physical Development:				
Hard Costs	1,537,459	-	328,000	328,000
Soft Costs	248,648	87,381	28,949	116,330
Administration	28,261	-	3,720	3,720
	1,814,368	87,381	360,669	448,050
<b>Revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund balances</b>				
Beginning			-	
Ending			\$ -	

Carteret County, North Carolina

CDBG 2006 Water Connection Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and the Year Ended June 30, 2009

	Total Project Estimate	Prior Years	Actual Current Year	Total to Date
<b>Revenue</b>				
Intergovernmental:				
Community Development Block Grant 2006	\$ 75,000	\$ 28,841	\$ 270	\$ 29,111
Community Development Block Grant 2008	75,000	-	-	-
<b>Total Revenue</b>	<b>150,000</b>	<b>28,841</b>	<b>270</b>	<b>29,111</b>
<b>Expenditures</b>				
Economic and Physical Development:				
Rehabilitation 2006	63,750	23,700	-	23,700
Administration 2006	11,250	5,411	-	5,411
Rehabilitation 2008	63,750	-	-	-
Administration 2008	11,250	-	-	-
	150,000	29,111	-	29,111
<b>Revenue over expenditures</b>	<b>\$ -</b>	<b>\$ (270)</b>	<b>270</b>	<b>\$ -</b>
<b>Fund balances</b>				
Beginning			(270)	
Ending			\$ -	

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## **Nonmajor Capital Projects Funds**

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

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Carteret County, North Carolina

Nonmajor Capital Projects Fund

Combining Balance Sheet  
June 30, 2009

	County Capital Reserve Fund	County Capital Improvements Fund	School Special Projects Fund
<b>Assets</b>			
Cash and investments	\$ 615,315	\$ 2,930,404	\$ 1,380,063
Restricted cash and investments	-	-	77,486
Accounts receivable	-	708,985	-
<b>Total assets</b>	<b>\$ 615,315</b>	<b>\$ 3,639,389</b>	<b>\$ 1,457,549</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 99,525	\$ 129,156
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>99,525</b>	<b>129,156</b>
Fund balances:			
Unreserved:			
Designated for subsequent year's expenditures	-	1,585,775	423,860
Undesignated	615,315	1,954,089	904,533
<b>Total fund balances</b>	<b>615,315</b>	<b>3,539,864</b>	<b>1,328,393</b>
<b>Total liabilities and fund balances</b>	<b>\$ 615,315</b>	<b>\$ 3,639,389</b>	<b>\$ 1,457,549</b>

Morehead Elementary School Fund	East Carteret High School Building Fund	Carteret Community College Renovation Fund	Totals
\$ 56,161	\$ 24,693	\$ -	\$ 5,006,636
440,753	416,087	318,565	1,252,891
-	-	26,578	735,563
<b>\$ 496,914</b>	<b>\$ 440,780</b>	<b>\$ 345,143</b>	<b>\$ 6,995,090</b>

\$ 780	\$ -	\$ -	\$ 229,461
-	-	217,792	217,792
<b>780</b>	<b>-</b>	<b>217,792</b>	<b>447,253</b>

496,134	440,780	127,351	3,073,900
-	-	-	3,473,937
<b>496,134</b>	<b>440,780</b>	<b>127,351</b>	<b>6,547,837</b>
<b>\$ 496,914</b>	<b>\$ 440,780</b>	<b>\$ 345,143</b>	<b>\$ 6,995,090</b>



Carteret County, North Carolina

Nonmajor Capital Projects Fund

Combining Statement of Revenue, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2009

	County Capital Reserve Fund	County Capital Improvements Fund	School Special Projects Fund
<b>Revenue</b>			
Intergovernmental	\$ -	\$ 1,141,485	\$ 95,885
Interest	16,119	92,283	47,880
<b>Total revenue</b>	<b>16,119</b>	<b>1,233,768</b>	<b>143,765</b>
<b>Expenditures</b>			
Capital outlay	-	2,066,572	3,146,546
<b>Revenue over (under) expenditures</b>	<b>16,119</b>	<b>(832,804)</b>	<b>(3,002,781)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	200,000	2,215,000
Long-term debt issued	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>200,000</b>	<b>2,215,000</b>
<b>Revenue and other financing sources over (under) expenditures and other financing uses</b>	<b>16,119</b>	<b>(632,804)</b>	<b>(787,781)</b>
<b>Fund balances</b>			
Beginning	599,196	4,172,668	2,116,174
Ending	<b>\$ 615,315</b>	<b>\$ 3,539,864</b>	<b>\$ 1,328,393</b>

Morehead Elementary School Fund	East Carteret High School Building Fund	Carteret Community College Renovation Fund	Totals
\$ 4,012	\$ 24,381	\$ -	\$ 1,265,763
3,013	18,989	10,345	188,629
7,025	43,370	10,345	1,454,392
1,918,417	1,339,034	724,657	9,195,226
(1,911,392)	(1,295,664)	(714,312)	(7,740,834)
-	-	-	2,415,000
1,781,354	-	-	1,781,354
1,781,354	-	-	4,196,354
(130,038)	(1,295,664)	(714,312)	(3,544,480)
626,172	1,736,444	841,663	10,092,317
\$ 496,134	\$ 440,780	\$ 127,351	\$ 6,547,837

Carteret County, North Carolina

County Capital Reserve Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2009

	Budget	Actual	Variance Positive
<b>Revenue</b>			
Interest	<u>\$ -</u>	<u>\$ 16,119</u>	<u>\$ 16,119</u>
<b>Fund balances</b>			
Beginning		<u>599,196</u>	
Ending		<u>\$ 615,315</u>	

Carteret County, North Carolina

County Capital Improvements Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>			
Intergovernmental	\$ 1,773,000	\$ 1,141,485	\$ (631,515)
Interest	18,900	92,283	73,383
<b>Total revenues</b>	<b>1,791,900</b>	<b>1,233,768</b>	<b>(558,132)</b>
<b>Expenditures</b>			
Capital outlay:			
Public Buildings Generator	250,000	-	250,000
Aerial Mapping	78,900	78,892	8
Water Access Morehead City Partnership	100,000	100,000	-
Water Access West Beaufort	693,000	455,005	237,995
Water Access West Carteret	850,000	854,912	(4,912)
Eastern Park Improvements	213,800	208,542	5,258
Newport Park Development	1,590,850	336,595	1,254,255
Swinson Park Improvements	32,626	32,626	-
Jail Expansion	200,000	-	200,000
<b>Total expenditures</b>	<b>4,009,176</b>	<b>2,066,572</b>	<b>1,942,604</b>
<b>Revenues over (under) expenditures</b>	<b>(2,217,276)</b>	<b>(832,804)</b>	<b>1,384,472</b>
<b>Other financing sources</b>			
Transfer in from General Fund	530,000	200,000	(330,000)
Fund Balance Appropriated	1,687,276	-	(1,687,276)
<b>Total other financing sources</b>	<b>2,217,276</b>	<b>200,000</b>	<b>(2,017,276)</b>
<b>Revenue and other financing sources over (under) expenditures</b>	<b>\$ -</b>	<b>(632,804)</b>	<b>\$ (632,804)</b>
<b>Fund balances</b>			
Beginning		4,172,668	
Ending		<u>\$ 3,539,864</u>	

Carteret County, North Carolina

School Special Projects Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
<b>Revenue</b>			
Intergovernmental	\$ -	\$ 95,885	\$ 95,885
Interest	30,000	47,880	17,880
<b>Total Revenues</b>	<u>30,000</u>	<u>143,765</u>	<u>113,765</u>
<b>Expenditures</b>			
Capital outlay, Board of Education	3,548,629	3,146,546	402,083
<b>Revenues under expenditures</b>	<u>(3,518,629)</u>	<u>(3,002,781)</u>	<u>515,848</u>
<b>Other financing sources</b>			
Transfer from General Fund	2,215,000	2,215,000	-
Fund balance appropriated	1,303,629	-	(1,303,629)
	<u>3,518,629</u>	<u>2,215,000</u>	<u>(1,303,629)</u>
<b>Revenue and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>(787,781)</u>	<u>\$ (787,781)</u>
<b>Fund balances</b>			
Beginning		2,116,174	
Ending		<u>\$ 1,328,393</u>	

Carteret County, North Carolina

Morehead Elementary School Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and for the Year Ended June 30, 2009

	Total Project Estimate	Prior Years	Actual Current Year	Total to Date
<b>Revenue</b>				
Intergovernmental	\$ -	\$ 27,746	\$ 4,012	\$ 31,758
Interest	-	74,003	3,013	77,016
<b>Total revenues</b>	-	101,749	7,025	108,774
<b>Expenditures</b>				
Capital outlay:				
Building Improvements Morehead	2,000,000	1,475,577	137,064	1,612,641
Building Improvements Newport	1,781,354	-	1,781,353	1,781,353
<b>Total expenditures</b>	3,781,354	1,475,577	1,918,417	3,393,994
<b>Revenue under expenditures</b>	(3,781,354)	(1,373,828)	(1,911,392)	(3,285,220)
<b>Other financing sources</b>				
Long-term debt issued	3,781,354	2,000,000	1,781,354	3,781,354
<b>Revenue and other financing sources over (under) expenditures</b>	\$ -	\$ 626,172	(130,038)	\$ 496,134
<b>Fund balances</b>				
Beginning			626,172	
Ending			\$ 496,134	

Carteret County, North Carolina

East Carteret High School Building Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and for the Year Ended June 30, 2009

	Total Project Estimate	Prior Years	Actual Current Year	Total to Date
<b>Revenue</b>				
Intergovernmental	\$ -	\$ 180	\$ 24,381	\$ 24,561
Interest	-	231,981	18,989	250,970
<b>Total revenues</b>	-	232,161	43,370	275,531
<b>Expenditures</b>				
Capital outlay:				
East Carteret High School Building	5,829,518	4,325,022	1,339,034	5,664,056
<b>Revenue under expenditures</b>	(5,829,518)	(4,092,861)	(1,295,664)	(5,388,525)
<b>Other financing sources</b>				
Transfers in	1,607,518	1,607,518	-	1,607,518
Long-term debt issued	4,200,000	4,200,000	-	4,200,000
Bond Premium	22,000	21,787	-	21,787
	5,829,518	5,829,305	-	5,829,305
<b>Revenue and other financing sources over (under) expenditures</b>	\$ -	\$ 1,736,444	(1,295,664)	\$ 440,780
<b>Fund balances</b>				
Beginning			1,736,444	
Ending			\$ 440,780	

**Carteret County, North Carolina**

**Carteret Community College Renovation Fund**

**Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
From Inception and for the Year Ended June 30, 2009**

	Total Project Estimate	Prior Years	Actual Current Year	Total to Date
<b>Revenue</b>				
Interest	\$ -	\$ 49,627	\$ 10,345	\$ 59,972
<b>Expenditures</b>				
Capital outlay:				
Carteret Community College construction	1,700,000	907,964	724,657	1,632,621
<b>Revenue under expenditures</b>	<b>(1,700,000)</b>	<b>(858,337)</b>	<b>(714,312)</b>	<b>(1,572,649)</b>
<b>Other financing sources</b>				
Long-term debt issued	1,700,000	1,700,000	-	1,700,000
	1,700,000	1,700,000	-	1,700,000
<b>Revenue and other financing sources over (under) expenditures</b>	<b>\$ -</b>	<b>\$ 841,663</b>	<b>(714,312)</b>	<b>\$ 127,351</b>
<b>Fund balance</b>				
Beginning			841,663	
Ending			<u>\$ 127,351</u>	



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## Enterprise Fund

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Carteret County, North Carolina

Water Operating Fund

Schedule of Revenue and Expenditures - Budget and Actual (Non-GAAP)  
Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
<b>Revenue, Operating</b>			
Charges for services	\$ 478,120	\$ 573,359	\$ 95,239
<b>Total operating revenues</b>	<b>478,120</b>	<b>573,359</b>	<b>95,239</b>
<b>Expenditures, Operating</b>			
Cost of sales and services:			
Salaries and benefits	218,085	202,914	15,171
Operating expense	165,500	240,183	(74,683)
Contracted services	82,000	102,457	(20,457)
<b>Total operating expenditures</b>	<b>465,585</b>	<b>545,554</b>	<b>(79,969)</b>
<b>Operating revenue over operating expenditures</b>	<b>12,535</b>	<b>27,805</b>	<b>15,270</b>
<b>Nonoperating Revenue (Expenditures)</b>			
Interest earnings	10,000	16,840	6,840
Developer Revenue	144,221	167,757	23,536
Revolving loan interest	(84,500)	(82,331)	2,169
Principal payments	(171,035)	(171,032)	3
Capital outlay	(181,721)	(210,037)	(28,316)
<b>Total nonoperating revenue (expenditures)</b>	<b>(283,035)</b>	<b>(278,803)</b>	<b>4,232</b>
<b>Revenue over (under) expenditures</b>	<b>(270,500)</b>	<b>(250,998)</b>	<b>19,502</b>
<b>Other Financing Sources (Uses)</b>			
Transfer from the General Fund	258,000	258,000	-
Appropriated Fund Balance	12,500	-	(12,500)
<b>Total other financing sources</b>	<b>270,500</b>	<b>258,000</b>	<b>(12,500)</b>
<b>Revenue and other sources over expenditures</b>	<b>\$ -</b>	<b>\$ 7,002</b>	<b>\$ 7,002</b>
Reconciliation of modified accrual basis to full accrual basis:			
Revenue and other financing uses over expenditures		\$ 7,002	
Decrease in debt interest accrued		801	
Increase in accrued vacation pay		(3,236)	
Depreciation		(304,599)	
Principal on debt		171,032	
Capital outlay		210,037	
<b>Change in net assets, full accrual basis</b>		<b>\$ 81,037</b>	

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## Agency Funds

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**Carteret County, North Carolina**

**Agency Funds**

**Combining Balance Sheet**

**June 30, 2009**

	<b>Sheriff's Department Fund</b>	<b>Social Services Trust Fund</b>	<b>Motor Vehicle Agency</b>	<b>Totals</b>
<hr/>				
<b>Assets</b>				
Cash	\$ 54,625	\$ 34,998	\$ 1,114	\$ 90,737
<hr/>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 54,625	\$ 34,998	\$ 1,114	\$ 90,737
<hr/>				

**Carteret County, North Carolina**

**Agency Funds**

**Combining Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2009**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Sheriff's Department Fund:</b>				
Assets, cash	\$ 62,925	\$ 333,284	\$ 341,584	\$ 54,625
Liabilities	\$ 62,925	\$ 333,284	\$ 341,584	\$ 54,625
<b>Social Services Trust Fund:</b>				
Assets, cash	\$ 32,945	\$ 160,610	\$ 158,557	\$ 34,998
Liabilities	\$ 32,945	\$ 160,610	\$ 158,557	\$ 34,998
<b>Motor Vehicle Agency:</b>				
Assets, cash	\$ 1,380	\$ 16,958	\$ 17,224	\$ 1,114
Liabilities	\$ 1,380	\$ 16,958	\$ 17,224	\$ 1,114
<b>Totals - All Agency Funds:</b>				
Assets, cash	\$ 97,250	\$ 510,852	\$ 517,365	\$ 90,737
Liabilities:				
Accounts payable and accrued liabilities	\$ 97,250	\$ 510,852	\$ 517,365	\$ 90,737



**Governmental Funds Capital Assets**

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Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Comparative Schedules by Source  
June 30, 2009

	2009	2008
Governmental funds capital assets:		
Land, airport	\$ 169,549	\$ 169,549
Land, other	4,950,352	3,688,274
Construction in progress	1,235,642	20,725
Buildings	27,229,668	27,229,668
Vehicles	4,184,570	3,829,239
Equipment	4,583,679	4,511,725
Airport facilities	1,524,747	1,524,747
Other improvements	6,580,950	6,040,936
<b>Total governmental funds capital assets</b>	<b>\$ 50,459,157</b>	<b>\$ 47,014,863</b>
Investment in governmental funds capital assets		
General Fund	\$ 47,687,175	\$ 46,414,014
Capital Project Funds	2,771,982	600,849
<b>Total investment in governmental funds capital assets</b>	<b>\$ 50,459,157</b>	<b>\$ 47,014,863</b>

Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity  
June 30, 2009

Function and Activity	Land	Buildings	Vehicles	Equipment
General Government:				
County Administration	\$ -	\$ -	\$ -	\$ 18,880
Tax Administration	-	-	86,737	272,345
Register of Deeds	-	17,665	-	144,764
Elections	-	-	-	505,242
Information Technology	-	-	-	678,550
Public Buildings	1,371,703	7,515,292	191,100	18,230
Other	-	-	-	22,259
<b>Total General Government</b>	<b>1,371,703</b>	<b>7,532,957</b>	<b>277,837</b>	<b>1,660,270</b>
Public Safety:				
Law Enforcement	407,166	8,614,309	1,150,603	542,708
Emergency Services	43,000	16,850	383,681	1,655,601
<b>Total Public Safety</b>	<b>450,166</b>	<b>8,631,159</b>	<b>1,534,284</b>	<b>2,198,309</b>
Transportation	169,549	-	699,426	-
Environmental Protection	153,875	64,308	487,827	254,200
Economic and Physical Development	120,781	-	127,470	97,930
Human Services	303,776	7,248,928	813,357	113,413
Culture and Recreation	2,550,051	3,752,316	244,369	259,557
<b>Total governmental funds capital assets</b>	<b>\$ 5,119,901</b>	<b>\$ 27,229,668</b>	<b>\$ 4,184,570</b>	<b>\$ 4,583,679</b>

Airport Facilities	Other Improvements	Construction in Progress	Total
\$ -	\$ -	\$ -	\$ 18,880
-	-	-	359,082
-	16,000	-	178,429
-	-	-	505,242
-	116,944	-	795,494
-	2,054,285	-	11,150,610
-	-	-	22,259
-	2,187,229	-	13,029,996
-	339,901	-	11,054,687
-	-	56,694	2,155,826
-	339,901	56,694	13,210,513
1,524,747	41,142	-	2,434,864
-	-	-	960,210
-	-	-	346,181
-	30,000	17,911	8,527,385
-	3,982,678	1,161,037	11,950,008
\$ 1,524,747	\$ 6,580,950	\$ 1,235,642	\$ 50,459,157

Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity  
Year Ended June 30, 2009

Function and Activity	Governmental Funds				Governmental Funds
	Capital Assets June 30, 2008	Additions	Deductions	Transfers	Capital Assets June 30, 2009
General Government:					
County administration	\$ 18,880	\$ -	\$ -	\$ -	\$ 18,880
Tax administration	355,158	-	-	3,924	359,082
Register of Deeds	178,429	-	-	-	178,429
Elections	505,242	-	-	-	505,242
Information technology	795,494	-	-	-	795,494
Public buildings	11,116,170	-	19,392	53,832	11,150,610
Other	22,259	-	-	-	22,259
<b>Total General Government</b>	<b>12,991,632</b>	<b>-</b>	<b>19,392</b>	<b>57,756</b>	<b>13,029,996</b>
Public Safety:					
Law enforcement	10,513,366	679,585	77,459	(60,805)	11,054,687
Emergency services	2,107,816	119,246	18,774	(52,462)	2,155,826
<b>Total Public Safety</b>	<b>12,621,182</b>	<b>798,831</b>	<b>96,233</b>	<b>(113,267)</b>	<b>13,210,513</b>
Transportation	2,477,023	184,774	124,392	(102,541)	2,434,864
Environmental protection	723,015	53,069	61,144	245,270	960,210
Economic and physical development	369,515	16,653	12,618	(27,369)	346,181
Human services	8,532,471	95,315	56,533	(43,868)	8,527,385
Culture and recreation	9,300,025	2,699,497	33,533	(15,981)	11,950,008
<b>Total governmental funds capital assets</b>	<b>\$ 47,014,863</b>	<b>\$ 3,848,139</b>	<b>\$ 403,845</b>	<b>\$ -</b>	<b>\$ 50,459,157</b>

## **Other Financial Information**

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

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Carteret County, North Carolina

Schedule of Ad Valorem Taxes Receivable  
June 30, 2009

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections	Adjustments	Uncollected Balance June 30, 2009
2008-2009	\$ -	\$ 43,880,900	\$ 42,486,645	\$ (114,601)	\$ 1,279,654
2007-2008	1,015,373	-	629,192	(10,701)	375,480
2006-2007	381,272	-	183,556	25,601	223,317
2005-2006	229,271	-	92,328	14,135	151,078
2004-2005	109,899	-	57,500	19,052	71,451
2003-2004	72,261	-	34,150	18,295	56,406
2002-2003	55,055	-	13,268	(711)	41,076
2001-2002	46,264	-	8,465	(3,974)	33,825
2000-2001	34,852	-	6,774	(1,830)	26,248
1999-2000	41,035	-	4,518	(2,430)	34,087
1998-1999	18,212	-	1,378	(19,203)	(2,369)
	<u>\$ 2,003,494</u>	<u>\$ 43,880,900</u>	<u>\$ 43,517,774</u>	<u>\$ (76,367)</u>	<u>2,290,253</u>
Less write-off 1998-1999 tax year					<u>2,369</u>
					<u>2,292,622</u>
Less allowance for uncollectible ad valorem taxes receivable					<u>516,660</u>
<b>Net property taxes receivable - General Fund</b>					<u><u>\$ 1,775,962</u></u>
Reconciliation with revenue: Ad valorem taxes- General Fund					<u><u>\$ 43,517,774</u></u>

Carteret County, North Carolina

Analysis of Current Year's Tax Levy  
Year Ended June 30, 2009

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 18,871,448,261	0.23	\$ 43,404,331	\$ 42,580,693	\$ 823,638
Motor vehicles taxes at prior year's rate	207,203,913	0.23	476,569	-	476,569
<b>Total</b>	<b>19,078,652,174</b>		<b>43,880,900</b>	<b>42,580,693</b>	<b>1,300,207</b>
Discoveries:					
Current year taxes	18,587,391		42,751	42,712	39
Corrections	(5,723,043)		(13,163)	(3,780)	(9,383)
<b>Total</b>	<b>12,864,348</b>		<b>29,588</b>	<b>38,932</b>	<b>(9,344)</b>
Abatements	(62,690,870)		(144,189)	(113,227)	(30,962)
<b>Total property valuation</b>	<b>\$ 19,028,825,652</b>				
Net levy-General Fund			43,766,299	42,506,398	1,259,901
Uncollected taxes at June 30, 2009 - General Fund			1,279,654	1,117,393	162,261
Current year's taxes collected - General Fund			\$ 42,486,645	\$ 41,389,005	\$ 1,097,640
Current levy collection percentage - General Fund			97.08%	97.37%	87.12%



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## Statistical Section

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This part of the Carteret County's comprehensive annual 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 .

<b>Contents</b>	<b>Page</b>
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<b>Financial Trends</b>	<b>156</b>
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These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

<b>Revenue Capacity</b>	<b>168</b>
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These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

<b>Debt Capacity</b>	<b>178</b>
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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 .

<b>Demographic and Economic Information</b>	<b>183</b>
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place .

<b>Operating Information</b>	<b>186</b>
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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.

**Sources:** Unless otherwise noted, the information included in these schedules and charts is derived for the comprehensive annual reports ("CAFR") for GASB 34 in the fiscal year ending June 30, 2009 and is provided for additional analysis purposes only and has not been verified by audit as presented.

**Carteret County, North Carolina**

**Net Assets by Component,  
Last Seven Fiscal Years  
(accrual basis of accounting)**

	2003	2004	2005
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ 18,490,399	\$ 22,154,331	\$ 21,956,051
Restricted	1,904,375	2,568,301	3,437,892
Unrestricted	(23,228,517)	(29,121,252)	(21,493,929)
<b>Total governmental activities net assets</b>	<b>\$ (2,833,743)</b>	<b>\$ (4,398,620)</b>	<b>\$ 3,900,014</b>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 4,033,446	\$ 4,392,900	\$ 3,903,915
Unrestricted	(11,676)	(519,099)	(110,733)
<b>Total business-type activities</b>	<b>\$ 4,021,770</b>	<b>\$ 3,873,801</b>	<b>\$ 3,793,182</b>
<b>Primary government</b>			
Invested in capital assets, net of related debt	\$ 22,523,845	\$ 26,547,231	\$ 25,859,966
Restricted	1,904,375	2,568,301	3,437,892
Unrestricted	(23,240,193)	(29,640,351)	(21,604,662)
<b>Total primary government net assets</b>	<b>\$ 1,188,027</b>	<b>\$ (524,819)</b>	<b>\$ 7,693,196</b>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

Schedule 1

Fiscal Year			
2006	2007	2008	2009
\$ 23,399,525	\$ 22,287,747	\$ 21,792,965	\$ 22,484,382
4,154,799	7,127,547	10,233,675	13,043,008
(13,945,342)	(12,037,832)	(24,226,402)	(28,471,360)
<b>\$ 13,608,982</b>	<b>\$ 17,377,462</b>	<b>\$ 7,800,238</b>	<b>\$ 7,056,030</b>
\$ 3,630,795	\$ 3,665,231	\$ 3,557,690	\$ 3,634,160
192,739	392,417	548,951	553,518
<b>\$ 3,823,534</b>	<b>\$ 4,057,648</b>	<b>\$ 4,106,641</b>	<b>\$ 4,187,678</b>
\$ 27,030,320	\$ 25,952,978	\$ 25,350,655	\$ 26,118,542
4,154,799	7,127,547	10,233,675	13,043,008
(13,752,603)	(11,645,415)	(23,677,451)	(27,917,842)
<b>\$ 17,432,516</b>	<b>\$ 21,435,110</b>	<b>\$ 11,906,879</b>	<b>\$ 11,243,708</b>

**Carteret County, North Carolina**

**Changes in Net Assets,  
Last Seven Fiscal Years  
(accrual basis of accounting)**

	2003	2004	2005
<b>Expenses</b>			
Governmental activities:			
General government	\$ 4,734,358	\$ 3,700,481	\$ 4,759,100
Public safety	11,051,063	11,636,799	12,715,313
Transportation	641,203	669,794	690,254
Economic and physical development	3,861,247	4,271,109	6,274,478
Environmental protection	2,443,323	2,964,017	2,565,112
Human Services	13,651,297	14,105,489	14,295,871
Cultural and recreation	2,056,136	4,260,435	2,461,256
Education	23,378,135	27,615,077	21,085,306
Interest on long term debt	2,415,433	3,153,395	2,373,932
<b>Total governmental activities</b>	<b>64,232,195</b>	<b>72,376,596</b>	<b>67,220,622</b>
Business-type activities:			
Water	145,753	394,360	420,599
<b>Total primary government expenses</b>	<b>\$ 64,377,948</b>	<b>\$ 72,770,956</b>	<b>\$ 67,641,221</b>

(Continued)

**Schedule 2**  
**Page 1 of 3**

Fiscal Year			
2006	2007	2008	2009
\$ 4,996,540	\$ 6,133,328	\$ 6,254,064	\$ 6,558,268
13,459,003	14,263,740	16,381,281	16,599,129
710,225	979,342	892,718	858,784
5,571,720	5,543,270	4,848,724	5,207,919
3,362,113	2,916,754	2,914,590	3,105,363
14,971,013	15,939,574	16,656,957	16,302,247
2,910,221	2,990,410	3,355,687	3,182,526
21,224,743	30,048,298	47,189,262	35,465,104
2,281,034	2,934,102	3,690,063	3,493,485
69,486,612	81,748,818	102,183,346	90,772,825
607,483	728,319	813,171	934,919
\$ 70,094,095	\$ 82,477,137	\$ 102,996,517	\$ 91,707,744

**Carteret County, North Carolina**

**Changes in Net Assets,  
Last Seven Fiscal Years (Continued)  
(accrual basis of accounting)**

	2003	2004	2005
<b>Program Revenues</b>			
Governmental activities			
Charges for services:			
General government	\$ 1,421,229	\$ 1,753,299	\$ 2,480,824
Public safety	588,953	1,017,748	314,680
Transportation	88,588	86,426	74,164
Economic and physical development	6,559	9,323	659,399
Environmental protection	1,257,955	1,279,272	1,305,582
Human services	307,258	476,032	417,154
Cultural and recreation	220,637	181,048	220,576
Interest on long term debt	33,874	-	-
Operating grants and contributions:			
General government	-	-	436,969
Public safety	641,546	429,368	644,075
Transportation	93,805	181,118	154,036
Economic and physical development	200,055	144,564	1,966,971
Environmental protection	102,789	752,852	52,000
Human services	6,548,733	6,617,017	7,115,185
Cultural and recreation	-	25,893	17,675
Education	131,162	416,606	470,259
Interest on long term debt	-	-	-
Capital grants and contributions:			
Public safety	-	-	-
Transportation	81,000	96,365	-
Economic and physical development	194,622	2,203,754	-
Human services	9,796	-	-
Cultural and recreation	(6,528)	-	-
Education	-	-	-
<b>Total governmental activities     program revenues</b>	<b>11,922,033</b>	<b>15,670,685</b>	<b>16,329,549</b>

(Continued)

**Schedule 2**  
**Page 2 of 3**

Fiscal Year				
	2006	2007	2008	2009
\$	3,328,301	\$ 2,136,825	\$ 1,917,552	\$ 1,561,770
	227,728	197,975	232,885	174,213
	86,527	93,686	86,039	95,664
	832,350	909,245	650,171	414,507
	2,136,283	2,209,037	2,229,849	2,247,269
	557,621	616,532	564,816	415,474
	238,638	287,314	222,019	203,376
	-	-	-	-
	234,518	375,440	52,670	68,319
	795,183	414,350	736,971	1,408,259
	268,667	377,847	315,952	389,394
	256,175	1,394,075	82,939	848,310
	573,220	-	342,511	16,114
	6,975,699	7,595,165	8,637,735	8,402,963
	-	1,680	1,165	-
	506,611	160,871	290,335	136,401
	-	850,000	850,000	1,377,380
	191,221	-	-	-
	143,313	-	63,694	-
	508,607	-	-	158,668
	-	-	-	-
	48,641	-	-	1,134,485
	-	-	-	387,070
	17,909,303	17,620,042	17,277,303	19,439,636



**Carteret County, North Carolina**

**Changes in Net Assets,  
Last Seven Fiscal Years (Continued)  
(accrual basis of accounting)**

	2003	2004	2005
<b>Business-type activities:</b>			
Charge for services - Water	\$ 58,254	\$ 147,314	\$ 264,634
Operating Grants and Contributions	-	28,476	-
Capital grants and contributions - Water	1,686,890	-	925
<b>Total business-type activities program revenues</b>	<b>1,745,144</b>	<b>175,790</b>	<b>265,559</b>
<b>Total primary government program revenues</b>	<b>\$ 13,667,177</b>	<b>\$ 15,846,475</b>	<b>\$ 16,595,108</b>
Governmental activities	\$ (52,310,162)	\$ (56,705,911)	\$ (50,891,073)
Business-type activities	1,599,391	(218,570)	(155,040)
<b>Total primary government net (expense)/revenue</b>	<b>\$ (50,710,771)</b>	<b>\$ (56,924,481)</b>	<b>\$ (51,046,113)</b>
<b>General Revenues and Other Changes in Net Assets</b>			
<b>Governmental activities:</b>			
Property taxes	\$ 34,170,397	\$ 36,025,572	\$ 37,240,867
Local option sales tax	10,824,267	13,105,353	14,334,170
Other taxes and licenses	4,609,531	3,862,177	4,494,502
Intergovernmental	401,097	503,661	155,208
Investment earnings	447,847	266,890	612,987
Miscellaneous	457,850	311,959	2,422,594
Transfers	(48,000)	(70,000)	(70,621)
<b>Total governmental activities</b>	<b>50,862,989</b>	<b>54,005,612</b>	<b>59,189,707</b>
<b>Business-type activities:</b>			
Investment earnings	418	601	3,800
Intergovernmental, unrestricted	-	-	-
Transfers	48,000	70,000	70,621
<b>Total business-type activities</b>	<b>48,418</b>	<b>70,601</b>	<b>74,421</b>
<b>Total primary government</b>	<b>\$ 50,911,407</b>	<b>\$ 54,076,213</b>	<b>\$ 59,264,128</b>
<b>Change in Net Assets</b>			
Governmental activities	\$ (1,447,173)	\$ (2,700,299)	\$ 8,298,634
Business-type activities	164,780	(147,969)	(80,619)
<b>Total primary government</b>	<b>\$ 200,636</b>	<b>\$ (2,848,268)</b>	<b>\$ 8,218,015</b>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented

**Schedule 2**  
**Page 3 of 3**

Fiscal Year			
2006	2007	2008	2009
\$ 361,888	\$ 493,342	\$ 550,256	\$ 573,359
-	-	-	-
-	146,065	-	167,757
361,888	639,407	550,256	741,116
<b>\$ 18,271,191</b>	<b>\$ 18,259,449</b>	<b>\$ 17,827,559</b>	<b>\$ 20,180,752</b>
<b>\$ (51,577,309)</b>	<b>\$ (64,128,776)</b>	<b>\$ (84,906,043)</b>	<b>\$ (71,333,189)</b>
(245,595)	(88,912)	(262,915)	(193,803)
<b>\$ (51,822,904)</b>	<b>\$ (64,217,688)</b>	<b>\$ (85,168,958)</b>	<b>\$ (71,526,992)</b>
\$ 38,994,213	\$ 42,377,566	\$ 48,592,344	\$ 50,175,809
14,303,322	16,794,865	17,531,935	14,210,399
6,730,679	5,276,663	5,415,909	4,542,881
164,954	397,918	665,684	263,104
1,302,511	3,196,255	3,310,752	1,593,849
1,538	142,989	90,195	60,939
(210,940)	(289,000)	(278,000)	(258,000)
61,286,277	67,897,256	75,328,819	70,588,981
8,924	23,451	33,908	16,840
56,084	10,574	-	-
210,940	289,000	278,000	258,000
275,948	323,025	311,908	274,840
<b>\$ 61,562,225</b>	<b>\$ 68,220,281</b>	<b>\$ 75,640,727</b>	<b>\$ 70,863,821</b>
\$ 9,708,968	\$ 3,768,480	\$ (9,577,224)	\$ (744,208)
30,353	234,113	48,993	81,037
<b>\$ 9,739,321</b>	<b>\$ 4,002,593</b>	<b>\$ (9,528,231)</b>	<b>\$ (663,171)</b>

**Carteret County, North Carolina**

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

	2000	2001	2002	2003
<b>General Fund</b>				
Reserved for:				
State statute	\$ 4,196,235	\$ 3,943,495	\$ 4,029,812	\$ 3,597,460
Prepaid items	-	-	-	-
Sheriff's fund	26,194	82,081	53,256	37,620
Debt Service	1,488,357	1,079,234	1,090,339	107,643
Recreation districts	72,410	51,368	56,317	58,047
Health programs	529,407	450,339	546,735	572,992
Register of deeds	-	-	32,248	132,889
Beach nourishment	-	-	319,080	502,684
<b>Total reserve</b>	<b>6,312,603</b>	<b>5,606,517</b>	<b>6,127,787</b>	<b>5,009,335</b>
Unreserved:				
Designated for subsequent year's expenditures	3,386,473	373,393	150,000	659,590
Undesignated	6,448,978	6,196,087	7,731,989	9,809,415
<b>Total General Fund</b>	<b>\$ 16,148,054</b>	<b>\$ 12,175,997</b>	<b>\$ 14,009,776</b>	<b>\$ 15,478,340</b>
<b>All Other Governmental Funds</b>				
Reserved for:				
State statute	\$ 368,134	\$ 323,989	\$ 1,472,683	\$ 952,829
E911 wireless				
Special districts				
Debt service	-	-	-	-
	368,134	323,989	1,472,683	952,829
Unreserved:				
Designated for subsequent year's expenditures	12,702,244	3,703,525	2,225,540	11,696,201
Undesignated special revenue funds	65,208	129,219	(604,463)	(551,173)
Undesignated capital projects funds	2,032,295	2,745,706	1,314,414	1,397,660
<b>Total all other governmental funds</b>	<b>\$ 15,167,881</b>	<b>\$ 6,902,439</b>	<b>\$ 4,408,174</b>	<b>\$ 13,495,517</b>

Schedule 3

Fiscal Year							
2004	2005	2006	2007	2008	2009		
\$ 4,559,818	\$ 5,407,652	\$ 5,245,544	\$ 5,441,376	\$ 6,058,268	\$ 6,537,961		
-	-	-	-	92,056	-		
35,085	49,755	24,161	39,116	61,376	120,361		
-	-	-	-	-	-		
61,462	62,739	55,053	88,593	88,665	89,129		
863,342	934,948	1,081,508	1,177,309	1,135,530	973,892		
167,528	113,478	190,045	251,440	293,368	325,898		
890,063	1,340,869	2,040,923	4,023,290	5,996,954	7,665,277		
6,577,298	7,909,441	8,637,234	11,021,124	13,726,217	15,712,518		
694,536	1,230,000	825,000	155,000	720,000	-		
12,054,667	14,115,874	18,814,243	21,917,920	23,152,988	23,791,470		
\$ 19,326,501	\$ 23,255,315	\$ 28,276,477	\$ 33,094,044	\$ 37,599,205	\$ 39,503,988		
\$ 1,015,324	\$ 1,301,271	\$ -	\$ -	\$ -	\$ -		
-	-	-	741,702	-	-		
-	-	-	410,542	1,147,999	1,809,004		
-	-	-	-	-	-		
1,015,324	1,301,271	-	1,152,244	1,147,999	1,809,004		
3,142,539	310,643	22,877,167	36,035,398	19,382,507	12,882,665		
(672,314)	(740,779)	614,664	371,947	1,006,822	1,405,876		
1,681,975	1,883,349	1,418,615	3,650,440	4,891,288	3,473,937		
\$ 5,167,524	\$ 2,754,484	\$ 24,910,446	\$ 41,210,029	\$ 26,428,616	\$ 19,571,482		

**Carteret County, North Carolina**

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

	2000	2001	2002	2003
<b>Revenue</b>				
Taxes:				
Property	\$ 29,352,572	\$ 30,819,589	\$ 34,552,936	\$ 34,856,263
Sales and other taxes	13,198,118	14,023,012	15,059,252	15,582,901
<b>Total taxes</b>	<b>42,550,690</b>	<b>44,842,601</b>	<b>49,612,188</b>	<b>50,439,164</b>
Permits and fees	1,245,765	1,423,786	1,602,838	2,111,540
Intergovernmental(1)	12,143,560	9,172,131	12,036,121	8,436,038
Sales and services	1,305,467	1,285,166	1,567,251	1,784,053
Interest	1,509,048	1,542,038	492,001	481,721
Miscellaneous	224,114	132,050	175,399	308,426
<b>Total revenue</b>	<b>58,978,644</b>	<b>58,397,772</b>	<b>65,485,798</b>	<b>63,560,942</b>
<b>Expenditures</b>				
General government	3,799,606	3,646,451	3,290,839	3,331,803
Public safety	8,095,935	8,734,138	9,500,776	10,528,723
Transportation(1)	416,441	482,394	437,185	452,826
Environmental protection	4,014,794	3,303,036	4,043,058	2,434,842
Economic development(1)	3,295,324	2,674,871	2,611,691	3,989,727
Human services	11,622,653	13,179,127	13,261,242	13,551,316
Culture and recreation	2,036,509	2,320,777	1,988,228	2,029,285
Education	18,897,588	19,679,070	19,570,613	17,738,085
Capital outlay	5,948,014	11,798,882	8,342,872	7,535,298
Debt service:				
Principal	3,073,368	4,113,160	3,511,418	8,558,910
Interest	2,116,022	2,883,365	2,588,362	3,020,159
<b>Total expenditures</b>	<b>63,316,254</b>	<b>72,815,271</b>	<b>69,146,284</b>	<b>73,170,974</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(4,337,610)</b>	<b>(14,417,499)</b>	<b>(3,660,486)</b>	<b>(9,610,032)</b>
Other financing sources (uses):				
Transfers in	4,517,231	3,720,807	3,392,905	1,712,779
Transfers out	(4,517,231)	(3,720,807)	(3,392,905)	(1,760,779)
Bond premium	-	-	-	-
Bonds issued	14,515,000	-	-	20,248,383
Refunding bonds issued	-	-	-	-
Payment to refunding escrow agent	-	-	-	-
Proceeds from installment note	-	2,180,000	3,000,000	-
<b>Total other financing sources (uses)</b>	<b>14,515,000</b>	<b>2,180,000</b>	<b>3,000,000</b>	<b>20,200,383</b>
<b>Net change in fund balances</b>	<b>\$ 10,177,390</b>	<b>\$ (12,237,499)</b>	<b>\$ (660,486)</b>	<b>\$ 10,590,351</b>
Debt service as a percentage of noncapital expenditures	9.05%	11.47%	10.03%	17.64%

Note: (1) Amounts shown above for years prior to fiscal 2003 have been restated to show transfers in/out with component units as revenue and expenditures.

Schedule 4

	2004	2005	2006	2007	2008	2009
\$	36,273,316	\$ 37,171,758	\$ 38,995,144	\$ 42,487,337	\$ 48,720,636	\$ 49,678,930
	17,090,746	18,828,672	21,034,001	22,071,528	22,947,844	18,753,280
	53,364,062	56,000,430	60,029,145	64,558,865	71,668,480	68,432,210
	2,618,847	3,093,945	4,164,371	3,633,685	3,079,055	2,484,066
	11,673,902	11,337,622	10,666,809	11,567,346	12,039,656	14,544,225
	1,862,663	1,742,529	2,589,990	2,566,066	2,650,004	2,605,889
	266,890	612,987	1,302,510	3,196,255	3,310,752	1,593,849
	223,359	379,277	698,189	350,904	267,994	149,586
	70,009,723	73,166,790	79,451,014	85,873,121	93,015,941	89,809,825
	3,438,530	4,190,354	4,898,195	5,312,246	5,745,169	5,821,968
	11,294,641	12,472,725	13,422,324	13,947,141	16,132,558	16,424,222
	579,790	493,593	736,491	847,387	858,646	941,321
	2,958,295	2,744,907	3,404,122	2,891,843	2,900,884	3,070,121
	4,238,767	4,815,319	5,585,495	4,334,443	4,959,166	5,189,267
	13,719,420	14,094,168	14,659,109	15,696,967	16,391,072	15,774,335
	2,007,580	2,240,196	2,548,009	2,737,147	3,013,274	2,685,231
	17,976,423	18,699,023	18,870,730	20,196,594	21,556,439	22,851,145
	12,112,063	5,161,345	3,836,951	11,289,414	26,052,502	15,564,833
	4,706,571	4,316,572	4,175,000	4,785,000	5,922,857	13,243,078
	2,659,162	2,352,193	2,161,065	2,954,302	3,568,542	4,077,579
	75,691,242	71,580,395	74,297,491	84,992,484	107,101,109	105,643,100
	(5,681,519)	1,586,395	5,153,523	880,637	(14,085,168)	(15,833,275)
	3,415,367	2,539,943	4,477,917	6,502,225	9,407,194	4,652,822
	(3,485,367)	(2,610,564)	(4,688,857)	(6,791,225)	(9,408,499)	(4,910,822)
	-	-	365,126	94,928	-	-
	-	-	22,000,000	20,300,000	-	-
	21,215,898	-	-	-	-	-
	(21,079,633)	-	-	-	-	-
	-	-	-	-	3,810,221	11,138,924
	66,265	(70,621)	22,154,186	20,105,928	3,808,916	10,880,924
\$	(5,615,254)	\$ 1,515,774	\$ 27,307,709	\$ 20,986,565	\$ (10,276,252)	\$ (4,952,351)
	11.59%	10.04%	8.99%	10.50%	11.71%	19.23%

**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)	
2000	\$ 4,245,427,956	\$ 553,260,582	\$ 17,728,361	\$ 24,262,381	\$ 4,840,679,280
2001 <sup>(5)</sup>	4,914,232,566	-	-	37,249,571	4,951,482,137
2002 <sup>(1)</sup>	5,667,461,118	677,024,872	10,537,143	45,543,709	6,400,566,842
2003	5,778,763,348	702,452,708	11,382,044	45,411,773	6,538,009,873
2004 <sup>(6)</sup>	6,842,280,986	-	-	-	6,842,280,986
2005	6,295,378,065	669,099,255	12,308,209	41,848,004	7,018,633,533
2006	6,414,514,407	712,215,743	22,227,041	40,978,359	7,189,935,550
2007	5,993,578,505	1,675,786,250	246,148,708	42,108,553	7,957,622,016
2008 <sup>(6)</sup>	15,997,721,971	1,432,073,317	37,881,139	72,565,474	17,540,241,901
2009	<b>16,851,863,536</b>	<b>1,439,131,806</b>	<b>56,477,589</b>	<b>72,487,688</b>	<b>18,419,960,619</b>

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 State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.
- (5) Breakout of real property is unavailable
- (6) Revaluation Years

Schedule 5

Personal Property	Public Service Companies (2)	Total Assessed Valuation	Total Direct Tax Rate(3)	Estimated Actual Taxable Value(4)
\$ 591,147,538	\$ 92,154,411	\$ 5,523,981,229	0.51	\$ 6,407,587,552
692,891,457	97,049,097	5,741,422,691	0.44	7,441,895,905
687,404,277	97,192,027	7,185,163,146	0.42	7,185,163,146
731,270,275	97,130,761	7,366,410,909	0.42	7,833,274,042
711,166,262	99,064,090	7,652,511,338	0.42	8,277,459,533
747,563,922	99,766,355	7,865,963,810	0.42	9,081,001,859
915,126,779	84,739,347	8,189,801,676	0.42	10,528,090,598
572,630,759	88,997,177	8,619,249,952	0.44	14,260,837,114
953,369,547	126,877,222	18,620,488,670	0.23	18,620,488,670
<b>473,475,911</b>	<b>135,389,122</b>	<b>19,028,825,652</b>	<b>0.23</b>	<b>19,028,825,652</b>



**Carteret County, North Carolina**

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

	2000	2001	2002	2003	2004
<b>Municipalities</b>					
Carteret County	0.5000	0.5100	0.4400	0.4200	0.4200
Atlantic Beach	0.3100	0.2900	0.2100	0.2300	0.2300
Beaufort	0.3450	0.3850	0.3400	0.3600	0.3600
Bogue	0.0500	0.0500	0.0500	0.0500	0.0500
Cape Carteret	0.2600	0.2600	0.2300	0.2300	0.2300
Cedar Point	0.0500	0.0500	0.0500	0.0500	0.0500
Emerald Isle	0.1950	0.1950	0.1750	0.1850	0.1750
Indian Beach	0.1700	0.1700	0.1600	0.1600	0.1600
Morehead City	0.4000	0.4000	0.3800	0.3800	0.3800
Newport	0.4200	0.4500	0.4300	0.4300	0.4300
Pelletier	0.0500	0.0500	0.0500	0.0500	0.0500
Pine Knoll Shores	0.1600	0.1600	0.1600	0.1700	0.1800
<b>Fire Districts</b>					
Atlantic	0.0500	0.0500	0.0400	0.0550	0.0650
Atlantic Beach <sup>2</sup>	0.1000	0.1000	0.1000	-	-
Beaufort	0.0600	0.0600	0.0500	0.0600	0.0600
Broad & Gales Creek	0.0400	0.0400	0.0350	0.0400	0.0400
Cedar Island	0.1000	0.1000	0.1000	0.1000	0.1000
Davis	0.1000	0.1000	0.1000	0.1000	0.1000
Harkers Island	0.0400	0.0600	0.0600	0.0600	0.0600
Harlowe	0.0550	0.0550	0.0550	0.0550	0.0550
Marshallberg	0.0700	0.0700	0.0600	0.0700	0.0700
Mill Creek	0.0550	0.0700	0.0550	0.0550	0.0550
Mitchell Village	0.0800	0.0800	0.0800	0.0800	0.0800
Newport	0.0600	0.0600	0.0550	0.0700	0.0800
North River	0.0900	0.0900	0.0700	0.0750	0.0750
Otway	0.0400	0.0400	0.0400	0.0400	0.0400
Salter Path	0.0500	0.0500	0.0500	0.0500	0.0500
Sea Level	0.1000	0.1000	0.1000	0.1000	0.1000
South River/ Merrimon	0.0700	0.0700	0.0700	0.0700	0.0700
Stacy	0.0800	0.0800	0.0800	0.0800	0.0800
Stella	0.0500	0.0500	0.0500	0.0500	0.0500
Western Carteret	0.0400	0.0550	0.0700	0.0700	0.0700
Wildwood	0.0600	0.0600	0.0500	0.0800	0.0750

(Continued)

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2005	2006	2007	2008	2009
0.4200	0.4200	0.4400	0.2300	<b>0.2300</b>
0.2300	0.2300	0.2600	0.1500	<b>0.1250</b>
0.3800	0.3800	0.3800	0.1900	<b>0.2200</b>
0.0500	0.0500	0.0500	0.0500	<b>0.0500</b>
0.2300	0.2300	0.2300	0.1550	<b>0.1550</b>
0.0500	0.0500	0.0500	0.0500	<b>0.0500</b>
0.1650	0.1550	0.1550	0.0670	<b>0.0700</b>
0.0900	0.1000	0.1000	0.0600	<b>0.1100</b>
0.3800	0.3800	0.3800	0.2200	<b>0.2200</b>
0.4300	0.4300	0.4000	0.2700	<b>0.2900</b>
0.0500	0.0500	0.0500	0.0500	<b>0.0500</b>
0.1800	0.1800	0.1800	0.0800	<b>0.1150</b>
0.0650	0.0650	0.0650	0.0700	<b>0.0700</b>
-	-	-	-	-
0.0600	0.0700	0.0550	0.0300	<b>0.0350</b>
0.0400	0.0400	0.0550	0.0450	<b>0.0450</b>
0.1000	0.1000	0.1000	0.1000	<b>0.1000</b>
0.1000	0.1000	0.1000	0.0850	<b>0.0900</b>
0.0600	0.0600	0.0600	0.0400	<b>0.0400</b>
0.0550	0.0550	0.0550	0.0450	<b>0.0450</b>
0.0700	0.0700	0.0700	0.0850	<b>0.0850</b>
0.0550	0.0550	0.0550	0.0450	<b>0.0450</b>
0.0800	0.0800	0.0800	0.0900	<b>0.0750</b>
0.0800	0.0800	0.0800	0.0400	<b>0.0700</b>
0.0750	0.0750	0.0750	0.0450	<b>0.0450</b>
0.0400	0.0400	0.0400	0.0250	<b>0.0500</b>
0.0500	0.0600	0.0700	0.0300	<b>0.0300</b>
0.1000	0.1000	0.1000	0.1000	<b>0.1000</b>
0.0700	0.0700	0.0700	0.0550	<b>0.0350</b>
0.0800	0.0800	0.0800	0.0600	<b>0.0700</b>
0.0500	0.0500	0.0500	0.0250	<b>0.0200</b>
0.0700	0.0700	0.0700	0.0400	<b>0.0400</b>
0.0950	0.0950	0.0950	0.0450	<b>0.0600</b>

**Carteret County, North Carolina**

**Property Tax Rates - Direct and Underlying Governments (Continued)**

**(Per \$100.00 of Assessed Value)**

**Last Ten Fiscal Years**

	2000	2001	2002	2003	2004
<b>Rescue Districts</b>					
Beaufort	0.0450	0.0450	0.0400	0.0550	0.0550
Broad & Gales Creek	0.0150	0.0200	0.0200	0.0350	0.0450
Mill Creek <sup>1</sup>	0.0100	0.0100	0.0100	0.0200	0.0200
Mitchell Village	0.0400	0.0400	0.0400	0.0400	0.0400
Otway	0.0500	0.0600	0.0450	0.0550	0.0550
Sea Level	0.1000	0.1000	0.1375	0.1675	0.1675
Western Carteret	0.0470	0.0500	0.0500	0.0500	0.0500
<b>Beach Nourishment Districts</b>					
Salter Path <sup>3</sup>				0.4300	0.4300
Indian Beach Non Ocean Front <sup>3</sup>				0.0500	0.0500
Indian Beach Ocean Front <sup>3</sup>				0.4800	0.4800
Emerald Isle Non Ocean Front <sup>3</sup>				0.0300	0.0300
Emerald Isle Ocean Front <sup>3</sup>				0.4800	0.4800
Pine Knoll Shores Ocean Front <sup>4</sup>					0.4200
Pine Knoll Shores Non Ocean Front <sup>4</sup>					0.0600

Source: Carteret County Tax Department

Notes:

<sup>1</sup> First Year Tax District 2000

<sup>2</sup> Annexed by Town of Atlantic Beach 2002

<sup>3</sup> First Year Tax District 2003

<sup>4</sup> First Year Tax District 2004

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2005	2006	2007	2008	2009
0.0550	0.0550	0.0600	0.0250	<b>0.4000</b>
0.0550	0.0750	0.0750	0.0350	<b>0.0350</b>
0.0200	0.0200	0.0200	0.0450	<b>0.0450</b>
0.0400	0.0400	0.0400	0.0250	<b>0.4000</b>
0.0550	0.0550	0.0550	0.0300	<b>0.0300</b>
0.1675	0.1675	0.1675	0.1200	<b>0.1200</b>
0.0550	0.0500	0.0500	0.0300	<b>0.0300</b>
0.4300	0.4300	0.4300	0.0000	<b>0.0000</b>
0.0200	0.0200	0.0200	0.0200	<b>0.0100</b>
0.2200	0.2200	0.3200	0.0100	<b>0.0100</b>
0.0300	0.0300	0.1850	0.0110	<b>0.0110</b>
0.4800	0.4800	0.6350	0.1620	<b>0.1620</b>
0.4200	0.0600	0.6000	0.0264	<b>0.0160</b>
0.0600	0.2000	0.2400	0.1727	<b>0.1050</b>

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

Name of Taxpayer	Type of Enterprise	Fiscal Year 2009			Fiscal Year 2000		
		Assessed	Rank	Percent of Total	Assessed	Rank	Percent of Total
		Valuation		Assessed Valuation	Valuation		Assessed Valuation
Bogue Watch LLC	Real Estate	\$ 88,448,474	1		\$ -	-	-
Open Grounds Farm, Inc.	Farm	52,160,743	2		72,970,264	1	1.33%
Member Corp.	Utility	48,319,221	3	0.254%	24,616,958	5	0.44%
Progress Energy	Utility	40,474,961	4	0.213%	-	-	-
Goose Creek Landing HOA	Real Estate	33,632,383	5	0.177%	-	-	-
Carolina Telephone	Utility	33,041,461	6	0.174%	24,993,324	3	0.46%
GR&S Atlantic Beach LTD	Hotel	28,568,352	7	0.150%	-	-	-
Atlantic Veneer Corp	Manufacturing	24,479,009	8	0.129%	26,702,512	2	0.49%
Paxon Holz	Real Estate	23,874,483	9	0.125%	-	-	-
Block 39 LLC	Real Estate	23,500,000	10	0.123%	-	-	-
Atlantic Beach Hotel, LTD	Hotel	-	-	-	24,966,528	4	0.45%
Carolina Power & Light Co.	Utility	-	-	-	20,016,742	6	0.36%
Glimcher Properties LTD	Real Estate	-	-	-	19,607,728	7	0.35%
Southstar Holdings MHC LLC	Retail	-	-	-	15,679,680	8	0.28%
Alber Investments Inc	Real Estate	-	-	-	10,653,072	9	0.19%
Harborview Enterprises	Real Estate	-	-	-	10,191,160	10	0.18%
		<b>\$ 396,499,087</b>		<b>1.345%</b>	<b>\$ 250,397,968</b>		<b>4.530%</b>

Source: Carteret County Tax Department

**Carteret County, North Carolina**

**Property Tax Levies and Collections (1)(2)  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Original Levy)		Collected Within the Fiscal Year of the Levy		
		Adjustments	Total Tax Levy (1)(2)	Amount	Percentage of Levy
2000	\$ 29,192,626	\$ 434,423	\$ 29,627,049	\$ 28,576,260	96.45%
2001	28,807,745	(33,876)	28,773,869	27,734,112	96.39%
2002	31,479,493	239,886	31,719,329	30,443,658	95.98%
2003	30,956,268	14,728	30,970,996	29,898,714	96.54%
2004	32,194,055	(53,507)	32,140,548	31,217,821	97.13%
2005	33,055,434	(18,386)	33,037,048	32,055,875	97.03%
2006	34,299,028	98,139	34,397,167	33,517,698	97.44%
2007	37,997,380	(112,802)	37,884,578	36,909,457	97.43%
2008	43,386,701	(130,598)	43,256,103	42,240,730	97.65%
2009	<b>43,880,900</b>	<b>(114,601)</b>	<b>43,766,299</b>	<b>42,486,645</b>	<b>97.08%</b>

Notes:

(1) Includes General and Special Revenue Funds fiscal year 2000; fiscal years 2001 - 2009 include General

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

**Schedule 8**

Total Collections to Date			
Collections of	Subsequent Years	Amount	Percentage of Levy
\$	1,016,702	\$ 29,166,094	98.45%
	1,013,509	28,528,931	99.15%
	1,241,846	31,403,021	99.00%
	1,031,206	31,122,590	100.49%
	866,321	32,084,142	99.82%
	909,722	32,965,597	99.84%
	728,391	34,493,812	100.26%
	751,804	37,661,261	99.41%
	639,893	43,055,508	99.54%
	-	<b>42,486,645</b>	<b>97.08%</b>



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

Fiscal Year	Governmental Activities			Business Activity		Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Certificates of Participation	Installment Loans	Installment Loans				
2000	\$ 19,250,000	\$ 20,480,000	\$ 1,047,722	\$ -	\$ 40,777,722	\$ 662	2.67%	
2001	26,850,000	18,070,000	2,328,471	-	47,248,471	767	2.93%	
2002	25,150,000	16,625,000	4,962,053	-	46,737,053	750	2.89%	
2003	31,050,000	24,285,000	3,073,143	467,612	58,875,755	970	3.49%	
2004	29,695,000	22,240,000	2,516,572	589,608	55,041,180	909	3.05%	
2005	27,650,000	20,545,000	2,100,000	2,980,303	53,275,303	872	2.74%	
2006	47,605,000	18,715,000	1,800,000	3,328,720	71,448,720	1,138	3.52%	
2007	63,220,000	16,915,000	3,500,000	3,156,512	86,791,512	1,367	4.01%	
2008	59,550,000	15,605,000	6,367,364	2,985,480	84,507,844	1,335	*	
2009	<b>55,920,000</b>	<b>7,045,000</b>	<b>16,453,210</b>	<b>2,814,448</b>	<b>82,232,658</b>	<b>1,294</b>	*	

\* Information not yet available

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

(1) See Schedule 13 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 2008 and 2009.

**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
2000	\$ 28,150,000	\$ 5,523,981,229	0.51%	1.84%	61,587	\$ 457.08
2001	26,850,000	5,644,373,594	0.46%	1.67%	61,600	435.88
2002	25,150,000	7,185,163,146	0.35%	1.55%	62,326	403.52
2003	31,050,000	7,366,410,909	0.42%	1.84%	60,712	511.43
2004	29,695,000	7,652,511,338	0.39%	1.65%	60,574	490.23
2005	27,650,000	7,865,963,810	0.35%	1.42%	61,122	452.37
2006	47,605,000	8,189,801,676	0.58%	2.35%	62,760	758.52
2007	63,220,000	8,619,249,952	0.73%	2.92%	63,511	995.42
2008	59,550,000	18,620,488,670	0.32%	*	63,294	940.85
2009	<b>55,920,000</b>	<b>19,028,825,652</b>	<b>0.29%</b>	*	<b>63,535</b>	<b>880.14</b>

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements

(1) NC Office of State Planning

\*Personal income not available to calculate fiscal year 2008 and 2009

**Carteret County, North Carolina**

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

	2000	2001	2002	2003
Assessed values of property	\$ 5,523,981,229	\$ 5,644,373,594	\$ 7,185,163,146	\$ 7,366,410,909
Debt limit 8% of assessed value	441,918,498	451,549,888	574,813,052	589,312,873
Gross debt:				
Total bonded debt	48,630,000	44,920,000	41,775,000	55,335,000
Installment debt	551,632	2,328,471	4,962,053	3,073,143
Authorized unissued bonded debt	13,525,000	7,600,000	7,600,000	-
<b>Total amount of debt applicable to debt limit</b>	<b>62,706,632</b>	<b>54,848,471</b>	<b>54,337,053</b>	<b>58,408,143</b>
Legal debt margin	\$ 379,211,866	\$ 396,701,417	\$ 520,475,999	\$ 530,904,730
<b>Total net debt applicable to limit as a percentage of debt</b>	<b>14.19%</b>	<b>12.15%</b>	<b>9.45%</b>	<b>9.91%</b>

Schedule 11

2004	2005	2006	2007	2008	2009
\$ 7,652,511,388	\$ 7,865,963,810	\$ 8,189,801,676	\$ 8,619,249,952	\$ 18,620,488,670	<b>\$ 19,028,825,652</b>
612,200,911	629,277,105	655,184,134	689,539,996	1,489,639,094	<b>1,522,306,052</b>
52,095,000	48,195,000	66,320,000	80,135,000	75,155,000	<b>62,965,000</b>
2,516,572	2,100,000	1,800,000	3,500,000	6,367,364	<b>16,453,210</b>
-	-	28,010,000	9,710,000	9,710,000	<b>9,710,000</b>
54,611,572	50,295,000	96,130,000	93,345,000	91,232,364	<b>89,128,210</b>
<b>\$ 557,589,339</b>	<b>\$ 578,982,105</b>	<b>\$ 559,054,134</b>	<b>\$ 596,194,996</b>	<b>\$ 1,398,406,730</b>	<b>\$ 1,433,177,842</b>
8.92%	7.99%	14.67%	13.54%	6.12%	<b>5.85%</b>

**Computation of Direct and Underlying Debt  
General Obligation Bonds  
June 30, 2009**

	Outstanding Debt	Percent Applicable to County	Amount Applicable to County
<b>Direct</b>			
Carteret County	\$ 62,965,000	100.00%	\$ 62,965,000
<b>Underlying</b>			
Town of Beaufort	15,133,017	100.00%	15,133,017
Town of Emerald Isle	8,715,662	100.00%	8,715,662
Town of Newport	2,619,000	100.00%	2,619,000
Town of Pine Knoll Shores	7,404,000	100.00%	7,404,000
	<u>\$ 96,836,679</u>		<u>\$ 96,836,679</u>

**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)
2000	61,587	\$ 1,529,989	\$ 21,644	3.80%	8,326
2001	61,600	1,611,284	24,059	3.10%	8,271
2002	62,326	1,618,781	26,090	4.98%	8,177
2003	60,712	1,685,144	27,619	5.30%	8,163
2004	60,574	1,820,000	29,317	4.66%	8,259
2005	61,112	1,946,000	30,961	4.59%	8,237
2006	62,760	2,029,585	32,086	4.22%	8,425
2007	63,511	2,162,444	34,241	4.02%	8,297
2008	63,294	*	*	4.74%	8,297
2009	<b>63,535</b>	*	*	<b>7.42%</b>	<b>8,294</b>

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 Employment Security Commission

(4) Carteret County Board of Education

\* Information Unavailable

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

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Carteret County Public Schools	1,197	1	3.57%	1,244	1	4.36%
Carteret General Hospital	1,025	2	3.06%	777	2	2.72%
Wal-Mart	485	3	1.45%	320	7	1.12%
Carteret County NC Dept. Transportation	473	4	1.41%	346	4	1.21%
(includes Ferries)	462	5	1.38%	-	-	-
Lowe's	292	6	0.87%	-	-	-
US Coast Guard	273	7	0.81%	326	6	1.14%
Food Lion	239	8	0.71%	370	3	1.30%
NC Natural Resources & Commun	229	9	0.68%	-	-	-
Lowe's Foods	205	10	0.61%	-	-	-
Atlantic Veneer	-	-	-	330	5	1.16%
Henry's Tackle & Sporting Goods	-	-	-	320	8	1.12%
Carteret Community College	-	-	-	263	9	0.92%
Bally Refrigerated Boxes	-	-	-	212	10	0.74%

Source: Carteret County Economic Development Council

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**Carteret County, North Carolina**

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

Function/Program	Full-Time				
	2000	2001	2002	2003	2004
General government	54.00	51.00	51.00	48.00	49.00
Public safety	90.00	90.00	98.00	98.75	98.75
Transportation	1.00	1.00	2.00	2.00	2.00
Economic and physical development	25.00	25.00	24.00	21.00	14.00
Environmental protection	10.00	10.00	9.00	8.00	8.80
Human Services	151.00	153.00	153.95	153.60	153.25
Cultural and recreation	20.00	20.00	20.40	19.40	20.00
Water/Sewer (Business activity)	-	-	-	2.20	2.20
<b>Total</b>	<b>351.00</b>	<b>350.00</b>	<b>358.35</b>	<b>352.95</b>	<b>348.00</b>

Source: County Finance Department

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

Vacant positions are not included in the above numbers.

Full-time personnel work 2,088 hours per year (less vacation and sick leave).

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

Schedule 15

Equivalent Employees				
2005	2006	2007	2008	2009
47.00	61.30	63.60	66.10	<b>66.10</b>
100.75	102.75	106.00	114.00	<b>119.00</b>
2.00	2.00	2.00	2.00	<b>2.00</b>
15.00	17.00	17.00	19.50	<b>18.50</b>
9.80	9.80	8.00	6.00	<b>6.00</b>
156.25	154.15	162.60	167.80	<b>171.80</b>
20.00	21.00	21.00	22.00	<b>22.00</b>
2.20	3.70	4.40	4.40	<b>4.40</b>
<b>353.00</b>	<b>371.70</b>	<b>384.60</b>	<b>401.80</b>	<b>409.80</b>

**Carteret County, North Carolina**

**Schedule 16**

**Operating Indicators by Function  
Current Fiscal Year**

	<b>Fiscal Year</b>
	<b>2009</b>
<b>Function</b>	
Sheriff	
Physical arrests	<b>2,410</b>
Environmental Protection	
Solid waste convenience sites	
Refuse collected (tons / day)	<b>42.90</b>
Recycled Material (tons / day)	<b>4.30</b>
Yard Waste (tons / day)	<b>3.82</b>
Culture and recreation	
Park reservations	<b>5,838</b>
Senior center and community center admissions	<b>84,315</b>
Public libraries	
Admissions	<b>255,486</b>
Electronic resources users	<b>181,896</b>
Water	
New connections	<b>54</b>
Water mains breaks	<b>-</b>
Average daily consumption (gallons / day)	<b>94</b>

Sources: Various government departments.

Note: No indicators are available for the general government, economic development, and human services functions. Prior fiscal year information is not available.

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**Carteret County, North Carolina**

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

	2000	2001	2002	2003
<b>Function</b>				
Public safety				
Sheriff				
Stations	1	1	1	1
Patrol Units	20	20	20	20
Environmental protection				
Solid waste convenience sites	12	12	12	12
Culture and recreation				
Park acreage	130	148	148	148
Parks	7	7	7	7
Tennis courts	5	5	5	5
Community centers	2	2	2	2
Public libraries	4	4	4	4
Water				
Water mains (miles)	-	-	-	-
Maximum daily capacity	-	-	-	-

Sources: Various county departments.

Note: No capital asset indicators are available for the general government, economic development, and human services functions. The County's water system was not complete and operational until fiscal year 2004.

Schedule 17

Fiscal Year					
2004	2005	2006	2007	2008	2009
1	1	1	1	1	1
20	20	20	24	24	24
12	12	12	12	12	12
148	148	148	148	159	159
7	7	7	7	7	7
5	5	5	5	5	5
2	2	2	2	2	2
4	4	4	4	4	4
26	26	48	48	48	48
600,000	600,000	600,000	600,000	600,000	600,000

## **Compliance Section**

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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.

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# McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's 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**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carteret County, North Carolina as of and for the year ended June 30, 2009, which collectively comprise Carteret County's basic financial statements, and have issued our report thereon dated November 17, 2009. Our report was modified to include a reference to other auditors. As described in Note 10 to the financial statements, the County initially adopted Governmental Accounting Standards Board Statement No. 45 for its fiscal year ended June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Carteret County General Hospital Corporation, Carteret County Alcoholic Beverage Control ("ABC") Board, Beaufort-Morehead City Airport Authority and Carteret County Tourism Development Authority, as described in our report on Carteret County's financial statements. The financial statements of Carteret County General Hospital Corporation and Carteret County Alcoholic Beverage Control Board were not audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. 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 the auditors of Beaufort-Morehead City Airport Authority and Carteret County Tourism Development Authority.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered Carteret County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We did note however, certain matters that we reported to the management of Carteret County in a separate letter dated November 17, 2009.

### ***Compliance and Other Matters***

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

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

*McGladrey & Pullen, LLP*

Morehead City, North Carolina  
November 17, 2009

# McGladrey & Pullen

Certified Public Accountants

## **Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act**

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

### ***Compliance***

We have audited the compliance of Carteret County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2009. Carteret County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Carteret County's management. Our responsibility is to express an opinion on Carteret County's compliance based on our audit.

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

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

In our opinion, Carteret County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### ***Internal Control Over Compliance***

The management of Carteret County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Carteret County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We did note however, certain matters that we reported to the management of Carteret County in a separate letter dated November 17, 2009.

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

*McGladrey & Pullen, LLP*

Morehead City, North Carolina  
November 17, 2009

# McGladrey & Pullen

Certified Public Accountants

## **Independent Auditor's Report on Compliance With Requirements Applicable to Each Major State Program and on Internal Control Over Compliance in Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act**

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

### **Compliance**

We have audited the compliance of Carteret County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. Carteret County's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State program is the responsibility of Carteret County's management. Our responsibility is to express an opinion on Carteret County's compliance based on our audit.

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

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

In our opinion, Carteret County complied, in all material respects, with the requirements referred to above that are applicable to its major State program for the year ended June 30, 2009.

***Internal Control Over Compliance***

The management of Carteret County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Carteret County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We did note however, certain matters that we reported to the management of Carteret County in a separate letter dated November 17, 2009.

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

*McGladrey & Pullen, LLP*

Morehead City, North Carolina  
November 17, 2009

**Carteret County, North Carolina**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009**

**I - Summary of Independent Auditor's Results**

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	<u>          </u> Yes	<u>    X    </u> No	
Significant deficiency(ies) identified that are not not considered to be material weakness(es)?	<u>          </u> Yes	<u>    X    </u> None Reported	
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>    X    </u> No	

Federal Awards

Internal control over major federal programs:			
Material weakness(es) identified?	<u>          </u> Yes	<u>    X    </u> No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>          </u> Yes	<u>    X    </u> None Reported	
Type of auditor's report issued on compliance for major federal programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) OMB Circular A-133?	<u>          </u> Yes	<u>    X    </u> No	

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA</u>
Medical Assistance	93.778
Food and Nutrition Services	10.551/10.561

Dollar threshold used to distinguish between  
type A and type B programs: \$1,765,373

Auditee qualified as low-risk auditee?	<u>    X    </u> Yes	<u>          </u> No
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(Continued)

**Carteret County, North Carolina**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2009**

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**I - Summary of Independent Auditor's Results (Continued)**

State Awards

Internal control over major State programs:

Material weakness(es) identified?	<u>          </u> Yes	<u>    X    </u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>          </u> Yes	<u>    X    </u> None Reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	<u>          </u> Yes	<u>    X    </u> No
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Identification of major State programs:

<u>Program Name</u>	<u>Grant Number</u>
Public Beach & Coastal Waterfront Access Program	S07087 - West Beaufort Water Access 1860 - Cedar Point Water Access Acquisition

**II. Financial Statement Findings**

None reported.

(Continued)



**Carteret County, North Carolina**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2009**

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**III - Federal Award Findings and Questioned Costs**

None reported.

**IV - State Award Findings and Questioned Costs**

None reported.

**Carteret County, North Carolina**

**Corrective Action Plan  
Year Ended June 30, 2009**

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No corrective action plan is required for the current year.

**Carteret County, North Carolina**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2009**

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There are no prior audit findings (as that term is defined in OMB Circular A-133) that require reporting in this schedule.

**Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2009**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
<b>Federal Assistance</b>					
<b>US Department of Agriculture:</b>					
Passed through NC Department of Agriculture:					
Administered by County Finance Department					
Soil and water conservation					
	10.550		\$ 22,189	\$ -	\$ 41,646
Passed through NC Department of Health and Human Services:					
Division of Women and Children:					
Administered by County Health Department:					
Special Supplemental Nutrition Program for Women, Infants and Children					
	10.557		199,876	-	68,418
Benefit Payments - noncash					
	10.557		978,423	-	-
			<u>1,178,299</u>	<u>-</u>	<u>68,418</u>
Passed through NC Department of Health and Human Services:					
Division of Social Services:					
Administered by County Department of Social Services:					
State Administrative Matching Grants for the Food Stamp Program Food Stamp Cluster:					
Food Stamp Benefit Payments - noncash					
	10.551		7,586,555	-	-
ARRA Food & Nutrition SVCS Recovery					
	10.561		5,407	-	-
Food Stamp Admin					
	10.561		314,720	-	314,720
Food Stamp E&T & Depend Care					
	10.561		588	-	588
Food Stamp Fraud Admin					
	10.561		31,336	-	31,336
			<u>7,938,606</u>	<u>-</u>	<u>346,644</u>
TEFAP Administrative					
	10.568		4,588	-	-
<b>Total US Department of Agriculture</b>			<u>9,143,682</u>	<u>-</u>	<u>456,708</u>
<b>US Department of Commerce:</b>					
Passed through NC Department of Environment & Natural Resources					
Division of Water Quality					
Coastal Zone Management Awards-Minor Permit/County Aid					
	11.419		4,980	-	-
<b>US Department of Interior:</b>					
Direct Program:					
Administered by County Finance Department:					
National Forest, Public Schools					
	15.225		136,401	-	-

(Continued)

**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended June 30, 2009**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
<b>US Department of Transportation:</b>					
Passed through NC Department of Transportation:					
Administered by County CCATS Department:					
Rural Operating Assistance Including Elderly and Disabled:					
Administration Grant	20.509		\$ 143,210	\$ 8,951	\$ 26,852
Capital	20.509		141,038	17,630	26,106
			<u>284,248</u>	<u>26,581</u>	<u>52,958</u>
<b>US Bureau of Justice Assistance</b>					
Passed through NC Department of Crime Control and Public Safety					
Administered by County Sheriff's Department					
Operation Zero Tolerance	16.738		8,038	-	2,679
<b>US Department of Health and Human Services:</b>					
Passed through NC Department of Health and Human Services:					
NC Division of Aging and Adult Services, Eastern Carolina					
Council - Aging Cluster:					
Title III D	93.043		5,639	332	663
HCCBG In-Home Support Services	93.044		61,921	3,642	7,285
HCCBG - Access	93.044		40,359	2,374	4,748
HCCBG Congregate Meals	93.045		79,395	4,670	9,341
HCCBG Home Delivered Meals	93.045		8,650	508	1,018
HCCBG In-Home Support Services	93.667		24,618	703	2,813
			<u>220,582</u>	<u>12,229</u>	<u>25,868</u>
Passed through NC Dept. of Health and Human Services:					
NC Division of Aging and Adult Services, Eastern Carolina Council:					
NSIP-Nutrition (USDA Title C1, C2)	93.053		9,965	-	-
Passed through NC Department of Health and Human Services:					
Division of Social Services:					
Administered by Carteret County Department of Social Services:					
Family Preservation	93.556		910	-	-
TANF Benefit Payments	93.558		369,247	7	144
Work First Administration	93.558		170,985	-	99,818
TANF Domestic Violence	93.558		12,618	-	-
WR FUNCT ASSESS	93.558		600	-	-
Work First Service	93.558		697,793	-	570,376
Work First Demonstration Grant	93.558		12,264	-	-
AFDC Payments	93.560		(1,072)	(294)	(294)
Refugee Assistant Payment	93.566		58	-	-
			<u>1,263,403</u>	<u>(287)</u>	<u>670,044</u>
Passed through NC Department of Health and Human Services:					
Administered by Carteret County Department of Social Services:					
Low Income Home Energy Assistance:					
Benefit payments	93.568		268,024	-	-
Administration	93.568		29,017	-	-
Crisis Intervention payments	93.568		183,435	-	-
			<u>480,476</u>	<u>-</u>	<u>-</u>

(Continued)

**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended June 30, 2009**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Passed through NC Department of Health and Human Services:					
Administered by Carteret County Department of Social Services:					
Subsidized Child Care Cluster:					
Child Care Development Fund Cluster					
Division of Social Services					
Child Care Development Fund-Administration	93.596		\$ 81,927	\$ -	\$ -
Child Care & Development Fund-Discretionary	93.575		895,642	-	-
Child Care & Development Fund-Mandatory	93.596		374,385	-	-
Child Care & Development Fund-Match	93.596		136,905	75,364	-
Total Child Care Fund Cluster			1,488,859	75,364	-
Social Services Block Grant	93.667		16,604	-	-
Temporary Assistance for Needy Families	93.558		347,809	-	-
Smart Start			-	546	-
State Appropriations			-	151,094	-
More at Four State Funding			-	(15,241)	-
TANF- MOE			-	4,383	-
Total Subsidized Child Care Fund Cluster			1,853,272	216,146	-
Passed through NC Department of Health and Human Services:					
Division of Social Services:					
Administered by County Department of Social Services:					
Child Welfare Services:					
Permanency Planning:					
Regular	93.645		13,928	4,643	-
Special	93.645		4,135	-	1,378
			18,063	4,643	1,378
Foster Care and Adoption Cluster:					
Title IV-E Foster Care:					
IV E CPS	93.658		62,812	30,568	32,243
IV-E Optional Adopt TRN 50%	93.659		45,891	-	45,891
IV-E Family Foster Care MAX	93.658		598	(52)	299
Foster Care in excess	93.658		21,934	2,395	7,047
Foster Care payments	93.658		89,611	17,344	23,125
IV-E Max Level III	93.658		2,987	(262)	1,494
IV-E Foster Care/OFF TRN	93.658		109,469	-	109,469
IV-E Foster Care TRN	93.658		1,077	-	359
IV-E Admin County Paid to CC I	93.658		8,495	4,248	4,248
IV-E Adoption Training	93.659		538	-	179
Title IV-E adoption subsidy	93.659		308,101	57,425	79,337
			651,513	111,666	303,691
Passed through NC Department of Health and Human Services:					
Administered by County Department of Social Services:					
Social Services Block Grant:					
Family Planning:					
In-home services	93.667		2,880	-	411
In-home Services over 60	93.667		21,247	-	3,035
In-home Services - SSBG other services	93.667		156,626	16,235	57,620
			180,753	16,235	61,066
Passed through NC Department of Health and Human Services:					
Administered by County Department of Social Services:					
Independent Living Links	93.674		6,433	-	-
Links	93.674		4,942	1,235	-
			11,375	1,235	-
Passed through NC Department of Health and Human Services:					
Administered by County Department of Social Services:					
NC Health Choice	93.767		54,868	2,625	15,574

(Continued)

**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended June 30, 2009**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Passed through NC Department of Health and Human Services:					
Division of Medical Assistance:					
Administered by Carteret County DSS:					
Medical Assistance					
Expansion	93.778		\$ 9,215	\$ 9,215	\$ -
ADT CR HM CS Mgt/Spec	93.778		46,405	13,896	32,508
ARRA Stimulus Credit benefits payments	93.778		2,073,540	(1,918,025)	(155,516)
Benefit payments	93.778		40,309,312	18,513,319	1,346,147
Administration	93.778		808,222	-	808,222
Transportation Service	93.778		11,116	5,523	619
Transportation Administration	93.778		36,449	-	36,449
			<u>43,294,259</u>	<u>16,623,928</u>	<u>2,068,429</u>
Passed through NC Department of Health and Human Services:					
Division of Public Health:					
Administered by Carteret County Health Department					
HHS-CDC-Immunization					
Family Planning Service	93.217		116,153	-	20,665
Immunization Program/Aid to County Funding	93.268		17,824	-	-
Prevention Investigations and Technical Assistance	93.283		35,291	-	-
Rape Prevention	93.136		50,543	-	-
Social Services Block Grant	93.667		9,916	-	-
Statewide Health Promotion Program	93.991		23,200	-	62,022
Maternal & Child Health Services Block Grant	93.994		121,198	-	77,778
			<u>374,125</u>	<u>-</u>	<u>160,465</u>
Passed through NC Department of Health and Human Services:					
Administered by Carteret County Rape Crisis Department					
Reducing Risks Resulting from Child Sex Abuse	93.643		15,245	-	5,082
Passed through NC Department of Health and Human Services:					
Division of Social Services:					
Administered by County Department of Social Services:					
Adoption/Foster Care	93.XXX		34,280	3,000	7,856
Passed through NC Department of Elections					
Administered by County Elections Department					
HAVA Grant	93.617		56,597	-	-
Passed through NC Department of Insurance					
Administered by Carteret County Cooperative Extension					
Seniors' Health Insurance Information Program	93.779		4,200	-	-
<b>Total US Department of Health and Human Services</b>			<u>48,522,976</u>	<u>16,991,420</u>	<u>3,319,453</u>
<b>US Dept of Homeland Security, Office for Domestic Preparedness:</b>					
Passed through NC Department of Crime Control and Public Safety,					
Division of Emergency Management					
Homeland Security Grant	97.067		6,851	-	-
Hazard Mitigation Grant - 2006 HMGP Isabel	97.039		270,502	90,167	-
<b>Total US Dept of Homeland Security, Office for Domestic Preparedness</b>			<u>277,353</u>	<u>90,167</u>	<u>-</u>

(Continued)

**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended June 30, 2009**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
<b>US Department of Housing &amp; Urban Development</b>					
Passed through NC Department of Commerce					
Division of Community Assistance					
Administered by Carteret County Finance Department					
2006 CDBG Scattered Site	14.228		\$ 24,877	\$ -	\$ -
2006 CDBG Supplemental	14.228		426,254	-	-
<b>Total US Department of Housing &amp; Urban Development</b>			<b>451,131</b>	<b>-</b>	<b>-</b>
<b>US Election Assistance Commission</b>					
Passed through NC Department of Elections					
Administered by County Elections Department					
HAVA Grant	90.401		16,967	-	-
<b>State Assistance</b>					
<b>NC Department of Health and Human Services:</b>					
Administered by County Finance Department:					
Services for Court Referrals					
Boys and Girls Club			-	39,007	-
Juvenile Restitution Fund			-	52,208	-
Juvenile Crime Prevention			-	1,123	-
Teen Court			-	43,210	-
			-	135,548	-
Division of Social Services:					
Administered by County Department of Social Services:					
State/County Special Assistance Benefit payments			-	-	26,761
Energy Assistance, Private Grants			-	9,361	-
CPS Expansion State			-	52,800	-
County Funded Programs			-	-	795,943
Non-Allocating County Cost			-	-	388,028
Work First Non Reimbursable			-	-	242,904
AFDC Incent / Prog Integrity			-	245	-
Aid to Counties			-	35,411	-
TANF / AFDC Program Integrity			-	1,586	-
CWS Adopt Subsidy & Vendor			-	139,889	42,425
Foster Care At Risk Maximization			-	13,014	7,190
Foster Care At Risk			-	4,806	1,038
Foster Care Special Provision			-	15,033	-
SC/SA Domiciliary Care payment			-	412,966	412,966
SFHF Maximation			-	10,532	10,532
State Foster Home			-	42,731	42,731
			-	738,374	1,970,518
Division of Aging and Adult Services:					
Passed through Eastern Carolina Council of Government					
Administered by the County Department of Social Services					
In-house Services 90% State Funds:					
Senior Center :					
HCCBG - Access			-	23,564	2,618
HCCBG - In Home Support			-	166,280	18,476
HCCBG Congregate Meals			-	8,085	898
HCCBG - Home Delivered Meals			-	10,676	1,186
Fan/ Heat Program			-	724	-
Senior Center Development			-	4,363	1,454
			-	213,692	24,632

(Continued)



**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended June 30, 2009**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Division of Public Health:					
Administered by County Health Department:					
AIDS			\$ -	\$ 500	\$ -
Communicable Disease			-	1,756	-
Breast and Cervical Cancer Control			-	13,515	-
General			-	80,139	1,057,061
Minority Health			-	2,512	-
Risk Reduction/ Health Promotion			-	11,191	-
Statewide Health Promotions			-	11,300	-
Tuberculosis			-	10,964	-
TB Medical Services			-	1,529	-
Women's Preventative Health			-	2,091	-
Public Health Lab			-	190	-
Preparedness and Response			-	37,148	-
Healthy Carolinians			-	5,727	-
			-	178,562	1,057,061
Division of Child Development:					
Passed through Carteret County Partnership for Children					
Smart Start			-	40,765	3,170
<b>Total NC Department of Health and Human Services</b>			-	1,306,941	3,055,381
<b>NC Department of Environment and Natural Resources:</b>					
Natural Resources Division:					
Passed through County Finance Office:					
White Goods Disposal			-	19,898	-
Scrap Tire Disposal			-	67,100	-
			-	86,998	-
Division of Coastal Management					
Administered by the County Parks and Recreation Department					
Water Access Grant			-	340,672	114,333
Administered by the County Manager's Department					
Water Access Grant			-	300,000	132,412
			-	640,672	246,745
Division of Environmental Health					
Administered by the Environmental Health Department					
Mosquito Grant			-	16,114	148,265
Division of Marine Fisheries					
Administered by the County Manager's Department					
Water Access Grant			-	122,500	-
Division of Parks and Recreation					
Administered by the County Parks and Recreation Department					
Parks and Recreation Trust Fund		2008-550	-	68,313	68,313
Division of Water Resources					
Administered by the County Manager's Department					
Water Access Grant			-	225,000	-
Division of Water Resources					
Administered by the County Manager's Department					
Water Access Grant			-	75,000	-
<b>Total NC Department of Environment and Natural Resources</b>			-	1,234,597	463,323

(Continued)

**Schedule of Expenditures of Federal and State Awards (Continued)  
Year Ended June 30, 2009**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
<b>NC Department of Crime Control and Public Safety:</b>					
Division of Emergency Management					
Administered by the County Emergency Services Department					
Emergency Management Performance Grant			\$ -	\$ 31,796	\$ 31,796
<b>NC Department of Corrections:</b>					
Administered by the County Finance Office:					
Criminal Justice Partnership Program			-	69,424	-
<b>NC Department of Administration:</b>					
Division of Veterans Affairs:					
Administered by County Veterans Services:					
Veterans Services			-	2,000	344,398
Other:					
Sexual Assault Grant Rape Crisis		016-1-07-001-BQ-01	-	64,175	16,044
<b>Total NC Department of Administration</b>			<b>-</b>	<b>66,175</b>	<b>360,442</b>
<b>NC Department of Public Instruction:</b>					
Public School Building Capital Fund					
Administered by the County Finance Department					
Corporate Income Tax Allocation			-	923,734	1,559,814
Lottery Proceeds Allocation			-	453,646	-
<b>Total NC Department of Public Instruction</b>			<b>-</b>	<b>1,377,380</b>	<b>1,559,814</b>
<b>NC Department of Justice</b>					
Administered by the Carteret County Sheriff's Department					
SAFIS Project			-	23,780	-
<b>NC Department of Transportation</b>					
Administered by the Carteret County Transportation Department					
DOT ROAP RGP Grant		DOT-16CL	-	91,474	10,164
DOT ROAP Work First Grant		DOT-16CL	-	17,846	1,983
DOT Elderly and Disabled		DOT-16CL	-	92,690	10,299
<b>Total NC Department of Transportation</b>			<b>-</b>	<b>202,010</b>	<b>22,446</b>
<b>Total Federal Expenditures</b>			<b>\$ 58,845,776</b>		
<b>Total State Expenditures</b>				<b>\$ 21,420,271</b>	
<b>Total Local Expenditures</b>					<b>\$ 9,325,000</b>

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

**Carteret County, North Carolina**

**Notes to Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2009**

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**Note 1. General**

The accompanying schedule of expenditures of federal and state awards represents only the activity of all federal and State financial grant activity of Carteret County, North Carolina, primary government. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act.

**Note 2. Basis of Accounting**

The accompanying schedule of expenditures of federal and state awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements, except for "benefit payments" made by the State of North Carolina directly to eligible program beneficiaries and the value of food stamps and WIC vouchers distributed, which are not included as expenses or expenditures in the financial statements, are included herein.

**Note 3. Relationship to Fund Financial Statements**

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

**Note 4. Program Clusters**

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 Cluster, Foster Care and Adoption Cluster and Aging Cluster.

**Note 5. Loans Outstanding**

The County has outstanding loan balances from federal and State funding sources that are not required to be presented within the schedule of expenditures of federal and State awards because there are no continuing requirements beyond the repayment of the loan balances in accordance with loan agreement provisions. The loan funds are presented in the schedule in the year of their expenditure. The outstanding balance of the Drinking Water State Revolving Fund at June 30, 2009 was \$2,814,448.