# Carteret County, North Carolina

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

Prepared by the Finance Department
Dee Meshaw, Assistant County Manager

CARTERET COUNTY

1722

NORTH CAROLINA

**Table of Contents**

**Table of Contents (Continued)**

**Table of Contents (Continued)**

CARTERET COUNTY

1722

NORTH CAROLINA

# Introductory Section

CARTERET COUNTY

1722

NORTH CAROLINA

# CARTERET COUNTY FINANCE

Denise H. Meshaw, CPA
Assistant County Manager
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November 26, 2019

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, 2019.

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 that 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 RSM 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, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2019, 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 70,000 residents living in or around municipalities and rural "Down East" maritime communities. Carteret County contains 526 square miles of land area and a coastline nearly 80 miles long. The County is bordered on the north by the Pamlico Sound and on the east and south by the Atlantic Ocean. Eleven municipalities are located within the County, with Morehead City being the largest. Beaufort, the third oldest town in North Carolina, serves as the County seat.

Carteret County has established itself as a premier vacation spot, with attractions such as Fort Macon State Park, North Carolina Aquarium, North Carolina Maritime Museum, and Cape Lookout National Seashore. The County has a commissioners/manager form of government. Districts elect the seven members of the Board and serve staggered terms. Policy-making and legislative authority are vested in the governing board. The governing board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the County's manager and attorney. The County manager is responsible for carrying out the policies and ordinances of the governing board, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

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

The annual budget serves as the foundation for the County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the county manager's office on or before the end of February each year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. law enforcement). The legal level for the General Fund budget is the department level, and all other funds legal level of control is the fund level. Regarding the General Fund, department heads may make transfers of appropriations within a department. The County manager may transfer amounts between objects of expenditures and revenues within a department without limitation. Amounts up to $30,000 between departments of the same fund per occurrence may be transferred by the manager; however, amounts greater than $30,000 per occurrence require Commission approval. In addition, amounts between funds require Commission approval. Contingency appropriation transfers require Commission approval except for the purpose of funding salary and benefits adjustments consistent with the Carteret County personal policy. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 38 as part of the basic financial statements for the governmental funds. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e. the special revenue funds and the capital projects funds). Annually adopted funds are as follows: General Fund, Occupancy Tax, Emergency Telephone System, Rescue Squad Taxing District, Fire Taxing Districts, Salter Path Taxing District, Water Taxing District, County Capital Reserve, County Capital improvements, County Facilities / Debt Reserve, School Special Project, and Water Fund. All other funds excluding agency funds have been adopted as project length budgets and are listed as follows: County Construction Project, 2015 School Bond Project, and Carteret Community College Construction Fund.

**Factors Affecting Financial Condition**

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

**Local Economy**

The County economy continues to improve. Annual unemployment average was 4.66% for the County compared to 4.35% in the prior year, and those rates are slightly higher than the state's average unemployment rate of 3.88%. The tourism industry continues to perform well with an average annual economic impact of $377.05 million, a 4.0% increase from the previous year. Carteret County ranks thirteenth in the state for tourism. In addition, the county continues to be diverse with manufacturing, distribution, research, construction and marine trades.

**Industrial Parks**

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

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

**Morehead City State Port**

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

**Marine Science**

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

**Retail**

Retail continues to expand in Carteret County. The County continues to see modest expansion in locally owned restaurants and retail.

The following table lists the 10 largest employers in the County in 2019:

| Employer | Service | Employment Range |
|---|---|---|
| Carteret County Public Schools | Education | 1000+ |
| Carteret General Hospital | Health Servcies | 1000+ |
| Carteret County | Government Service | 500-999 |
| Wal-Mart Associates Inc | Retail | 250-499 |
| Lowes Home Improvements | Retail | 250-499 |
| Carteret Community College | Education | 250-499 |
| Big Rock Sports LLC | Retail | 250-499 |
| Food Lion | Retail | 250-499 |
| Lowes Foods LLC | Retail | 100-249 |
| Bally Refrigerated Boxes Inc | Manufacturing | 100-249 |

Source: NC Commerce LEAD Division
2019 Employees are full time

During the last ten years, the County's expenses have increased with the most emphasis on public safety and education. These areas have increased 41.58% in public safety and 18.25% in education operating expenses. As a result, of education funding, Carteret County Schools consistently ranks in the top fifteen school systems in local funding ranking in the state. In public safety, funding increases have resulted in greater levels of services with first responders such as paramedics, the Sheriff's Department and 911 telephone system enhancements. The funding increases have provided resources for more staff and staff training, as well as needed equipment. Environmental protection illustrates a 496% increase from 10 years ago. However, this increase is due to the significant amount of debris removal due to Hurricane Florence. Excluding Hurricane Florence, environmental protection has increased 24% over the last ten years.

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

**Long-Term Financial Planning**

The County's total operating budget for the fiscal year ending June 30, 2020 totals $119,176,260 with a General Fund tax rate of $.31 per $100 of assessed value, based on a total valuation of $15.34 billion. The County's assessed value represents approximately 2.33% increase from the assessed value used in the June 30, 2019 budget. The increase is due to modest construction in the County. The County anticipates modest growth in its tax base going forward. For the County's operating budget for the fiscal year ending June 30, 2020, it is anticipated that the tax rate would need to be between $.31 and $.33 per $100 of the current assessed value to maintain the current level of service.

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

**Major Initiatives**

The County has several initiatives for fiscal year 2020. In fiscal year 2015, the County developed a facilities master plan to address space needs and current building conditions for social services, courts, Sheriff Division, and County administration needs. The plan is an approximate $79 million plan that is broken out in multiple phases over a 15 year period. The County Board of Commissioners appropriated funding for a new General Services building that houses public works, public buildings, and the transportation departments. Two of these departments were located in a building that was over 40 years old. This facility was completed in fiscal year 2019. Currently, the Board has established a committee to evaluate expanding its existing detention center. If the detention center is expanded and other recommendations in the plan are implemented over time, the County anticipates funding the plan with a combination of long term debt and pay as you go. In addition to the facilities master plan, the county continues to fund park improvements, other building improvements, as well as capital improvements for our schools and community college.

The County continues its initiatives in the fiscal year 2020 budget to improve public safety, transportation, waterway dredging, and human services. The fiscal year 2020 budget funds equipment and expands staffing levels.

In fiscal year 2013, the County completed its $3.51 million water system improvement project. In fiscal year 2020, the County continues to fund pay as you go capital improvements and maintenance to improve efficiency in operations. Due to the improvements completed in 2013, the County does not have any major water system projects planned for the next few years.

**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, 2018. This was the seventeenth 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, 2018. 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 RSM LLP without whose dedicated assistance this report could not have been produced. Gratitude goes to the Board of Commissioners for their continued interest and support throughout the past year.

Sincerely,

*Dee Meshaw*

Dee H. Meshaw
Assistant County Manager

# CARTERET COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2019

**BOARD OF COMMISSIONERS**

MARK MANSFIELD
Chairman
Morehead City, North Carolina

ROBIN COMER
Vice Chairman
Stella, North Carolina

BOB CAVANAUGH
Morehead City, North Carolina

JIMMY FARRINGTON
Emerald Isle, North Carolina

JONATHAN ROBINSON
Atlantic, North Carolina

BILL SMITH
Newport, North Carolina

ED WHEATLY
Beaufort, North Carolina

**COUNTY OFFICIALS**

| | |
|---|---|
| Tommy Burns | County Manager |
| Dee H. Meshaw | Assistant County Manager Finance Director |
| Eugene Foxworth | Assistant County Manager, General Services |
| Asa Buck III | Sheriff |
| Karen Hardesty | Register of Deeds |
| Cynthia Holman | Human Services Director |
| Stephen Rae | Emergency Management Director |
| Ray Hall | Information Technology Director |
| Alfred Gillikin | InterimTax Administrator |
| Tina Purifoy | Parks and Recreation/ Civic Center Director |

**Carteret County, North Carolina**
**Organizational Chart**

Citizens of
Carteret County

Board of
Commissioners *

County Manager

Clerk

**Public Safety**
Sheriff *
Communications
Emergency Management
Emergency Medical Services
Fire Marshall
Rape Crisis
Animal Control

**General Government**
Administration
Finance
Human Resources
Tax
Court Facilities
Elections
Information Technology
Register of Deeds *
Public Building

**Economic/Physical Development**
Planning and Development
Shore Protection
Cooperative Extension
Engineering

**Human Services**
Health Services
Environmental Health
Social Services
Aging
Criminal Justice Partnership Program
Veterans

**Education**
Public Schools
Carteret Community College

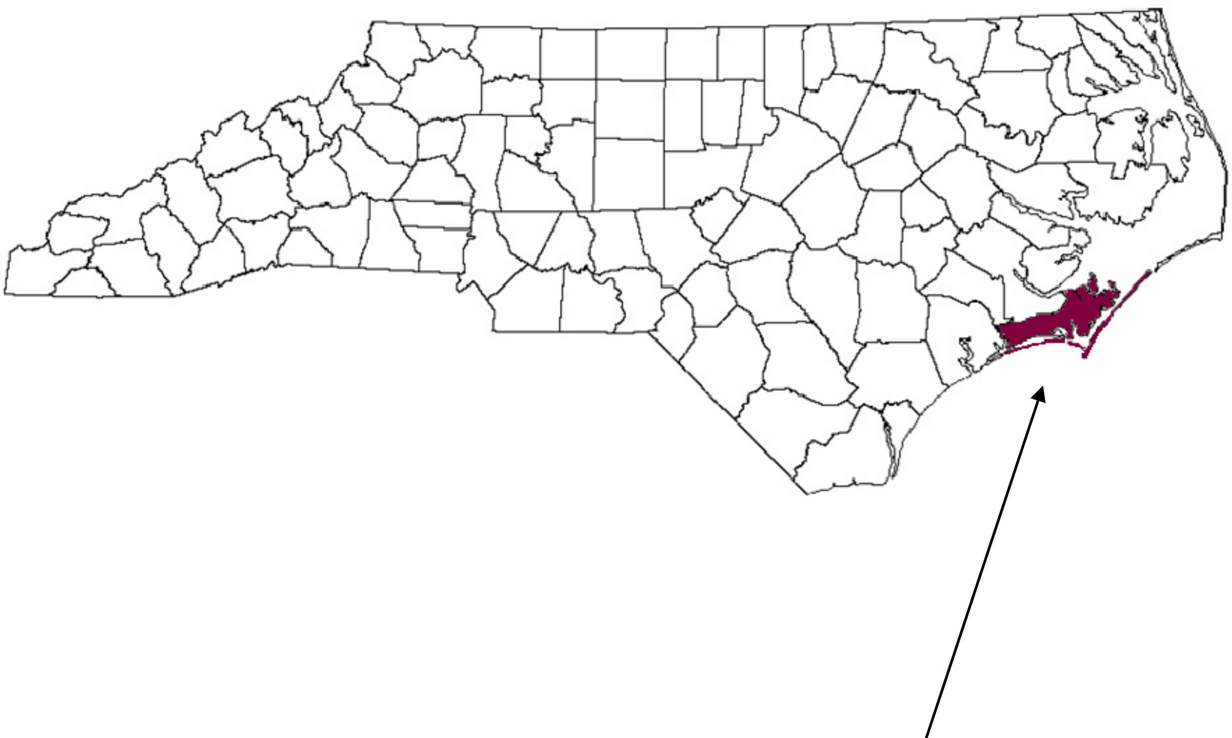
**Environmental Protection**
Solid Waste
Public Works

**Cultural/Recreation**
Parks and Recreation
Civic Center
Library
Senior Center

**Transportation**
Airport
Harbors
CCATS

* Elected Officials

## MAP OF
## CARTERET COUNTY, NORTH CAROLINA



Carteret County

| | |
|---|---|
| Population | 71,084 |
| Area | 526 sq. miles |
| Date Est. | 1722 |
| County Seat | Beaufort |

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Carteret County North Carolina

For its Comprehensive Annual Financial Report
for the Fiscal Year Ended

**June 30, 2018**

Christopher P. Morrill

Executive Director/CEO

# Financial Section

Independent Auditor's Report

Management's Discussion and Analysis
(Unaudited)

Basic Financial Statements

Notes to Financial Statements

Required Supplementary Information
(Unaudited)

**Independent Auditor's Report**

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

RSM US LLP

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Morehead City, NC 28557

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**F** +1 252 726 2740

www.rsmus.com

### Report on the Financial Statements

We have audited the accompanying financial statements 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 (the County) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Carteret County Tourism Development Authority, Beaufort-Morehead City Airport Authority, Carteret County Alcoholic Beverage Control (ABC) Board or Carteret County General Hospital Corporation, which collectively represent 100% of the assets, net position and revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Carteret County Tourism Development Authority, Beaufort-Morehead City Airport Authority, Carteret County ABC Board and Carteret County General Hospital Corporation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Carteret County ABC Board and Carteret County General Hospital Corporation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, based on our audit and the reports of the 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and the occupancy tax fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 28, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of the Net Pension Liability (Asset) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Liability (Asset) and County Contributions and the Other Postemployment Benefits' Schedule of Changes in Total OPEB Liability, on pages 105 through 116 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial statements and schedules listed in the financial section of the table of contents as "other supplemental financial data," the Schedule of Expenditures of Federal and State Awards, as required by Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act in the compliance section of the table of contents, and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental financial data and the Schedule of Expenditures of Federal and State Awards identified in the preceding paragraph are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the financial statements and schedules listed as other supplemental financial data and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019, on our consideration of Carteret County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carteret County's internal control over financial reporting and compliance.

RSM US LLP

Morehead City, North Carolina
November 26, 2019

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, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

## Financial Highlights

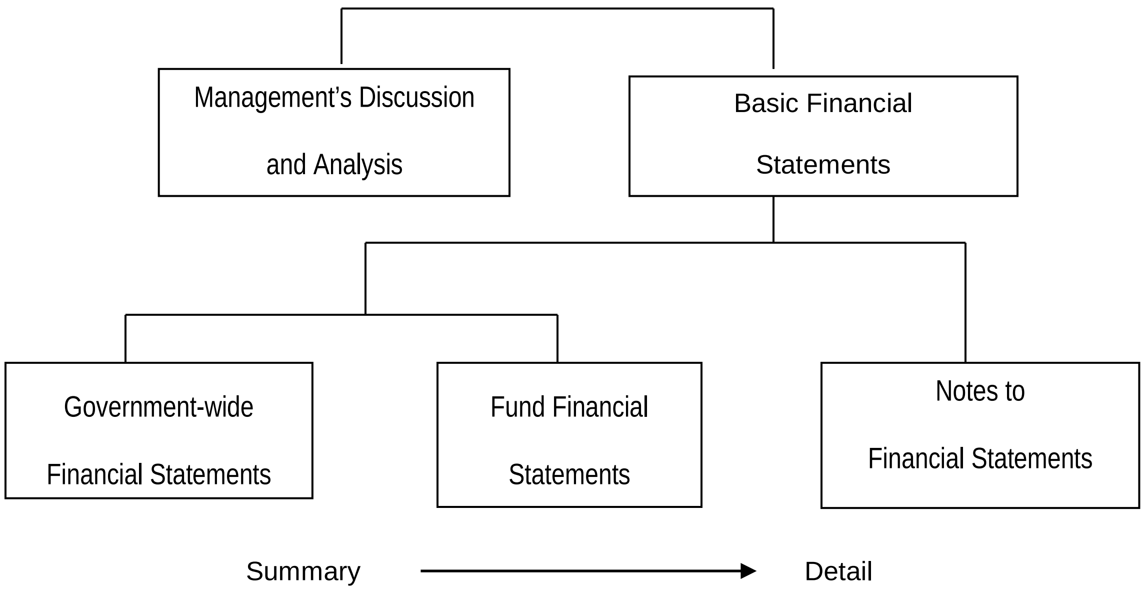
- The assets and deferred outflows of resources of Carteret County (primary government) were greater than its liabilities and deferred inflows of resources at the close of the fiscal year by $53,421,303 (*net position*).
- The government's total net position decreased by $6,371,348, primarily due to Hurricane Florence federal and state eligible expense reimbursements not received during the fiscal year. This anticipated amount of reimbursement is approximately $6.10 million. Revenues such as ad valorem and sales taxes exceeded projections.
- As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $60,245,907, after a net decrease in fund balance of $11,366,080. Approximately 66.06 percent of this total amount or $39,796,630 is restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $21,801,623 or 22.18 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 $3,559,803. The County retired debt principal and decrease in net pension liability that resulted in a net decrease in long term debt.
- The County maintained its AA+ (Standard & Poor's and Fitch Ratings) and Aa1 (Moody's Investor Services) for the seventh year.

## Overview of the Financial Statements

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

**Required Components of Annual Financial Report**

**Figure 1**




**Basic Financial Statements**

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

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

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

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

### Government-Wide Financial Statements

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

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

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

The government-wide financial statements are on pages 30-33 of this report.

### Fund Financial Statements

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

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

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. The governmental fund financial statements are on pages 34 - 40 of this report.

**Proprietary Funds** – The County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its water activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. The proprietary fund financial statements are on pages 41 - 44 of this report.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County has four agency funds. The fiduciary fund financial statements are on page 45 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 - 101 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its law enforcement employees. Required supplementary information can be found beginning on page 103 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $53,421,303 as of June 30, 2019. The County's net position decreased by $6,371,348 for the fiscal year ended June 30, 2019. Net position is reported in three categories: net investment in capital assets of $27,406,883, restricted net position of $25,009,402, and unrestricted net position of 1,005,018.

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

Another category of net position is restricted net position. This represents resources that are subject to external restriction on how they may be used. The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligation to citizens and creditors. At June 30, 2019, the unrestricted net position of governmental activities reported $31,040. Of the County's net position, $25,009,402 represents resources that are subject to external restrictions on how they are to be used.

As with many counties in the State of North Carolina, the County's small unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the County Board of Education (the "school system") and Carteret Community College. Under North Carolina law, the County is responsible for providing capital funding for the school system and the community college. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of County funds, general obligation debt, and installment debt. The assets are funded by the County; however, the assets are owned and utilized by the school system and the community college, and are reported by those entities. The County, as the debt issuing government, acquires no capital assets; the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately $28.75 million of the outstanding debt on the County's financial statements was related to assets included in the school system's and community college's financial statements. However, as 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.

**Figure 2**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** | **2019** | **2018** |
| Current and other assets | **$ 72,681,861** | $ 81,422,627 | **$ 1,262,168** | $ 1,090,285 | **$ 73,944,029** | $ 82,512,912 |
| Capital assets | **23,034,640** | 23,030,203 | **6,488,371** | 6,836,643 | **29,523,011** | 29,866,846 |
| **Total assets** | **95,716,501** | 104,452,830 | **7,750,539** | 7,926,928 | **103,467,040** | 112,379,758 |
| **Total deferred outflows of resources** | **7,337,961** | 5,820,817 | **58,009** | 42,770 | **7,395,970** | 5,863,587 |
| Long-term liabilities outstanding | **47,070,604** | 50,459,908 | **2,232,744** | 2,403,243 | **49,303,348** | 52,863,151 |
| Other liabilities | **4,593,329** | 4,521,867 | **173,653** | 143,927 | **4,766,982** | 4,665,794 |
| **Total liabilities** | **51,663,933** | 54,981,775 | **2,406,397** | 2,547,170 | **54,070,330** | 57,528,945 |
| **Total deferred inflows of resources** | **3,365,447** | 916,104 | **5,930** | 5,645 | **3,371,377** | 921,749 |
| Net position: | | | | | | |
| Net investment in capital assets | **22,984,640** | 22,912,344 | **4,422,243** | 4,581,483 | **27,406,883** | 27,493,827 |
| Restricted | **25,009,402** | 31,744,580 | **-** | - | **25,009,402** | 31,744,580 |
| Unrestricted (deficit) | **31,040** | (281,156) | **973,978** | 835,400 | **1,005,018** | 554,244 |
| **Total net position** | **$ 48,025,082** | $ 54,375,768 | **$ 5,396,221** | $ 5,416,883 | **$ 53,421,303** | $ 59,792,651 |

**Governmental activities:** Governmental activities decreased the County's net position by $6,350,686 from fiscal year 2019. Key elements that net to this decrease are as follows:

- Increases in property tax revenue were approximately $1.10 million due, and growth in the tax base and the Board of Commissioners increasing some rates in special taxing districts.
- Increases in other taxes which include sales taxes and occupancy tax were approximately $1.29 million from the prior fiscal year.
- Beach Nourishment Phase I project was completed, and $7.95 million restricted beach nourishment funds were spent.
- Hurricane Florence expenses were approximately $16.76 million and the County was reimbursed $10.45 million by FEMA, the State and insurance proceeds. $15.40 million has been approved by FEMA, and $6.10 million has not been received by the County. Because of Hurricane Florence, most expense categories increased from the previous fiscal year.
- Many expense categories were less than projected, such as general government, public safety, transportation, economic and physical development, human services, cultural and recreation, as well as contingency that offset a portion of the impact of the above listed expenses.

**Business-type activities:** Business-type activities decreased net position by $20,662. Even though revenues were greater than projected and expenses were less than projected, net position decreased for fiscal year ending June 30, 2019. The primary factor for the decrease was due to depreciation expense and scheduled plant maintenance for the water system. The decrease in net position was partially offset by contracted services, personnel, and chemical expenses less than projected. The County completed a major water system improvement fiscal year ending June 30, 2013, and now those assets are being depreciated. The water plant infrastructure was minimally impacted by Hurricane Florence and had a small amount of fence damage.

### The County's Changes in Net Position

### Figure 3

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | **$ 8,523,191** | $ 7,483,906 | **$ 711,732** | $ 678,879 | **$ 9,234,923** | $ 8,162,785 |
| Operating grants and contributions | **28,013,773** | 12,549,708 | **-** | - | **28,013,773** | 12,549,708 |
| Capital grants and contributions | **328,231** | 356,952 | **-** | - | **328,231** | 356,952 |
| General revenues: | | | | | | |
| Property taxes | **54,449,182** | 53,338,473 | **-** | - | **54,449,182** | 53,338,473 |
| Other taxes | **26,057,980** | 24,775,357 | **-** | - | **26,057,980** | 24,775,357 |
| Other | **3,501,529** | 2,003,360 | **26,896** | 9,403 | **3,528,425** | 2,012,763 |
| **Total revenues** | **120,873,886** | 100,507,756 | **738,628** | 688,282 | **121,612,514** | 101,196,038 |
| Expenses: | | | | | | |
| General government | **9,357,478** | 8,144,384 | **-** | - | **9,357,478** | 8,144,384 |
| Public safety | **23,453,487** | 20,981,474 | **-** | - | **23,453,487** | 20,981,474 |
| Transportation | **1,841,321** | 1,628,539 | **-** | - | **1,841,321** | 1,628,539 |
| Economic and physical development | **23,043,843** | 6,248,400 | **-** | - | **23,043,843** | 6,248,400 |
| Environmental protection | **18,482,660** | 3,835,482 | **-** | - | **18,482,660** | 3,835,482 |
| Human services | **16,619,956** | 15,878,033 | **-** | - | **16,619,956** | 15,878,033 |
| Cultural and recreation | **4,375,740** | 4,159,922 | **-** | - | **4,375,740** | 4,159,922 |
| Education | **28,549,195** | 29,442,864 | **-** | - | **28,549,195** | 29,442,864 |
| Interest on long-term debt | **1,100,892** | 1,284,366 | **-** | - | **1,100,892** | 1,284,366 |
| Water | **-** | - | **1,159,290** | 1,259,889 | **1,159,290** | 1,259,889 |
| **Total expenses** | **126,824,572** | 91,603,464 | **1,159,290** | 1,259,889 | **127,983,862** | 92,863,353 |
| **Increase (decrease) in net position before transfers** | **(5,950,686)** | 8,904,292 | **(420,662)** | (571,607) | **(6,371,348)** | 8,332,685 |
| Transfers | **(400,000)** | (433,600) | **400,000** | 433,600 | **-** | - |
| **Increase (decrease) in net position** | **(6,350,686)** | 8,470,692 | **(20,662)** | (138,007) | **(6,371,348)** | 8,332,685 |
| Net position, beginning, previously reported | **54,375,768** | 49,336,204 | **5,416,883** | 5,635,176 | **59,792,651** | 54,971,380 |
| Restatement - accounting change | **-** | (3,431,128) | **-** | (80,286) | **-** | (3,511,414) |
| Net position, July 1, restated | **54,375,768** | 45,905,076 | **5,416,883** | 5,554,890 | **59,792,651** | 51,459,966 |
| Net position, June 30 | **$ 48,025,082** | $ 54,375,768 | **$ 5,396,221** | $ 5,416,883 | **$ 53,421,303** | $ 59,792,651 |

## Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance in the General Fund was $21,801,623, while total fund balance reached $47,991,499. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The County currently has an unassigned fund balance of 22.18 percent of general fund expenditures, while total fund balance represents 48.83 percent of that same amount. The County's unassigned fund balance decreased $7,244,456. The decrease in unassigned fund balance is mostly due to FEMA and State reimbursements not released to the County by year end. FEMA has approved $15,403,358 in expenditure reimbursements, and $6,095,317 had not been released to the County, thus accounting for most of the decrease. In addition, when the budget was adopted, fund balance was planned as the funding source for many capital projects and improvements for public schools, community college, and county. This planned capital accounts for the remaining $1,149,139 decrease in unassigned fund balance. Revenues categories excluding intergovernmental revenues exceeded budgeted amounts by approximately $2.80 million, with most of the amount derived from sales taxes, property taxes and interest earnings. Intergovernmental revenue was less than budget due to not receiving all of the hurricane reimbursements. In addition to revenues exceeding the budget, many function level expenditures were less than the budget amount by approximately $5.27 million. Human services, economic development, public safety, and general government functions had the greatest amounts coming in under budget.

At June 30, 2019, the governmental funds of the County reported a combined fund balance of $60,245,907, an $11,366,080 decrease from last year. The decrease is a combination of two primary reasons. One is the General Fund unassigned decrease in fund balance discussed above. The second is restricted fund balance decreased. The County used restricted beach nourishment funds for the beach nourishment project that occurred during the fiscal year.

## General Fund Budgetary Highlights

During fiscal year 2019, the County's financial picture was good. Revenues were less than budgeted by $2,712,281 due to not receiving all of the FEMA and State reimbursements for Hurricane Florence. All other categories exceeded the budgeted amounts $2,798,975. Ad valorem taxes, sales taxes, and interest earnings made up most of the positive variance. Hurricane Florence had a significant impact on the County, but through conservative management and prioritizing our expenditures and capital outlay, the County 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 $17,363,578 and expenditure appropriations by $19,533,053. The appropriations increase was mostly due to the Hurricane Florence revenues ($16.76 million) for insurance proceeds and FEMA and State hurricane eligible expense reimbursements. Expenditures were increased in all functions of government for hurricane related expenses with environmental protection increasing the most for debris removal. Other expenditure increases were due to uncompleted projects from fiscal year 2018.

The County's expenditures were less than the budgeted amount by $5.27 million, and most of the savings were in the human services programs of $2.13 million, public safety programs of $.66 million, $.72 million general government, as well as $1.76 million in economic and physical development, transportation, environmental protection, debt service, and culture and recreation.

**Occupancy Tax Fund.** This fund is used to account for the six percent tax collected on hotel, motel condominium room rentals within the County and the subsequent distribution of the tax to the Tourism Development Authority (TDA) and the County General Fund for beach nourishment. Total revenues were $7,716,833, slightly less than projected. Fund expenses for the TDA were $3,797,509, and transfers to the General Fund for beach nourishment and administrative costs were $3,884,327. Expenses and transfers were $188,164 less than budgeted.

**County Capital Improvement Fund.** This fund accounts for the funding and construction of projects. The primary funding sources are transfers from the General Fund and intergovernmental revenue for grants. Ending fund balance was $1,904,339, a $445,769 from fiscal year 2018. The increase was due to intergovernmental and interest revenue exceeding estimates by $499,128, and mostly park projects that were not completed that resulted in $921,560 not spent. The County revised the budget on several occasions increasing revenue $5,114,670 and increasing expenses $17,964,088. Revenues were increased for intergovernmental revenue for the Phase I Beach Nourishment project, waterway dredging, and park projects. Expenditures were increased $17,170,113 for beach nourishment, $406,610 waterway dredging, and $387,365 park projects. The Phase I Beach Nourishment project was funded by State intergovernmental revenue and General Fund transfer of restricted beach nourishment fund balance.

**Proprietary Funds**. The County's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year was $973,978. Expenses were less than projected; however, net position decreased due to depreciation expense and plant maintenance. As in previous years, the Water Fund is not self-supporting and relies on the water taxing district revenues to transfer into the Water Fund. In fiscal year 2019, $400,000 was transferred from the water taxing district, $33,600 less than the previous year. The transfer decrease was due to significant plant maintenance completed in the prior fiscal year.

## Capital Asset and Debt Administration

**Capital assets**: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals $29,523,011 (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:

- Park improvements
- Purchase of vehicles in departments including six Sheriff Department vehicles
- Technology equipment
- Completed the County general services / public works facility.

## The County's Capital Assets

### Figure 4

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

Carteret County's Capital Assets
(net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| Land | **$ 5,653,780** | $ 5,225,877 | **$ 222,608** | $ 222,608 | **$ 5,876,388** | $ 5,448,485 |
| Buildings | **8,263,142** | 6,337,197 | **1,012,538** | 1,083,180 | **9,275,680** | 7,420,377 |
| Water lines | **-** | - | **5,207,664** | 5,485,212 | **5,207,664** | 5,485,212 |
| Vehicles | **2,071,601** | 1,555,351 | **26,528** | 35,632 | **2,098,129** | 1,590,983 |
| Equipment | **1,143,469** | 1,115,675 | **19,033** | 10,011 | **1,162,502** | 1,125,686 |
| Other improvements | **4,090,458** | 4,520,755 | **-** | - | **4,090,458** | 4,520,755 |
| Leasehold improvements | **1,433,933** | 1,563,454 | **-** | - | **1,433,933** | 1,563,454 |
| Construction in progress | **378,257** | 2,711,894 | **-** | - | **378,257** | 2,711,894 |
| **Total** | **$ 23,034,640** | $ 23,030,203 | **$ 6,488,371** | $ 6,836,643 | **$ 29,523,011** | $ 29,866,846 |

## General Obligation, Capital Leases and Installment Notes Payable

**Long-Term Debt**. As of June 30, 2019, the County had total general obligation bonded debt outstanding of $22,100,000, all of which is debt backed by the full faith and credit of the County. All other debt is covered by pledged collateral and is subject to appropriation. A summary of total long-term debt is shown in Figure 5.

### Figure 5

Carteret County's Outstanding Debt

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| General obligation bonds | **$ 22,100,000** | $ 25,725,000 | **$ -** | $ - | **$ 22,100,000** | $ 25,725,000 |
| Certificate of participation | **1,290,000** | 1,730,000 | **-** | - | **1,290,000** | 1,730,000 |
| Revenue bond | **-** | - | **962,000** | 980,000 | **962,000** | 980,000 |
| Bond premiums | **1,845,515** | 2,131,480 | **-** | - | **1,845,515** | 2,131,480 |
| Installment note payable | **5,411,102** | 6,850,875 | **1,104,128** | 1,275,160 | **6,515,230** | 8,126,035 |
| Compensated absences | **1,591,186** | 1,532,578 | **18,675** | 15,946 | **1,609,861** | 1,548,524 |
| Net pension liability (LGERS) | **6,492,805** | 4,235,757 | **66,246** | 47,978 | **6,559,051** | 4,283,735 |
| Total pension liability (LEOSSA) | **1,127,500** | 1,108,206 | **-** | - | **1,127,500** | 1,108,206 |
| Net OPEB obligation | **7,212,496** | 7,146,012 | **81,695** | 84,159 | **7,294,191** | 7,230,171 |
| **Total long-term debt** | **$ 47,070,604** | $ 50,459,908 | **$ 2,232,744** | $ 2,403,243 | **$ 49,303,348** | $ 52,863,151 |

The County's total debt decreased $3,559,803 during the past fiscal year. The decrease is due to retiring debt principal.

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

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

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin at June 30, 2019, for the County is $1,176,982,519.

Additional information regarding the County's long-term debt can be found in Note 9 on pages 71 - 78 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, 2019, the unemployment rate for the County averaged 4.66%, compared to the 4.35% for fiscal year 2018. These rates are slightly higher than the state's average unemployment rate of 3.88% for fiscal year 2019. The County is seeing modest residential and commercial development. In addition, the County is realizing increases in sales tax revenues. This modest growth in development combined with other revenue increases, has allowed the County to continue meeting its capital needs and demands for services with the no property tax increase in the fiscal year ending June 30, 2020. The County adopted an ad valorem tax rate of $.31 cents per $100 assessed value in fiscal year 2020.

### Budget Highlights for the Fiscal Year Ending June 30, 2020

**Governmental Activities:** The County has approved a $94.84 million general fund budget for fiscal year 2020, which represents a $28.41 million or 23.05% decrease from fiscal year 2019 amended budget. The net decrease in the budget is primarily due to approximately $16.76 million Hurricane Florence expenditures and spending $12.09 million restricted funds on the phase I beach nourishment project. The approved budget increased funding for education. In addition, the Board appropriated funding for staff performance based pay increases.

In the budget, the County's Board of Commissioners maintained the General Fund 31 cent ad valorem property tax rate per $100 assessed valuation. Current year tax revenues are projected to generate $46.54 million. Due to growth in sales tax revenue, the County budgeted a 3.94% increase that generates approximately $15.80 million in revenue. All revenues are budgeted conservatively, and sales and services and fees are budgeted with small growth from the previous fiscal year. The fiscal year 2020 General Fund budgets approximately $5.30 million fund balance appropriation. This amount of fund balance is primarily due to funding public school and community college capital, as well as county capital improvements and large building maintenance needs. The General Fund budget did not budget FEMA and State revenue reimbursements for Hurricane Florence. FEMA has approved $15.40 million of the $15.90 million eligible expenses submitted by the County. Of the $15.40 million approved, the County recorded $9.31 million in revenue FY19 leaving a remaining balance of $6.09 million. The County anticipates receiving the balance during FY20.

As in previous years, Education is the largest service area in terms of its portion of total expenditures. Capital and operating education expenditures total $29.81 million or 31.43% of the fiscal year 2020 budget. This area includes funding for the public school system and the Carteret County Community College.

**Business Activities:** In fiscal year 2013, the County completed its $3.51 million construction project to enhance and improve the County's water treatment system. The improvements constructed elevated water storage tanks, a booster pump station, and water plant upgrades; as a result of this improvement, the County does not have any large projects in the next several years. For FY20, the Water Fund adopted budget is $1,133,500 for operations, debt service and equipment. The adopted budget increased funding $4,845 for operating expenses. FY20 annual debt service is $245,880.

The adopted Water Fund budgets $702,900 user fee revenue and does not increase user rates. User rates were increased 15% in FY18. The budget includes a $420,000 transfer from the Water Taxing District Special Revenue Fund. The transfer is $20,000 more than FY19.

### Requests for Information

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

**Carteret County, North Carolina**

**Statement of Net Position**
**June 30, 2019**

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| **Assets** | | | |
| Cash and cash equivalents | $ 9,435,846 | $ 1,139,758 | $ 10,575,604 |
| Investments | 41,489,908 | - | 41,489,908 |
| Receivables (net) | 17,728,739 | 78,478 | 17,807,217 |
| Due from component unit | 220,927 | - | 220,927 |
| Inventories | - | - | - |
| Prepaid items | - | - | - |
| Restricted assets: | | | |
| Cash and cash equivalents | 2,061,440 | 43,932 | 2,105,372 |
| Investments | 1,568,390 | - | 1,568,390 |
| Net pension asset | 176,611 | - | 176,611 |
| Other assets | - | - | - |
| Capital assets: | | | |
| Land, improvements, and construction in progress | 6,032,037 | 222,608 | 6,254,645 |
| Other capital assets, net of depreciation | 17,002,603 | 6,265,763 | 23,268,366 |
| **Total capital assets** | 23,034,640 | 6,488,371 | 29,523,011 |
| **Total assets** | 95,716,501 | 7,750,539 | 103,467,040 |
| **Deferred Outflows of Resources** | 7,337,961 | 58,009 | 7,395,970 |
| **Liabilities** | | | |
| Accounts payable and accrued expenses | 4,315,655 | 59,658 | 4,375,313 |
| Accrued interest payable | 277,674 | 6,995 | 284,669 |
| Customer deposits | - | 107,000 | 107,000 |
| Due to primary government | - | - | - |
| Long-term liabilities: | | | |
| Due within one year | 5,736,183 | 197,049 | 5,933,232 |
| Due in more than one year | 41,334,421 | 2,035,695 | 43,370,116 |
| **Total long-term liabilities** | 47,070,604 | 2,232,744 | 49,303,348 |
| **Total liabilities** | 51,663,933 | 2,406,397 | 54,070,330 |
| **Deferred Inflows of Resources** | 3,365,447 | 5,930 | 3,371,377 |
| **Net Position** | | | |
| Net investment in capital assets | 22,984,640 | 4,422,243 | 27,406,883 |
| Restricted for: | | | |
| Public Safety | 4,217,846 | - | 4,217,846 |
| Economic Development | 11,925,106 | - | 11,925,106 |
| Cultural and Recreation | 33,898 | - | 33,898 |
| Register of Deeds | 204,369 | - | 204,369 |
| Human Services | 484,242 | - | 484,242 |
| Stabilization by State Statute | 8,143,941 | - | 8,143,941 |
| Other purposes | - | - | - |
| Unrestricted | 31,040 | 973,978 | 1,005,018 |
| **Total net position** | $ 48,025,082 | $ 5,396,221 | $ 53,421,303 |

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 |
| $ 830,146 | $ 1,630,930 | $ 59,637,407 | $ 1,801,901 |
| - | - | 83,176,204 | - |
| 26,070 | 942,194 | 30,689,936 | - |
| - | - | - | - |
| - | - | 3,679,219 | 1,568,281 |
| 1,108 | - | 2,967,449 | 18,717 |
| 101,499 | - | 3,674,554 | |
| - | - | - | - |
| - | - | - | - |
| - | - | 2,222,038 | - |
| 3,370,519 | - | 3,246,495 | 1,221,202 |
| 9,872,360 | 313,204 | 80,671,119 | 1,904,390 |
| 13,242,879 | 313,204 | 83,917,614 | 3,125,592 |
| 14,201,702 | 2,886,328 | 269,964,421 | 6,514,491 |
| - | - | - | 197,053 |
| 24,282 | 405,026 | 19,584,136 | 1,659,338 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 220,927 |
| 18,477 | 4,031 | 742,789 | - |
| 36,954 | 12,093 | 1,642,592 | 201,649 |
| 55,431 | 16,124 | 2,385,381 | 201,649 |
| 79,713 | 421,150 | 21,969,517 | 2,081,914 |
| 17,890 | - | 13,069,707 | 1,044 |
| 13,187,448 | 313,204 | 81,532,233 | 3,125,592 |
| - | - | - | 212,668 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 26,070 | 942,194 | - | - |
| - | 1,209,780 | 8,470,586 | 467,620 |
| 890,581 | - | 144,922,378 | 822,706 |
| $ 14,104,099 | $ 2,465,178 | $ 234,925,197 | $ 4,628,586 |

**Carteret County, North Carolina**

**Statement of Activities**
**Year Ended June 30, 2019**

| | | | | Program Revenues | | | | |
|---|---|---|---|---|---|---|---|---|
| **Functions/Programs** | | **Expenses** | | **Charges for Services** | | **Operating Grants and Contributions** | | **Capital Grants and Contributions** |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | $ | 9,357,478 | $ | 3,036,312 | $ | - | $ | - |
| Public safety | | 23,453,487 | | 240,284 | | 1,180,590 | | - |
| Transportation | | 1,841,321 | | 152,241 | | 1,473,993 | | 228,231 |
| Economic and physical development | | 23,043,843 | | 755,176 | | 5,510,341 | | - |
| Environmental protection | | 18,482,660 | | 3,533,805 | | 9,558,750 | | - |
| Human services | | 16,619,956 | | 431,438 | | 9,496,266 | | - |
| Cultural and recreation | | 4,375,740 | | 373,935 | | - | | 100,000 |
| Education | | 28,549,195 | | - | | 72,866 | | - |
| Interest on long-term debt | | 1,100,892 | | - | | 720,967 | | - |
| **Total governmental activities** | | 126,824,572 | | 8,523,191 | | 28,013,773 | | 328,231 |
| Business-type activities: | | | | | | | | |
| Water | | 1,159,290 | | 711,732 | | - | | - |
| **Total primary government** | $ | 127,983,862 | $ | 9,234,923 | $ | 28,013,773 | $ | 328,231 |
| Component units: | | | | | | | | |
| Airport Authority | $ | 928,870 | $ | 195,771 | $ | 30,950 | $ | 1,252,509 |
| Tourism Development Authority | | 3,011,335 | | 3,797,509 | | 142,857 | | - |
| Hospital | | 149,116,877 | | 167,008,189 | | 349,105 | | - |
| ABC Board | | 11,929,171 | | 12,158,121 | | - | | - |
| **Total component units** | $ | 164,986,253 | $ | 183,159,590 | $ | 522,912 | $ | 1,252,509 |

General revenues:
Taxes:
Property taxes, levied for general purpose
Local option sales tax
Occupancy tax
ABC local bottle tax
Unrestricted intergovernmental
Investment earnings, unrestricted
Miscellaneous, unrestricted
Total general revenues excluding transfers
Transfers
**Total general revenues and transfers**
**Change in net position**
Net position, beginning
Net position, ending

See Notes to Financial Statements.

| Net (Expense) Revenue and Changes in Net Position | | | | | | |
|---|---|---|---|---|---|---|
| Primary Government | | | Component Units | | | |
| Governmental Activities | Business-Type Activities | Total | Beaufort - Morehead City Airport Authority | Carteret County Tourism Development Authority | Carteret County General Hospital Corporation | Carteret County ABC Board |
| $ (6,321,166) | $ - | $ (6,321,166) | | | | |
| (22,032,613) | - | (22,032,613) | | | | |
| 13,144 | - | 13,144 | | | | |
| (16,778,326) | - | (16,778,326) | | | | |
| (5,390,105) | - | (5,390,105) | | | | |
| (6,692,252) | - | (6,692,252) | | | | |
| (3,901,805) | - | (3,901,805) | | | | |
| (28,476,329) | - | (28,476,329) | | | | |
| (379,925) | - | (379,925) | | | | |
| (89,959,377) | - | (89,959,377) | | | | |
| - | (447,558) | (447,558) | | | | |
| (89,959,377) | (447,558) | (90,406,935) | | | | |
| | | | $ 550,360 | $ - | $ - | $ - |
| | | | - | 929,031 | - | - |
| | | | - | - | 18,240,417 | - |
| | | | - | - | - | 228,950 |
| | | | 550,360 | 929,031 | 18,240,417 | 228,950 |
| 54,449,182 | - | 54,449,182 | - | - | - | - |
| 18,298,871 | - | 18,298,871 | - | - | - | - |
| 7,716,833 | - | 7,716,833 | - | - | - | - |
| 42,276 | - | 42,276 | - | - | - | - |
| 1,195,756 | - | 1,195,756 | - | - | - | - |
| 1,617,950 | 26,896 | 1,644,846 | 13,138 | 20,469 | 824,214 | - |
| 687,823 | - | 687,823 | 112,490 | - | - | 19,062 |
| 84,008,691 | 26,896 | 84,035,587 | 125,628 | 20,469 | 824,214 | 19,062 |
| (400,000) | 400,000 | - | - | - | - | - |
| 83,608,691 | 426,896 | 84,035,587 | 125,628 | 20,469 | 824,214 | 19,062 |
| (6,350,686) | (20,662) | (6,371,348) | 675,988 | 949,500 | 19,064,631 | 248,012 |
| 54,375,768 | 5,416,883 | 59,792,651 | 13,428,111 | 1,515,678 | 215,860,566 | 4,380,574 |
| $ 48,025,082 | $ 5,396,221 | $ 53,421,303 | $ 14,104,099 | $ 2,465,178 | $ 234,925,197 | $ 4,628,586 |

**Carteret County, North Carolina**

**Balance Sheet - Governmental Funds**
**June 30, 2019**

| | Major Funds: General | Major Funds: Occupancy Tax Fund | Major Funds: Capital Improvements Fund | Total Non-Major Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and investments | $ 40,918,087 | $ - | $ 2,315,815 | $ 7,691,852 | $ 50,925,754 |
| Receivables, net | 13,617,271 | 1,396,925 | 158,841 | 1,493,783 | 16,666,820 |
| Restricted cash and investments | 1,628,379 | - | - | 2,001,451 | 3,629,830 |
| Due from other funds | 410,673 | - | - | - | 410,673 |
| Due from component units | 220,927 | - | - | - | 220,927 |
| **Total assets** | $ 56,795,337 | $ 1,396,925 | $ 2,474,656 | $ 11,187,086 | $ 71,854,004 |
| **Liabilities, Deferred Inflows and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | $ 2,639,658 | $ 942,214 | $ 570,317 | $ 163,466 | $ 4,315,655 |
| Due to other funds | - | 410,132 | - | 541 | 410,673 |
| **Total liabilities** | 2,639,658 | 1,352,346 | 570,317 | 164,007 | 4,726,328 |
| Deferred Inflows of Resources | 6,164,180 | - | - | 717,589 | 6,881,769 |
| Fund balances: | | | | | |
| Restricted: | | | | | |
| Register of Deeds | 204,369 | - | - | - | 204,369 |
| Recreation Districts | 33,898 | - | - | - | 33,898 |
| Beach Nourishment | 10,679,909 | - | - | - | 10,679,909 |
| Stabilization by State Statute | 8,143,941 | - | - | - | 8,143,941 |
| Sheriff's fund | 313,632 | - | - | - | 313,632 |
| Health and mental health programs | 484,242 | - | - | - | 484,242 |
| Public safety | - | - | - | 1,301,653 | 1,301,653 |
| Rescue protection | - | - | - | 1,081,077 | 1,081,077 |
| Fire protection | - | - | - | 1,521,484 | 1,521,484 |
| Economic development | 1,029,885 | 1,396,925 | - | 214,771 | 2,641,581 |
| Committed: | | | | | |
| Taylor Extended Care | - | - | 49,177 | - | 49,177 |
| School capital | - | - | - | 162,112 | 162,112 |
| Community College capital | - | - | - | 1,425,000 | 1,425,000 |
| Assigned: | | | | | |
| Subsequent year's expenditures | 5,300,000 | - | 90,000 | - | 5,390,000 |
| County capital | - | - | 1,765,162 | 4,599,393 | 6,364,555 |
| Unassigned | 21,801,623 | (1,352,346) | - | - | 20,449,277 |
| **Total fund balances** | 47,991,499 | 44,579 | 1,904,339 | 10,305,490 | 60,245,907 |
| **Total liabilities, deferred inflows of resources and fund balances** | $ 56,795,337 | $ 1,396,925 | $ 2,474,656 | $ 11,187,086 | $ 71,854,004 |

Governmental Fund Types

See Notes to Financial Statements.

**Carteret County, North Carolina**

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**
**June 30, 2019**

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

| | |
|---|---|
| Total fund balances for governmental funds | **$ 60,245,907** |
| Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the funds | **23,034,640** |
| Net pension asset | **176,611** |
| Deferred outflows of resources related to pensions are not reported in the fund statements | **5,396,505** |
| Deferred outflows of resources related to OPEB are not reported in the fund statements | **341,737** |
| Deferred inflows of resources in the fund statements for taxes and special assessments receivable | **4,102,871** |
| Deferred inflows of resouces related to pensions | **(120,305)** |
| Deferred inflows of resouces related to OPEB | **(466,244)** |
| Accrued interest receivable deferred in the fund statements | **1,061,919** |
| Accrued interest payable on long-term debt is not a current financial obligation and, therefore, is not in the funds | **(277,674)** |
| Long-term liabilities, including bonds payable, are not due and payable in the current period; therefore are not reported in the funds | **(47,070,604)** |
| Charges related to advance refunding bond issue | **1,599,719** |
| **Net position of governmental activities** | **$ 48,025,082** |

See Notes to Financial Statements.

**Carteret County, North Carolina**

## Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
**Year Ended June 30, 2019**

| | Governmental Fund Types | | | | |
|---|---|---|---|---|---|
| | Major Funds | | | Total | Total |
| | General | Occupancy Tax Fund | County Capital Improvement Fund | Non-Major Funds | Governmental Funds |
| **Revenues** | | | | | |
| Ad valorem taxes | $ 47,219,127 | $ - | $ - | $ 7,136,846 | $ 54,355,973 |
| Other taxes | 16,042,982 | 7,716,833 | - | 2,298,165 | 26,057,980 |
| Permits and fees | 3,427,887 | - | - | - | 3,427,887 |
| Intergovernmental | 23,276,992 | - | 5,350,093 | 439,961 | 29,067,046 |
| Sales and services | 4,240,688 | - | - | - | 4,240,688 |
| Interest | 1,151,238 | - | 268,705 | 198,007 | 1,617,950 |
| Miscellaneous | 1,851,693 | - | 100,000 | 5,025 | 1,956,718 |
| **Total revenues** | 97,210,607 | 7,716,833 | 5,718,798 | 10,078,004 | 120,724,242 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| General government | 9,049,444 | - | - | - | 9,049,444 |
| Public safety | 14,111,152 | - | - | 8,954,065 | 23,065,217 |
| Transportation | 1,537,681 | - | - | - | 1,537,681 |
| Environmental protection | 18,502,451 | - | - | - | 18,502,451 |
| Economic and physical development | 2,098,612 | 3,797,509 | - | 1,348 | 5,897,469 |
| Human services | 16,112,972 | - | - | - | 16,112,972 |
| Culture and recreation | 4,016,630 | - | - | - | 4,016,630 |
| Education | 26,180,114 | - | - | - | 26,180,114 |
| Capital outlay | - | - | 18,267,528 | 2,395,681 | 20,663,209 |
| Debt service: | | | | | |
| Principal retirement | 5,504,773 | - | - | - | 5,504,773 |
| Interest and fees | 1,160,362 | - | - | - | 1,160,362 |
| **Total expenditures** | 98,274,191 | 3,797,509 | 18,267,528 | 11,351,094 | 131,690,322 |
| **Excess (deficiency) of revenues over (under) expenditures** | (1,063,584) | 3,919,324 | (12,548,730) | (1,273,090) | (10,966,080) |
| **Other financing sources (uses)** | | | | | |
| Transfer in | 3,884,327 | - | 12,994,499 | 3,926,197 | 20,805,023 |
| Transfers out | (16,666,812) | (3,884,327) | - | (653,884) | (21,205,023) |
| **Total other financing sources (uses)** | (12,782,485) | (3,884,327) | 12,994,499 | 3,272,313 | (400,000) |
| **Net change in fund balance** | (13,846,069) | 34,997 | 445,769 | 1,999,223 | (11,366,080) |
| Fund balances | | | | | |
| Beginning | 61,837,568 | 9,582 | 1,458,570 | 8,306,267 | 71,611,987 |
| Ending | $ 47,991,499 | $ 44,579 | $ 1,904,339 | $ 10,305,490 | $ 60,245,907 |

See Notes to Financial Statements.

**Carteret County, North Carolina**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities - Governmental Funds**
**Year Ended June 30, 2019**

| | |
|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Net changes in fund balances - total governmental funds | **$ (11,366,080)** |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. | **(51,998)** |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is an increase to net position. | **56,435** |
| Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities | **1,627,505** |
| OPEB benefit payments and adminstration cost in the current fiscal year are not included in the Statement of Activities | **285,541** |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | **93,209** |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of bond premiums and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items | **3,004,702** |
| **Total changes in net position of governmental activities** | **$ (6,350,686)** |

See Notes to Financial Statements.

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
## Year Ended June 30, 2019

| | General Fund | | | |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance With Final Budget - Positive (Negative) |
| Revenues | | | | |
| Ad valorem taxes | $ 46,620,000 | $ 46,620,000 | $ 47,219,127 | $ 599,127 |
| Other taxes | 15,237,000 | 15,237,000 | 16,042,982 | 805,982 |
| Permits and fees | 3,195,385 | 3,410,385 | 3,427,887 | 17,502 |
| Intergovernmental | 13,028,725 | 28,788,248 | 23,276,992 | (5,511,256) |
| Sales and services | 4,094,500 | 4,179,210 | 4,240,688 | 61,478 |
| Interest | 300,000 | 300,000 | 1,151,238 | 851,238 |
| Miscellaneous | 83,700 | 1,388,045 | 1,851,693 | 463,648 |
| **Total revenues** | 82,559,310 | 99,922,888 | 97,210,607 | (2,712,281) |
| Expenditures | | | | |
| Current: | | | | |
| General government | 8,177,335 | 9,773,586 | 9,049,444 | 724,142 |
| Public safety | 13,367,890 | 14,769,877 | 14,111,152 | 658,725 |
| Transportation | 1,412,080 | 1,567,736 | 1,537,681 | 30,055 |
| Environmental protection | 4,061,475 | 18,667,074 | 18,502,451 | 164,623 |
| Economic and physical development | 2,520,175 | 2,822,377 | 2,098,612 | 723,765 |
| Human services | 17,390,970 | 18,246,684 | 16,112,972 | 2,133,712 |
| Culture and recreation | 3,684,985 | 4,220,534 | 4,016,630 | 203,904 |
| Education | 26,604,455 | 26,684,550 | 26,180,114 | 504,436 |
| Debt service: | | | | |
| Principal retirement | 5,618,500 | 5,618,500 | 5,504,773 | 113,727 |
| Interest and fees | 1,170,600 | 1,170,600 | 1,160,362 | 10,238 |
| **Total expenditures** | 84,008,465 | 103,541,518 | 98,274,191 | 5,267,327 |
| **Revenues over (under) expenditures** | (1,449,155) | (3,618,630) | (1,063,584) | 2,555,046 |
| Other financing sources (uses) | | | | |
| Transfers in | 3,979,350 | 3,979,350 | 3,884,327 | (95,023) |
| Transfers out | (4,295,700) | (16,666,812) | (16,666,812) | - |
| Contingency reserves | (3,658,925) | (3,044,653) | - | 3,044,653 |
| Appropriated fund balance | 5,424,430 | 19,350,745 | - | (19,350,745) |
| **Total other financing sources (uses)** | 1,449,155 | 3,618,630 | (12,782,485) | (16,401,115) |
| **Net change in fund balance** | $ - | $ - | (13,846,069) | $ (13,846,069) |
| Fund balances | | | | |
| Beginning | | | 61,837,568 | |
| Ending | | | $ 47,991,499 | |

See Notes to Financial Statements.

**Carteret County, North Carolina**

**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Occupancy Tax Fund**
**Year Ended June 30, 2019**

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| Revenues | | | | |
| Other taxes: | | | | |
| Occupancy taxes | $ 7,850,000 | $ 7,850,000 | $ 7,706,734 | $ (143,266) |
| Occupancy taxes, penalties and interest | 20,000 | 20,000 | 10,099 | (9,901) |
| **Total revenues** | 7,870,000 | 7,870,000 | 7,716,833 | (153,167) |
| Expenditures | | | | |
| Economic and physical development: | | | | |
| Tourism: | | | | |
| Tourism Development Authority | 3,890,650 | 3,890,650 | 3,797,509 | 93,141 |
| **Total expenditures** | 3,890,650 | 3,890,650 | 3,797,509 | 93,141 |
| **Revenues over expenditures** | 3,979,350 | 3,979,350 | 3,919,324 | (60,026) |
| Other financing uses | | | | |
| Transfers out | (3,979,350) | (3,979,350) | (3,884,327) | 95,023 |
| **Total other financing uses** | (3,979,350) | (3,979,350) | (3,884,327) | 95,023 |
| **Revenues over expenditures and other uses** | $ - | $ - | 34,997 | $ 34,997 |
| Fund balances | | | | |
| Beginning | | | 9,582 | |
| Ending | | | $ 44,579 | |

See Notes to Financial Statements.

**Carteret County, North Carolina**

**County Capital Improvements Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**Year Ended June 30, 2019**

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Intergovernmental | $ - | $ 5,114,670 | $ 5,350,093 | $ 235,423 |
| Interest | 5,000 | 5,000 | 268,705 | 263,705 |
| Miscellaneous | 100,000 | 100,000 | 100,000 | - |
| **Total revenues** | 105,000 | 5,219,670 | 5,718,798 | 499,128 |
| **Expenditures** | | | | |
| Capital outlay: | | | | |
| Aerial pictometry | 90,000 | 90,000 | 95,824 | (5,824) |
| Waterway dredging | 500,000 | 906,610 | 516,576 | 390,034 |
| Beach replenishment | - | 17,170,113 | 17,029,818 | 140,295 |
| Taylor Extended Care improvements | 50,000 | 50,000 | 25,259 | 24,741 |
| Cape Carteret trail | 125,000 | 125,000 | 125,000 | - |
| Newport sidewalk | 50,000 | 50,000 | 50,000 | - |
| Cedar Point project match | 60,000 | 60,000 | - | 60,000 |
| Park improvements | - | 91,620 | - | 91,620 |
| Scenic Byway | - | 71,245 | 71,241 | 4 |
| Water Access | - | 74,000 | 74,000 | - |
| Capital improvements | - | 150,500 | - | 150,500 |
| Western Library addition | 350,000 | 350,000 | 279,810 | 70,190 |
| **Total expenditures** | 1,225,000 | 19,189,088 | 18,267,528 | 921,560 |
| **Revenues over (under) expenditures** | (1,120,000) | (13,969,418) | (12,548,730) | 1,420,688 |
| **Other financing sources** | | | | |
| Transfer from General Fund | 600,000 | 12,766,113 | 12,766,113 | - |
| Transfer from Other Funds | - | 228,500 | 228,386 | (114) |
| Fund balance appropriated | 520,000 | 974,805 | - | (974,805) |
| **Total other financing sources** | 1,120,000 | 13,969,418 | 12,994,499 | (974,919) |
| **Revenues and other financing sources over expenditures** | $ - | $ - | 445,769 | $ 445,769 |
| **Fund balances** | | | | |
| Beginning | | | 1,458,570 | |
| Ending | | | $ 1,904,339 | |

See Notes to Financial Statements

**Carteret County, North Carolina**

**Statement of Fund Net Position - Proprietary Fund**
**June 30, 2019**

| | Water Fund |
|---|---|
| **Assets** | |
| Current assets | |
| Cash and cash equivalents | $ 1,139,758 |
| Receivables, net | 78,478 |
| Restricted cash and cash equivalents | 43,932 |
| **Total current assets** | 1,262,168 |
| Noncurrent assets | |
| Capital assets: | |
| Land, improvements, and construction in progress | 222,608 |
| Other capital assets, net of depreciation | 6,265,763 |
| **Total capital assets** | 6,488,371 |
| **Total noncurrent assets** | 6,488,371 |
| **Total assets** | 7,750,539 |
| **Deferred outflows of resources** | 58,009 |
| **Liabilities** | |
| Current liabilities | |
| Accounts payable and accrued expenses | 59,658 |
| Customer deposits | 107,000 |
| Accrued interest payable | 6,995 |
| Current portion of long-term liabilities | 197,049 |
| **Total current liabilities** | 370,702 |
| Noncurrent liabilities | |
| Installment loan payable and long-term liabilities | 1,887,754 |
| Net pension liability | 66,246 |
| Total OPEB liability | 81,695 |
| **Total noncurrent liabilities** | 2,035,695 |
| **Total liabilities** | 2,406,397 |
| **Deferred inflows of resources** | 5,930 |
| **Net Position** | |
| Net investment in capital assets | 4,422,243 |
| Unrestricted | 973,978 |
| **Total net position** | $ 5,396,221 |

See Notes to Financial Statements.

**Carteret County, North Carolina**

**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund**
**Year Ended June 30, 2019**

| | Water Fund |
|---|---|
| Operating revenues | |
| Charges for services | $ 680,476 |
| Other operating revenues | 31,256 |
| **Total operating revenues** | 711,732 |
| | |
| Operating expenses | |
| Water plant operations | 729,963 |
| Depreciation | 369,612 |
| **Total operating expenses** | 1,099,575 |
| | |
| **Operating loss** | (387,843) |
| | |
| **Nonoperating revenues (expenses)** | |
| Interest revenue | 26,166 |
| Interest expense | (59,715) |
| Gain on sale of asset | 730 |
| **Total nonoperating revenues (expenses)** | (32,819) |
| | |
| **Loss before contributions and transfers** | (420,662) |
| | |
| Transfers in | 400,000 |
| **Change in net position** | (20,662) |
| | |
| Total net position | |
| Beginning | 5,416,883 |
| Ending | $ 5,396,221 |

See Notes to Financial Statements.

**Carteret County, North Carolina**

**Statement of Cash Flows - Proprietary Fund**
**Year Ended June 30, 2019**

| | Water Fund |
|---|---|
| Cash flows from operating activities | |
| Cash received from customers | $ 677,970 |
| Cash paid for goods and services | (399,081) |
| Cash paid to employees for services | (299,924) |
| Customer deposits received | 3,200 |
| Other operating revenues | 21,011 |
| **Net cash provided by operating activities** | 3,176 |
| | |
| Cash flows from noncapital financing | |
| Transfers in | 400,000 |
| **Net cash provided by noncapital financing** | 400,000 |
| | |
| Cash flows from capital and related financing activities | |
| Principal paid on installment debt | (189,032) |
| Interest paid on installment debt | (60,568) |
| Proceeds on disposal of equpment | 4,890 |
| Capital purchase | (25,500) |
| **Net cash used by capital and related financing activities** | (270,210) |
| | |
| Cash flows provided by investing activities | |
| Interest on investments | 26,166 |
| | |
| **Net increase in cash and cash equivalents** | 159,132 |
| | |
| Cash and cash equivalents: | |
| Beginning | 1,024,558 |
| Ending (including restricted of $43,932) | $ 1,183,690 |

(Continued)

**Carteret County, North Carolina**

**Statement of Cash Flows - Proprietary Fund (Continued)**
**Year Ended June 30, 2019**

| | Water Fund |
|---|---|
| Reconciliation of operating loss to net cash provided by operating activities | |
| Operating loss | $ (387,843) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Depreciation | 369,612 |
| Changes in assets, liabilities, and deferred outflows and inflows of resources: | |
| Increase in accounts receivable | (12,751) |
| Increase in accounts payable and accrued liabilities | 27,379 |
| Increase in customer deposits | 3,200 |
| Increase in accrued vacation pay | 2,729 |
| Increase in deferred outflows of resources - pensions | (15,396) |
| Decrease in deferred outflows of resources - OPEB | 157 |
| Increase in net pension liability | 18,268 |
| Decrease in total OPEB liability | (2,464) |
| Decrease in deferred inflows of resources - pensions | (1,161) |
| Increase in deferred inflows of resources - OPEB | 1,446 |
| **Net cash provided by operating activities** | **$ 3,176** |

See Notes to Financial Statements.

**Carteret County, North Carolina**

**Statement of Fiduciary Net Position - Fiduciary Funds**
**June 30, 2019**

| | | Agency Funds |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ | 147,183 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | $ | 147,183 |

See Notes to Financial Statements.

# Notes to Financial Statements

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

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

### Nature of operations

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

### Reporting entity

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

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

**Carteret County Tourism Development Authority ("TDA"):** The TDA is an entity created by resolution of the Carteret County Board of Commissioners for the purpose of management of the promotion and development of tourism in Carteret County. The TDA Board is governed by a board appointed by the County Commissioners. The County does not have authority to designate management of the TDA nor remove board members of the TDA. The TDA receives substantially all its revenue from an occupancy tax implemented, and revocable, by the County Commissioners and has a June 30 year-end.

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

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

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

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

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

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

The following corporation is included as a blended component unit:

**County of Carteret Public Facilities Financing Corporation ("Corporation"):** The Corporation is a nonprofit corporation. The Corporation was organized and shall be operated exclusively for the purpose of providing debt financing for the County, to fulfill various statutory obligations involving but not limited to, purchase and sale, construction and/or lease of real estate and improvements, facilities, and equipment. The Corporation has a three-member board of directors who are established through the bylaws of the Articles of Incorporation and will consist of the County Manager, Deputy Clerk to the Board, and Chair of the County Commissioners. The County has entered into Construction and Repayment Contracts with the Corporation. The Corporation's assets, fund balance, revenue and expenditures have been included in the County Capital Improvements Fund as of and for the year ended June 30, 2015 and subsequent years.

**Summary of significant accounting policies**

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

Basis of presentation

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

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

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

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

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

The County reports the following major governmental funds:

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

*Occupancy Tax Fund*: This 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.

County Capital Improvements Fund: This fund is used to account for financial resources that fund capital improvements for the county.

The County reports the following major enterprise fund:

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

The County reports the following fiduciary fund types:

*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 with the Department of Social Services for the benefit of various clients; 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; the Deed of Trust Agency Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis; and the Cooperative Extension Agency Fund, which accounts for program revenue and expenses for the 4 H, Family and Consumer Science and Horticultural Programs.

*Non-major Funds*: The County maintains fifteen non-major funds. The Emergency Telephone System Fund, Rescue Squad Fund, Fire District Fund, Water Tax District Fund, Salter Path District Beach Nourishment Fund, and 2014 Flood Mitigation Fund are reported as non-major special revenue funds. The County Capital Reserve Fund, County Facilities Debt Reserve Fund, School Special Projects Fund, County Construction Projects Fund, 2015 School Bond Project Fund, and Carteret Community College Project Fund are reported as capital projects funds.

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

### Measurement focus and basis of accounting

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

***Government-wide, proprietary, and fiduciary fund financial statements:*** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The 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 the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under 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 (from) another party without receiving (or giving) equal or nearly equal value in return. State shared revenues, sales tax, property taxes, federal grants funding federal mandates, and most donations are examples of non-exchange transactions.

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

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

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

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

**Budgets and budgetary accounting:** The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted on the modified accrual basis for the general fund, the special revenue funds (excluding the 2014 Flood Mitigation Fund), the capital projects funds (excluding the County Construction Projects Fund, 2015 School Bond Project Fund, and Carteret Community College 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.

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

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

Under State statute, actual expenditures cannot exceed budgetary appropriations at the level at which the budget ordinance is formally approved. The County's budget ordinance authorizes expenditures by department total for the general fund and the special revenue funds, and at the fund level for the capital projects funds. All budgets are fixed in nature. The County Manager is authorized to approve transfers between departments not to exceed $30,000. Transfers between departments that exceed $30,000 or any transfers between funds require Board approval. For internal management purposes, the budgets are detailed by line item within each department and entered into the accounting records. Comparisons of actual expenditures to budget are made on an ongoing basis.

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

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

State law [G.S. 159-30(c)] authorizes the County and its component units to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust Government Portfolio ("NCCMT").

The majority of the County's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost, which approximate fair value. The NC Capital Management Trust Government (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAm rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

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

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

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

**Ad valorem taxes receivable:** Ad valorem taxes receivable are not recognized as revenue in the governmental fund financial statements because they are not considered to be both "measurable and available". The receivable amount is reduced by an allowance for doubtful accounts equal to the percent of the original levy, which has normally been written off based on past experience. An amount equal to the net taxes receivable that was not recognized as revenue is shown as a deferred inflow.

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

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

The taxes for the current fiscal year are generally based on January 1, 2018 assessed values.

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

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

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

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

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

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

Capital assets of the Hospital, the ABC Board, the Airport, and the TDA are recorded at original cost at the time of acquisition. Capital assets donated to these entities for operations are recorded at the estimated fair market value at the date of donation or acquisition value after July 1, 2015. Any interest incurred during the construction phase of the capital assets of the Hospital or the ABC Board is reflected in the capitalized value of the asset constructed. The County owns legal title to all Hospital facilities and improvements under a lease agreement, which allows the Hospital unrestricted use of those facilities. The County's policy is to report these assets in the Hospital component unit.

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

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

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

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

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

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

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

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

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

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

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

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

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

Net position/fund balances:

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

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

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

**Restricted Fund Balance** – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law. The following are the County's restricted fund balances as of June 30, 2019:

- Restricted for Register of Deeds — portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.
- Restricted for Recreation Districts — represents amounts restricted for specific recreation purposes.
- Restricted for Beach Nourishment — represents amount reserved for beach nourishment. Restricted for Beach Nourishment includes the amount of accounts receivable at June 30, 2019. This is done due to the great reliance of this restricted amount by the Board of Commissioners and the Beach Commission.

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

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

**Committed Fund Balance –** portion of fund balance that can only be used for specific purpose imposed by majority vote of Carteret County's Board of Commissioners (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the Board of Commissioners. This action is accomplished by a formal motion and approval vote by a majority of the Board of Commissioners. The following are the County's committed fund balances as of June 30, 2019:

- Committed for School Capital – portion of fund balance that can only be used for school capital projects.
- Committed for Taylor Extended Care – portion of fund balance that can only be used for maintenance of Taylor Extended Care.
- Committed for Community College Capital – portion of fund balance that can only be used for community college capital projects.
- Committed for Special Revenue Funds – portion of fund balance that is appropriated in the next year's budget. The governing budget approves the appropriation.

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

**Assigned Fund Balance -** portion of fund balance that the Carteret County governing board has budgeted. Only the governing board (County Board of Commissioners) has authority to assign amounts to a specific purpose, and that requires a majority vote of the governing board. The following are the County's assigned fund balances as of June 30, 2019:

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of ($12,220,825) consists of several elements as follows:

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

| Description | | Amount |
|---|---|---|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | $ | 62,071,971 |
| Less accumulated depreciation | | 39,037,331 |
| **Net capital assets** | | 23,034,640 |
| Net pension asset | | 176,611 |
| Deferred outflows of resources related to pensions are not reported in the fund statements | | 5,396,505 |
| Deferred outflows of resources related to OPEB are not reported in the fund statements | | 341,737 |
| Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not a current financial resources | | 1,599,719 |
| Accrued interest receivable | | 1,061,919 |
| Liabilities for deferred inflows of resources reported in the fund statements but not in the government-wide statements | | 4,102,871 |
| Deferred inflows of resources related pensions | | (120,305) |
| Deferred inflows of resources related to OPEB | | (466,244) |
| 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 | | (28,801,102) |
| Premiums on refundings | | (1,845,515) |
| Accrued interest payable | | (277,674) |
| Compensated absences | | (1,591,186) |
| Accrued postemployment and retirement obligations | | (14,832,801) |
| **Long-term liabilities** | | (47,348,278) |
| **Total adjustment** | $ | (12,220,825) |

**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 position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of $5,015,394 as follows:

| Description | Amount |
|---|---|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities | $ 2,273,420 |
| 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 | (2,325,418) |
| Gain on disposed capital assets not recorded in the fund statements | 56,435 |
| Principal payments on debt owed are recorded as an use of funds on the fund statements but again affect only the statement of net position in the government-wide statements. | 5,504,773 |
| Bond premiums and other similar items, are amortized in the government-wide statements but not in the fund statements because they do not use current resources. | 3,106 |
| Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities | 1,627,505 |
| OPEB benefit payments and administrative cost made in the current fiscal year are not included in the Statement of Activities | 285,541 |
| Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements: | |
| Compensated absences | (58,608) |
| OPEB expense | (492,882) |
| County's portion of collective pension expense | (2,008,051) |
| Decrease in interest payable on long-term debt at June 30, 2019 | 56,364 |
| Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements: | |
| Increase in deferred inflows of resources - taxes receivable - as of June 30, 2019 | 82,417 |
| Increase in accrued interest on taxes receivable for year ended June 30, 2019 | 10,792 |
| **Total adjustment** | **$ 5,015,394** |

## Note 2. Stewardship, Compliance, and Accountability

Component Unit information:

For the ABC Board for the fiscal year ended June 30, 2019, the expenditures made in the Proprietary Fund exceeded the authorized appropriations made by the governing board by $463,552. This over expenditure occurred because of greater than anticipated growth in sales that influence increases in taxes based on revenues, operating expenses, and distributions based on increase in profits available for distributions. ABC Board and management will review its estimates and monitor its budget reports for excess expenditures to ensure compliance in future years.

## Note 3. Cash and Investments

Cash on hand: The County had $2,270 in petty cash on hand at June 30, 2019.

Component unit information: The Hospital had $6,806 in cash on hand at September 30, 2018.

Deposits:

All deposits of the County and its component units are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the units' agents in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the units, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the units or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the units under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability and minimum capitalization for each depository that collateralizes public deposits under the Pooling Method. The County and its component units do not have formal policies regarding custodial credit risk for deposits and rely on the State Treasurer to monitor those financial institutions. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the County's unrestricted and restricted deposits, excluding petty cash and agency fund deposits had a carrying amount of $12,678,706 and a bank balance of $13,438,385. Of the bank balance, $283,526 was covered by federal depository insurance and $13,154,859 was covered by collateral held under the Pooling Method. Restricted cash deposits, excluding agency funds, in the amount of $2,105,372 are as follows: held in noninterest-bearing deposits for banking services in the amount of $38,599, $21,390 for capital projects, $2,001,451 is restricted for fire and rescue special taxing districts, and $43,932 in the Water Fund is restricted in accordance with the County’s USDA revenue bond requirements.

At June 30, 2019, the County’s agency fund deposits had a carrying amount of $147,183 and a bank balance of $241,430. All of the bank balance was covered by federal depository insurance.

## Note 3. Cash and Investments (Continued)

Component unit information:

At June 30, 2019, the carrying amount of deposits for the TDA with financial institutions was $438,661 and the bank balance was $639,037. Of the bank balance, $250,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the pooling method.

At June 30, 2019, the carrying amount of deposits for the Airport was $931,645 and the bank balance was $965,007. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

At September 30, 2018, the carrying amount of the Hospital's deposits was $63,311,961 and the bank balance was $64,944,061. Of the carrying amount, $6,806 was cash on hand. Of the bank balance, $2,000,000 was covered by federal depository insurance and the remainder is collateralized by the pooling method.

At June 30, 2019 the carrying amount of deposits for the ABC Board was $1,793,801 and the bank balance was $1,575,705. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

Investments:

At June 30, 2019, the County had the following investments and maturities.

| Investment Type | Valuation Measurement Method | Fair Value | Less Than 1 Year | 1-5 Years |
|---|---|---|---|---|
| Commercial Paper | Fair Value - Level 2 | $ 10,064,354 | $ 10,064,354 | $ - |
| US Government Agencies | Fair Value - Level 2 | 17,569,940 | 4,564,794 | 13,005,146 |
| NC Capital Management Trust Government Portfolio | Fair Value - Level 1 | 6,902,538 | 6,902,538 | N/A |
| NC Capital Management Trust Term Portfolio* | Fair Value - Level 1 | 8,521,466 | 8,521,466 | - |
| **Total** | | $ 43,058,298 | $ 30,053,152 | $ 13,005,146 |

*As of June 30, 2019, the NC Capital Management Trust Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

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

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

## Note 3. 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 has no formal policy on managing credit risk. As of June 30, 2019, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's. The County's 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 Government Agencies (Federal Home Loan Bank, Federal National Mortgage Association and Federal Farm Credit Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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

***Concentration of credit risk.*** The County places no limit on the amount that the County may invest in any one issuer. More than 5 percent of the County's investments are in Commercial Paper, $10,064,354 (23.37%), Freddie Mac Securities, $8,004,879 (18.59%), Federal Home Loan Bank Securities, $5,568,640 (12.93%), and Federal Farm Credit Securities, $3,996,421 (9.28%). 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, 2019, the County had restricted investments in the governmental activities of $1,568,390. In the General Fund these are restricted investments for Qualified Zone Academy Bond debt service.

Component unit information

At June 30, 2019, the TDA had $1,192,269 invested in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The TDA has no policy regarding credit risk. This amount is included in cash and cash equivalents on the statement of net position.

At September 30, 2018 the Hospital had the following investments and maturities.

The Hospital has $3,674,554 certificates of deposit and $412,944 of cash and cash equivalents included in assets limited as to use and investments for capital improvements as of September 30, 2018, which are not included in the fair value hierarch.

## Note 3. Cash and Investments (Continued)

| Investment Type | Valuation Measurement Method | Fair Value | Less Than 1 Year | 1-4 Years |
|---|---|---|---|---|
| US Treasury bonds | Fair Value - Level 2 | 1,048,771 | 1,048,771 | - |
| FHLMC | Fair Value - Level 2 | 17,111,671 | - | 17,111,671 |
| FNMA | Fair Value - Level 2 | 37,649,661 | - | 37,649,661 |
| GNMA | Fair Value - Level 2 | 20,467,550 | - | 20,467,550 |
| Mutual funds | Fair Value - Level 1 | 1,477,164 | 1,477,164 | - |
| Exchange-traded funds | Fair Value - Level 1 | 2,973,524 | 2,973,524 | - |
| Common stocks | Fair Value - Level 1 | 786,603 | 786,603 | - |
| Corporate bonds | Fair Value - Level 2 | 1,248,316 | 1,248,316 | - |
| **Total** | | $ 82,763,260 | $ 7,534,378 | $ 75,228,882 |

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

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

Credit Risk. The Hospital has a Board-approved Investment Policy which is designed to mitigate credit risk, interest rate risk, and liquidity risk. These principles include, but are not limited to, diversification both between and within asset classes, quality stipulations appropriate to various types of investments, and ongoing monitoring of portfolio performance by the Board and Investment Committee, Management, and the Hospital's Investment Manager. Such practices support the stated objectives for the Hospital's total portfolio performance, which are to provide a reasonable level of current income while minimizing the likelihood of capital loss, and to maximize total return within defined risk parameters.

Concentration of Credit Risk. Per the Hospital's Investment Policy, the investment portfolio will be diversified among different issuers within each sector with no one issuer accounting for more than 10% of the portfolio at time of purchase unless it is an obligation of the US government or its agencies. The portfolio will be diversified among different fixed income sectors and different issues within each sector with no one issue accounting for more than 5% of the portfolio at time of purchase unless it is an obligation of the US government or its agencies.

Interest Rate Risk. Interest rate risk is mitigated through the use of both market and short-term components of the fixed income portfolio, and the requirement that the durations of these funds fall within acceptable ranges set forth in the Investment Policy. This is achieved by structuring the investment portfolio so that securities mature to meet chase requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing funds primarily in shorter-term securities.

## Note 4. Receivables

Receivables at the government-wide level are comprised of the following major categories as of June 30, 2019:

| | Governmental Activities | Business-Type Activity, Water | Total |
|---|---|---|---|
| Receivables: | | | |
| Interest | $ 1,061,919 | $ - | $ 1,061,919 |
| Taxes | 3,575,933 | - | 3,575,933 |
| Accounts | 1,277,307 | 68,233 | 1,345,540 |
| Intergovernmental | 10,527,092 | 10,245 | 10,537,337 |
| Other | 1,396,925 | - | 1,396,925 |
| **Gross receivables** | 17,839,176 | 78,478 | 17,917,654 |
| Less allowance for uncollectibles | (110,437) | - | (110,437) |
| **Net total receivables** | $ 17,728,739 | $ 78,478 | $ 17,807,217 |

**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 |
|---|---|---|---|
| 2016 | $ 455,594 | $ 108,204 | $ 563,798 |
| 2017 | 462,294 | 68,188 | 530,482 |
| 2018 | 483,707 | 27,813 | 511,520 |
| 2019 | 485,872 | - | 485,872 |
| **Total** | $ 1,887,467 | $ 204,205 | $ 2,091,672 |

Component unit information

The Hospital's receivables of $30,689,936 are net of an allowance for doubtful accounts of approximately $63,210,472. Approximately 62% of the Hospital's revenue is from the Medicare and Medicaid programs.

## Note 5. Capital Assets

The following is a summary of changes in the County's capital assets during the fiscal year ended June 30, 2019:

| | Capital Assets July 1, 2018 | Additions | Retirements | Adjustments and Transfers | Capital Assets June 30, 2019 |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land, airport | $ 169,549 | $ - | $ - | $ - | $ 169,549 |
| Land, other | 5,056,328 | 427,903 | - | - | 5,484,231 |
| Construction in progress | 2,711,894 | 353,810 | - | (2,687,447) | 378,257 |
| **Total capital assets not being depreciated** | 7,937,771 | 781,713 | - | (2,687,447) | 6,032,037 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 25,785,376 | 26,600 | - | 2,687,447 | 28,499,423 |
| Vehicles | 5,733,736 | 1,056,546 | (382,577) | - | 6,407,705 |
| Equipment | 6,035,043 | 468,631 | (135,847) | - | 6,367,827 |
| Airport facilities | 1,524,747 | - | - | - | 1,524,747 |
| Other improvements | 10,766,748 | - | (116,944) | - | 10,649,804 |
| Leasehold improvements | 2,590,428 | - | - | - | 2,590,428 |
| **Total capital assets being depreciated** | 52,436,078 | 1,551,777 | (635,368) | 2,687,447 | 56,039,934 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 19,448,179 | 788,102 | - | - | 20,236,281 |
| Vehicles | 4,178,385 | 540,296 | (382,577) | - | 4,336,104 |
| Equipment | 4,919,368 | 437,202 | (132,212) | - | 5,224,358 |
| Airport facilities | 1,524,747 | - | - | - | 1,524,747 |
| Other improvements | 6,245,993 | 430,297 | (116,944) | - | 6,559,346 |
| Leasehold improvements | 1,026,974 | 129,521 | - | - | 1,156,495 |
| **Total accumulated depreciation** | 37,343,646 | $ 2,325,418 | $ (631,733) | $ - | 39,037,331 |
| **Total capital assets, being depreciated, net** | 15,092,432 | | | | 17,002,603 |
| **Governmental activity capital assets, net** | $ 23,030,203 | | | | $ 23,034,640 |

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 493,370 |
| Public Safety | 667,344 |
| Transportation | 129,033 |
| Economic & Physical Development | 103,027 |
| Human Services | 318,314 |
| Culture & Recreation | 565,329 |
| Environmental Protection | 49,001 |
| **Total depreciation expense - governmental activities** | $ 2,325,418 |

## Note 5. Capital Assets (Continued)

| | Capital Assets July 1, 2018 | Additions | Retirements | Adjustments and Transfers | Capital Assets June 30, 2019 |
|---|---|---|---|---|---|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 222,608 | $ - | $ - | $ - | $ 222,608 |
| **Total capital assets, not being depreciated** | 222,608 | - | - | - | 222,608 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 2,119,264 | - | - | - | 2,119,264 |
| Infrastructure | 9,618,564 | - | - | - | 9,618,564 |
| Vehicles | 75,129 | - | - | - | 75,129 |
| Equipment | 140,848 | 25,500 | (6,870) | - | 159,478 |
| **Total capital assets, being depreciated** | 11,953,805 | 25,500 | (6,870) | - | 11,972,435 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 1,036,084 | 70,642 | - | - | 1,106,726 |
| Infrastructure | 4,133,352 | 277,548 | - | - | 4,410,900 |
| Vehicles | 39,497 | 9,104 | - | - | 48,601 |
| Equipment | 130,837 | 12,318 | (2,710) | - | 140,445 |
| **Total accumulated depreciation** | 5,339,770 | $ 369,612 | $ (2,710) | $ - | 5,706,672 |
| **Total capital assets, being depreciated, net** | 6,614,035 | | | | 6,265,763 |
| **Business-type activities capital assets, net** | $ 6,836,643 | | | | $ 6,488,371 |

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

## Note 5. Capital Assets (Continued)

Discretely presented component unit information

The following is a summary of the Hospital's capital assets at September 30, 2018:

| | Balance September 30, 2017 | Additions | Retirements | Adjustment and Transfers | Balance September 30, 2018 |
|---|---|---|---|---|---|
| Capital assets: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Construction in progress | $ 92,182 | $ 1,458,990 | $ - | $ (1,420,670) | $ 130,502 |
| Land | 3,437,515 | - | - | (321,522) | 3,115,993 |
| **Total capital assets, not being depreciated** | 3,529,697 | 1,458,990 | - | (1,742,192) | 3,246,495 |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 1,323,208 | - | - | 66,683 | 1,389,891 |
| Buildings and improvements | 80,985,221 | 6,461 | - | 1,338,362 | 82,330,044 |
| Equipment | 88,655,341 | 7,763,951 | - | (149,737) | 96,269,555 |
| **Total capital assets, being depreciated** | 170,963,770 | 7,770,412 | - | 1,255,308 | 179,989,490 |
| Less accumulated depreciation: | | | | | |
| Land improvements | 920,867 | 62,169 | - | - | 983,036 |
| Buildings and improvements | 21,441,736 | 2,492,773 | - | - | 23,934,509 |
| Equipment | 69,225,408 | 5,175,900 | - | (482) | 74,400,826 |
| **Total accumulated depreciation** | 91,588,011 | $ 7,730,842 | $ - | $ (482) | 99,318,371 |
| **Total capital assets, being depreciated, net** | 79,375,759 | | | | 80,671,119 |
| **Capital assets, net** | $ 82,905,456 | | | | $ 83,917,614 |

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, 2019:

| | |
|---|---|
| Land | **$ 1,125,478** |
| Construction in progress | **95,724** |
| Buildings | **2,907,679** |
| Furniture and equipment | **1,563,168** |
| Leasehold improvements | **87,961** |
| Building improvements | **3,841** |
| | **5,783,851** |
| Less accumulated depreciation | **2,658,259** |
| | **$ 3,125,592** |

## Note 5. Capital Assets (Continued)

The following is a summary of the Airport's capital assets at June 30, 2019:

| | | |
|---|---|---|
| Construction in progress | $ | 1,277,472 |
| Land | | 1,516,047 |
| Aviation easement | | 577,000 |
| Equipment | | 178,159 |
| Vehicle | | 24,066 |
| Hangers | | 946,373 |
| Land/runway improvements | | 11,264,413 |
| | | 15,783,530 |
| Less accumulated depreciation | | 2,540,651 |
| | $ | 13,242,879 |

The following is a summary of the TDA's capital assets at June 30, 2019:

| | | |
|---|---|---|
| Buildings | $ | 276,000 |
| Other improvements | | 69,523 |
| Equipment | | 99,833 |
| Vehicles | | 32,291 |
| | | 477,647 |
| Less accumulated depreciation | | 164,443 |
| | $ | 313,204 |

## Note 6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses (including liabilities to be paid from restricted assets) at the government-wide level at June 30, 2019, were as follows:

| | | Vendors | | Salaries and Benefits | | Total |
|---|---|---|---|---|---|---|
| Governmental activities: | | | | | | |
| General | $ | 1,587,093 | $ | 1,052,565 | $ | 2,639,658 |
| Occupancy Tax | | 942,214 | | - | | 942,214 |
| Capital Improvements | | 570,317 | | - | | 570,317 |
| Other governmental | | 163,466 | | - | | 163,466 |
| **Total governmental activities (1)** | $ | 3,263,090 | $ | 1,052,565 | $ | 4,315,655 |
| Business-type activities: | | | | | | |
| Water | $ | 48,205 | $ | 11,453 | $ | 59,658 |
| **Total business - type activities** | $ | 48,205 | $ | 11,453 | $ | 59,658 |

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

## Note 7. Deferred Outflows and Inflows of Resources

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| **Deferred outflows/inflows of resources on the government-wide statements:** | | |
| Charges on refunding of debt | $ 1,599,719 | $ - |
| Unearned revenue | - | 2,719,648 |
| Difference between expected and actual experience | | |
| Pensions | 1,013,463 | 65,888 |
| OPEB | 56,833 | - |
| Pensions - difference between projected and actual investment earnings | 928,513 | - |
| Changes in assumptions | | |
| Pensions | 1,749,223 | - |
| OPEB | - | 471,525 |
| Pensions - change in proportion and difference between employer contributions and proportionate share of contributions | 115,547 | 55,066 |
| Contributions to plans in fiscal year 2019 | | |
| Pensions | 1,643,897 | - |
| OPEB | 288,775 | - |
| Prepaid taxes not yet earned (General) | - | 59,250 |
| **Total** | $ 7,395,970 | $ 3,371,377 |

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| **Deferred outflows / inflows of resources on the fund statements:** | | |
| Prepaid taxes not yet earned (General) | $ - | $ 59,250 |
| FEMA revenue not yet earned (General) | - | 2,719,648 |
| Taxes receivable, net (General) | - | 2,747,906 |
| Taxes receivable, net (Special Revenue) | - | 717,589 |
| Solid waste fees receivable (General) | - | 637,376 |
| **Total** | $ - | $ 6,881,769 |

## Note 8. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of $2 million for any one occurrence, general, auto, professional, and employment practices liability coverage of $2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of $250,000 per occurrence, and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a $500,000 retention up to a $2 million per occurrence retention for property, and auto physical damage. For workers' compensation there is a per occurrence retention of $750,000.

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

In accordance with G.S. 159-29, the County's employees that have access to $100 or more at any given time of the County's funds are performance bonded through a commercial 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 $250,000 blanket bond.

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.

The 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 of $15,000,000 for specified aggregate amounts in excess of the basic coverage.

The ABC Board has commercial property, general liability, auto liability, workers' compensation and employee health coverage. The ABC 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. In accordance with G.S. 18B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of $50,000 secured by a corporate surety.

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 Authority does not carry flood insurance coverage.

The Airport 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. The Airport carries commercial coverage for all risks of loss. Through this coverage, the Authority obtains general liability coverage of $5,000,000 per occurrence and property coverage up to the total insured values of the property.

## Note 9. Long-Term Obligations

General obligation bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of capital facilities for general government activities and for the construction of Board of Education and Community College properties, which are not recorded as capital assets by the County as disclosed in Note 1. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County and are serviced by the General Fund. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under this Agreement. The County's general obligation bonds payable at June 30, 2019, are comprised of the following individual issues:

| | | |
|---|---|---|
| $4,780,000 - 2011 Refunding Carteret Community College bond due on August 1 and February 1 in varying installments through February 1, 2020; interest at varying rates ranging from 3% to 5.00% | **$** | **165,000** |
| $12,700,000 - 2013 Refunding of 2006 School bond due on October 1 and April 1 in varying installments through April 1, 2026; interest at varying rates ranging from 4.00% to 5.00% | | **8,830,000** |
| $12,250,000 - 2015 Refunding of 2007 School bond due on October 1 and April 1 in varying installments through April 1, 2027; interest rate at 2.13% | | **9,195,000** |
| $4,600,000 - 2015 School bond, due on November 1 and May1 in varying installments through November 1, 2035; interest at interest rates ranging from 3.00% to 5.00% | | **3,910,000** |
| | **$** | **22,100,000** |

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2019, are as follows:

| Year Ending June 30, | | Principal | | Interest |
|---|---|---|---|---|
| 2020 | $ | 2,965,000 | $ | 784,642 |
| 2021 | | 2,785,000 | | 673,989 |
| 2022 | | 2,770,000 | | 571,761 |
| 2023 | | 2,755,000 | | 469,711 |
| 2024 | | 2,745,000 | | 367,836 |
| 2025 – 2029 | | 6,470,000 | | 627,209 |
| 2030 – 2034 | | 1,150,000 | | 156,688 |
| 2035 – 2036 | | 460,000 | | 14,227 |
| | $ | 22,100,000 | $ | 3,666,063 |

## Note 9. Long-Term Obligations (Continued)

Certificates of Participation

The County issues Certificates of Participation to finance the construction of capital facilities used for general government activities and for the construction of Board of Education properties. These obligations are serviced by the General Fund. The County's certificates of participation at June 30, 2019, are comprised of the following:

| | |
|---|---|
| $4,680,000 - 2011 limited obligation bonds due on December 1 and June 1 in varying installments through June 1, 2022, interest at 2.51% collateralized by the Western Library and the Beaufort Elementary School | **$ 1,290,000** |

Annual debt service requirements to maturity for certificates of participation as of June 30, 2019, are as follows:

| Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2020 | $ 435,000 | $ 47,350 |
| 2021 | 430,000 | 29,950 |
| 2022 | 425,000 | 12,750 |
| | $ 1,290,000 | $ 90,050 |

## Note 9. Long-Term Obligations (Continued)

Installment Purchase Obligations

As authorized by State law, G.S. 160A-20 and 153A-153.1, the County has entered into various installment-financing agreements in a direct placement for equipment and capital improvements. The installment purchases issued pursuant to a deed of trust because as long as the debt is outstanding the property is pledged as collateral for the debt. The County's installment-financing agreements at June 30, 2019, are comprised of the following:

| | |
|---|---|
| Governmental activities (serviced by the General Fund): | |
| $2,000,000 - Renovations of Morehead Elementary School for 15 consecutive annual debt service fund installments beginning fiscal year 2007-2008, held by Bank of America | **$ 2,000,000** |
| $1,781,354 - Renovations of Newport Elementary School for 15 consecutive annual debt service fund installments beginning fiscal year 2009-2010, held by Galena Bank & Trust | **611,354** |
| $9,275,000 - 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, held by BB&T | **710,000** |
| $4,000,000 QZAB - Renovations of East Carteret High School for 13 consecutive annual installments, beginning in fiscal year 2011-2012, including interest at 5.22%, held by BB&T | **1,538,462** |
| $1,653,860 QSCB - Renovations of schools for 12 consecutive annual installments, beginning in fiscal year 2011-2012, including interest at 4.81%, held by BB&T | **551,286** |
| | **5,411,102** |
| Business-type activities (serviced by the Water Fund): | |
| $589,608 - Construction of water treatment and distribution facilities for 19 consecutive installments, beginning in fiscal year 2004-2005, including interest at 5.75% annual funds provided by State Revolving Fund, held by NCDENR | **124,128** |
| $2,800,000 - Construction of Phase II Waterline extension for 20 consecutive annual installments, beginning in fiscal year 2005 - 2006, including interest at 2.205%, funds provided by State Revolving Fund, held by NCDENR | **980,000** |
| | **1,104,128** |
| | **$ 6,515,230** |

**Note 9. Long-Term Obligations (Continued)**

Annual debt service requirements to maturity for installment financing at June 30, 2019, are as follows:

| Year Ending | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| June 30, | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | $ 1,275,514 | $ 132,314 | $ 171,032 | $ 28,746 | $ 1,446,546 | $ 161,060 |
| 2021 | 565,514 | 84,134 | 171,032 | 23,875 | 736,546 | 108,009 |
| 2022 | 2,570,514 | 61,443 | 171,032 | 19,004 | 2,741,546 | 80,447 |
| 2023 | 570,513 | 38,752 | 171,032 | 14,132 | 741,545 | 52,884 |
| 2024 | 429,047 | 16,061 | 140,000 | 9,261 | 569,047 | 25,322 |
| 2025 – 2029 | - | - | 280,000 | 9,261 | 280,000 | 9,261 |
| | $ 5,411,102 | $ 332,704 | $ 1,104,128 | $ 104,279 | $ 6,515,230 | $ 436,983 |

**Revenue Bond**

| | |
|---|---|
| $1,046,000 USDA water revenue bond issued on November 26, 2012; interest at 2.75% bonds due on June 1 in varying installments through June 1, 2052 | **$ 962,000** |

Annual debt service requirements to maturity for revenue bonds June 30, 2019, are as follows:

| Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2020 | $ 18,000 | $ 26,455 |
| 2021 | 19,000 | 25,960 |
| 2022 | 19,000 | 25,438 |
| 2023 | 20,000 | 24,915 |
| 2024 | 20,000 | 24,365 |
| 2025-2029 | 110,000 | 113,191 |
| 2030-2034 | 127,000 | 97,157 |
| 2035-2039 | 145,000 | 78,789 |
| 2040-2044 | 165,000 | 57,750 |
| 2045-2049 | 190,000 | 33,687 |
| 2050-2052 | 129,000 | 7,149 |
| | $ 962,000 | $ 514,856 |

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

## Note 9. Long-Term Obligations (Continued)

The net revenues coverage calculation for the year ended June 30, 2019, is as follows:

Water Revenue Bond
Covenant Compliance Calculation

| | | |
|---|---|---|
| Operating revenues | $ | 711,732 |
| Operating expenses * | | (726,384) |
| Operating income | | (14,652) |
| Nonoperating revenues (expenses)** | | 26,166 |
| Nonoperating revenues (expenses)** | | (25,500) |
| Miscellaneous revenues and transfers | | 400,000 |
| Net revenues available for debt service | $ | 386,014 |
| 110% of FY 18-19 revenue bond debt service requirement | $ | 49,445 |
| 100% of FY 18-19 DENR installment loan debt service requirement | | 204,650 |
| Total FY 18-19 debt service subject to net revenue covenant compliance | $ | 254,095 |
| Debt Service coverage ratio | | 152% |

* Per covenants, this does not include depreciation expense of $369,912.
** Per covenants, this does not include revenue bond and installment interest paid of $60,568.

Advance Refundings:

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

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

Debt Related to Capital Activities – Of the total Governmental Activities debt listed only $50,000 relates to assets for which the County holds title. No restricted cash relates to this debt amount.

## Note 9. 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, 2019:

| | Beginning Balance June 30, 2018 | Additions | Retirements | Ending Balance June 30, 2019 | Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Bonds/certificates payable: | | | | | |
| General obligation bonds | $ 25,725,000 | $ - | $ 3,625,000 | $ 22,100,000 | $ 2,965,000 |
| Certificates of participation | 1,730,000 | - | 440,000 | 1,290,000 | 435,000 |
| Bond premiums | 2,131,480 | - | 285,965 | 1,845,515 | - |
| **Total bonds payable** | 29,586,480 | - | 4,350,965 | 25,235,515 | 3,400,000 |
| Direct placement installment purchase | 6,850,875 | - | 1,439,773 | 5,411,102 | 1,275,514 |
| Compensated absences | 1,532,578 | 1,352,289 | 1,293,681 | 1,591,186 | 1,060,669 |
| Net pension liability (LGERS) | 4,235,757 | 2,257,048 | - | 6,492,805 | - |
| Total pensions liability (LEOSSA) | 1,108,206 | 19,294 | - | 1,127,500 | - |
| Total OPEB liability | 7,146,012 | 66,484 | - | 7,212,496 | - |
| **Governmental activity long-term liabilities** | $ 50,459,908 | $ 3,695,115 | $ 7,084,419 | $ 47,070,604 | $ 5,736,183 |
| Business-type activities: | | | | | |
| Revenue Bond from direct placement | $ 980,000 | $ - | $ 18,000 | $ 962,000 | $ 18,000 |
| Direct placement installment purchase | 1,275,160 | - | 171,032 | 1,104,128 | 171,032 |
| Compensated absences | 15,946 | 10,499 | 7,770 | 18,675 | 8,017 |
| Net pension liability (LGERS) | 47,978 | 18,268 | - | 66,246 | - |
| Total OPEB liability | 84,159 | - | 2,464 | 81,695 | - |
| **Business-type activity long-term liabilities** | $ 2,403,243 | $ 28,767 | $ 199,266 | $ 2,232,744 | $ 197,049 |

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

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

At June 30, 2019, Carteret County had a legal debt margin of $1,176,982,519.

Component unit information:

The Hospital has several capital lease obligations for certain medical equipment and software at September 30, 2018. The leases expire at various dates through 2018 and have a present value of minimum lease payments of $2,385,381.

## Note 9. Long-Term Obligations (Continued)

Minimum annual lease payments for years subsequent to September 30, 2018, are as follows:

| Year Ending September 30, | | Amount |
|---|---|---|
| 2019 | $ | 821,557 |
| 2020 | | 569,556 |
| 2021 | | 569,556 |
| 2022 | | 569,556 |
| 2023 | | 2,516 |
| Total minimum lease payments | | 2,532,741 |
| Less amount representing interest 2.67% | | (147,360) |
| Present value of net minimum lease obligations | | 2,385,381 |
| Less current maturities | | (742,789) |
| Obligations under capital leases, less current maturities | $ | 1,642,592 |

Assets under capital leases had a cost basis of $2,669,032 and accumulated depreciation on these assets of $266,903 at September 30, 2018.

The following is a summary of changes in the Tourism Development Authority's long-term obligations for the fiscal year ended June 30, 2019.

| | Beginning Balance June 30, 2018 | Additions | Retirements | Ending Balance June 30, 2019 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Compensated absences | $ 11,586 | $ 4,538 | $ - | $ 16,124 | $ 4,031 |
| **Governmental activity long-term liabilities** | $ 11,586 | $ 4,538 | $ - | $ 16,124 | $ 4,031 |

## Note 9. Long-Term Obligations (Continued)

The ABC Board's accumulated earned vacation at June 30, 2019, amounted to approximately $49,047. This amount is included in accounts payable.

The Airport Authority's long-term obligations as of June 30, 2019 are as follows:

In March 2017, the Authority entered into a $92,385 agreement for the purchase of maintenance equipment. The contract bears no interest and requires annual principal payments beginning in the fiscal year 2018.

Annual debt service payments of the installments purchase as of June 30, 2019 are as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2020 | $ 18,477 |
| 2021 | 18,477 |
| 2022 | 18,477 |
| | $ 55,431 |

Changes in long-term debt for the fiscal year ended June 30, 2019 are as follows:

| | Beginning Balance June 30, 2018 | **Additions** | **Retirements** | **Ending Balance June 30, 2019** | **Due Within One Year** |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Installment purchases | $ 73,908 | **$ -** | **$ 18,477** | **$ 55,431** | **$ 18,477** |

## Note 10. Retirement Systems

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

***Plan description:*** Carteret County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

***Contributions:*** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and fire fighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were $1,622,959 for the year ended June 30, 2019.

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

**Note 10. Retirement Systems (Continued)**

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

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

At June 30, 2019, the County reported a liability of $6,559,051 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the County's proportion was .276% (measured as of June 30, 2018), which was a decrease of .004% from its proportion as of June 30, 2018 (measured as of June 30, 2017).

For the year ended June 30, 2019, the County recognized pension expense of $1,899,743. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 1,011,906 | $ 33,955 |
| Changes of assuumptions | 1,740,519 | - |
| Net difference between projected and actual earnings on pension plan investments | 900,363 | - |
| Changes in proportion and differences between County contributuions and proportionate share of contributions | 84,439 | 30,275 |
| County contributions subsequent to the measurement date | 1,622,959 | - |
| Total | $ 5,360,186 | $ 64,230 |

$1,622,959 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| **Years ending June 30:** | |
|---|---|
| 2019 | $ 1,790,165 |
| 2020 | 1,161,281 |
| 2021 | 198,341 |
| 2022 | 523,210 |
| 2023 | - |
| Thereafter | - |
| | $ 3,672,997 |

**Note 10. Retirement Systems (Continued)**

***Actuarial Assumptions:*** The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.0 percent |
| Salary increases | 3.5 percent |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

***Discount rate:*** The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan

**Note 10. Retirement Systems (Continued)**

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate: The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-perectage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| County's proportionate share of the net pension liability (asset) | $ 15,755,409 | $ 6,559,051 | $ (1,125,569) |

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

**B. Law Enforcement Officers' Special Separation Allowance**

1. Plan Description

Carteret County administers a public employee retirement system (the *Separation Allowance*), a single-employer, defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2017 valuation date, the Separation Allowance's membership consisted of:

| | |
|---|---|
| Retirees receiving benefits | 3 |
| Active plan members | 61 |
| **Total** | **64** |

2. Summary of Significant Accounting Policies

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

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

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

**Note 10. Retirement Systems (Continued)**

3. Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.5 percent |
| Salary increases | 3.50 to 7.35 percent, including inflation and productivity factor |
| Discount rate | 3.64 percent |

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, project forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

**Note 10. Retirement Systems (Continued)**

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration cost of the Separation Allowance are finance through investment earnings. The County has paid $20,893 as benefits came due for the reporting period.

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

At June 30, 2019, the County reported a total pension liability of $1,127,500. The total pension liability was measured as of December 31, 2018, based on a December 31, 2017 actuarial valuation. For the year ended June 30, 2019 the County recognized pension expense of $103,596.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 23,872 |
| Changes in assumptions | 398 | - |
| County benefit payments and plan administrative expense made subsequent ot the measurement date | 12,311 | - |
| Total | $ 12,709 | $ 23,872 |

$12,311 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| **Years ending June 30:** | |
|---|---|
| 2020 | $ (3,931) |
| 2021 | (3,931) |
| 2022 | (3,931) |
| 2023 | (2,951) |
| 2024 | (8,730) |
| Thereafter | - |
| | $ (23,474) |

$11,311 paid as benefits came due and $1,000 administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the County's total pension liability to changes in the discount rate*. The following present the County's total pension liability calculated using the discount rate of 3.64%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.64%) or 1 percentage-point higher (4.64%) than the current rate:

| | **1% Decrease (2.64%)** | **Discount Rate (3.64%)** | **1% Increase (4.64%)** |
|---|---|---|---|
| Total pension liability | $ 1,228,115 | $ 1,127,500 | $ 1,035,237 |

**Note 10. Retirement Systems (Continued)**

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

| | | 2019 |
|---|---|---|
| Beginning Balance as of December 31, 2017 | $ | 1,108,206 |
| Service Cost | | 66,838 |
| Interest on the total pension liability | | 34,689 |
| Difference between expencted and actual experience | | (14,112) |
| Changes of assumptions or other inputs | | (47,228) |
| Benefit payments | | (20,893) |
| Ending balance as of December 31, 2018 | $ | 1,127,500 |

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Government Employees' Retirement System as of December 31, 2014.

**Note 10. Retirement Systems (Continued)**

Supplemental Retirement Income Plan for Law Enforcement Officers

***Plan description:*** The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the 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 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, 2019 were $224,386, which consisted of $161,191 from the County and $63,195 from law enforcement officers. No amounts were forfeited.

Supplemental Retirement Income Plan for General Employees

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

***Funding policy:*** The County has voluntarily elected to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2019, were $1,305,933, which consisted of $859,059 from the County and $446,874 from the employees. No amounts were forfeited.

Registers of Deeds' Supplemental Pension Fund

***Plan description:*** Carteret County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and the State Superintendent, who serve as ex-officio members. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (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, by calling (919) 981-5454, or at www.osc.nc.gov.

**Note 10. Retirement Systems (Continued)**

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

***Contributions:*** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contribution to the pension plan from the County were $8,627 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of $176,611 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2018, the County's proportion was 1.07%, which was an increase of .13% from its proportion measured as of June 30, 2017.

At June 30, 2019, the County recognized pension expense of 37,857. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 1,557 | $ 8,061 |
| Changes of Assumptions | 8,306 | - |
| Net difference between projected and actual earnings on pension plan investments | 28,150 | - |
| Changes in proprotion and differences between County contributuions and proprotionate share of contributions | 31,108 | 24,791 |
| County contributions subsequent to the measurement date | 8,627 | - |
| Total | $ 77,748 | $ 32,852 |

$8,627 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Note 10. Retirement Systems (Continued)**

| **Years ending June 30:** | | |
|---|---|---|
| 2019 | $ | 30,634 |
| 2020 | | (7,033) |
| 2021 | | 8,296 |
| 2022 | | 4,372 |
| 2023 | | - |
| Thereafter | | - |
| | $ | 36,269 |

***Actuarial Assumptions:*** The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.0 percent |
| Salary increases | 3.50 to 7.75 percent, including inflation and productivity factor |
| Investment rate of return | 3.75 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

***Discount rate:*** The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Note 10. Retirement Systems (Continued)

***Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate:*** The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage- point higher (4.75 percent) than the current rate:

| | 1% Decrease (2.75%) | Discount Rate (3.75%) | 1% Increase (4.75%) |
|---|---|---|---|
| County's proportionate share of the net pension asset | $ 139,248 | $ 176,611 | $ 208,120 |

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

The net pension liability for LGERS and ROD was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2018, with an actuarial valuation date of December 31, 2017. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

| | LGERS | LEOSSA | ROD | Total |
|---|---|---|---|---|
| Proportionate Share of Net Pension Liability (Asset) | $ 6,559,051 | n/a | $ (176,611) | $ 6,382,440 |
| Proprotion of the Net Pension Liability (Asset) | 0.27648% | n/a | 1.06630% | |
| Total Pension Liability | $ - | $ 1,127,500 | $ - | $ 1,127,500 |
| Pension Expense | $ 1,898,206 | $ 103,596 | $ 37,857 | $ 2,039,659 |

## Note 10. Retirement Systems (Continued)

| | LGERS | LEOSSA | ROD | Total |
|---|---|---|---|---|
| **Deferred Outflows of Resources** | | | | |
| Differences between expected and actual experience | $ 1,011,906 | $ - | $ 1,557 | $ 1,013,463 |
| Change of assumptions | 1,740,519 | 398 | 8,306 | 1,749,223 |
| Net difference between projected and actual earnings on pension plan Investments | 900,363 | - | 28,150 | 928,513 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 84,439 | - | 31,108 | 115,547 |
| County contributions (LGERS, ROD) / benefit payments and administration cost (LEOSSA) subsequent to the measurement date | 1,622,959 | 12,311 | 8,627 | 1,643,897 |
| **Deferred Inflows of Resources** | | | | |
| Differences between expected and actual experience | $ 33,955 | $ 23,872 | $ 8,061 | $ 65,888 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 30,275 | - | 24,791 | 55,066 |

## Note 11. Other Post-Employment Benefits

Healthcare Benefits

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

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

Membership of the HCB Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

| | |
|---|---|
| Retirees and spouses receiving benefits | 45 |
| Active plan members | 421 |
| **Total** | **466** |

Total OPEB Liability
The county's total OPEB liability at June 30, 2019 of $7,294,191 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified.

## Note 11. Other Post-Employment Benefits (Continued)

| | |
|---|---|
| Inflation | 2.50% |
| Real wage growth | 1.00% |
| Wage inflation | 3.50% |
| Salary increase, including wage inflation: | |
| General Employees | 3.50% - 7.75% |
| Firefighters | 3.50% - 7.75% |
| Law Enforcement Officers | 3.50% - 7.35% |
| Municipal Bond Index Rate: | |
| Prior measurement date | 3.56% |
| Measurement date | 3.89% |
| Health Care Cost Trends: | |
| Pre-Medicare and Prescripiton Drug | 7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023 |

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increased used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Changes in the Total OPEB Liability

| | |
|---|---|
| **Total OPEB Liability as of June 30, 2017** | **$ 7,230,171** |
| Changes for the year: | |
| Service cost at the end of the year | **425,449** |
| Interest on TOL and cash flows | **250,233** |
| Difference between expected and actual experience | **26,801** |
| Changes of assumptions or other inputs | **(232,621)** |
| Net Benefit payments and implicit subsidy credit | **(405,842)** |
| **Net Changes** | **64,020** |
| **Total OPEB Liability as of June 30, 2018** | **$ 7,294,191** |

The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2017. An expected TOL is determined as of June 30, 2016, the Prior Measurement Date, using standard roll back techniques. The roll back calculation begins with the TOL, as of the Measurement Date, June 30, 2017, add the expected benefit payments for the year, deducts interest at the Discount Rate for the year, and then subtracts the annual Normal Cost (also call the Service Cost).

## Note 11. Other Post-Employment Benefits (Continued)

The actuarial study has assumed no significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the Valuation Date and the Measurement Date. Since the Prior Measurement Date, the Discount Rate has changed from 3.56% to 3.89% due to a change in the Municipal Bond Rate. There are no changes in benefit terms since the Prior Measurement Date. No benefit payments are attributable to the purchase of allocated insurance contracts.

*Sensitivity of the total OPEB liability to changes in the discount rate*. The following present the total OPEB liability of the County, as well as what the county's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.89%) or 1-percentage-point higher (4.89%) than the current discount rate:

**Discount Rate Sensitivity**

| | 1% Decrease (2.89%) | Current Discount Rate (3.89%) | 1% Increase (4.89%) |
|---|---|---|---|
| Total OPEB Liability | $ 8,025,111 | $ 7,294,191 | $ 6,638,412 |

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

**Health Care Cost Trend Rate Sensitivity**

| | 1% Decrease | Current | 1% Increase |
|---|---|---|---|
| Total OPEB Liability | $ 6,404,137 | $ 7,294,191 | $ 8,358,084 |

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

For the year ended June 30, 2019, the County recognized OPEB expense of $601,635. At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 56,833 | $ - |
| Changes of assumptions or other inputs | - | 471,525 |
| Benefit payments and administrative costs made subsequent to the measurement date | 288,775 | - |
| Total | $ 345,608 | $ 471,525 |

$288,775 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

### Note 11. Other Post-Employment Benefits (Continued)

| | | |
|---|---|---|
| 2019 | $ | (79,619) |
| 2020 | | (79,619) |
| 2021 | | (79,619) |
| 2022 | | (79,619) |
| 2023 | | (71,206) |
| Thereafter | | (25,010) |
| | | (414,692) |

### Note 12. 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. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

For the fiscal year ended June 30, 2019 the County made contributions to the State for death benefits of $20,156. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09% and 0.14% of covered payroll, respectively.

### Note 13. Additional Social Welfare Expenditures

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

| | Federal | State |
|---|---|---|
| Medicaid | **$ 50,737,727** | **$ 26,276,666** |
| TANF | **132,393** | **-** |
| WIC | **639,454** | **-** |
| Health Choice | **1,533,158** | **-** |
| IV-E Adoption Subsidy and vendor | **317,439** | **-** |
| Special Assistance | **-** | **320,840** |
| CWS Adoption Subsidy | **-** | **213,656** |
| SAA/SAD HB1030 | **-** | **15,606** |
| | **$ 53,360,171** | **$ 26,826,768** |

## Note 14. Joint Ventures

The County, in conjunction with Craven County and Pamlico County, participates in the Coastal Regional Solid Waste Management Authority ("Waste Management Authority"). Carteret County appoints two members of the seven-member board. The Waste Management Authority is a joint venture established to provide solid waste management within these counties. The County has an ongoing financial responsibility for the Waste Management Authority because it and the other counties are legally obligated under the intergovernmental agreement that created the Waste Management Authority to honor any deficiencies in the event that proceeds from other sources are insufficient. The County did not contribute any funds to the Waste Management Authority during the fiscal year ended June 30, 2019. 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, 2019. Complete financial statements for the Waste Management Authority can be obtained from the Waste Management Authority's administrative offices at 7400 Old Highway 70 West, Cove City, North Carolina 28523.

The County, in conjunction with the State of North Carolina and the Carteret County Board of Education, participates in a joint venture to operate Carteret Community College. The County appoints four members of the twelve-member board of trustees of the community college. The community college is included as a component unit of the State of North Carolina. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds and bank installment loans to provide financing for new and restructured facilities. Of the last general obligation bond issue for this purpose, $165,000 in debt is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed $2,915,659 to the Community College during the fiscal year ended June 30, 2019. 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, 2019. 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 15. 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, 2019. During the year ended June 30, 2019, the County contributed $1,173,185 to the library in Carteret County.

On May 20, 2019, the Board of Commissions voted to provide Craven-Pamlico-Carteret Regional Library System the required notice of its intent to withdraw from the regional system. Carteret is required to provide a 12 month notice of its intent, and effective July 1, 2020, Carteret County libraries will be a County department served by local representation, direction, staffing, and funding.

## Note 16. Commitments and Contingencies

Litigation

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

Operating Leases

During the fiscal year ended June 30, 2008, the County entered into a ten-year office lease agreement for the Carteret County Board of Elections, the Carteret County Library and various other County offices. The County renewed this lease in April 2019 for five years. Rent under this lease for the year ended June 30, 2019 amounted to $131,645. Future minimum lease payments for the office lease are as follows:

| Year ending June 30, | Annual Lease Payment |
|---|---|
| 2020 | $ 131,645 |
| 2021 | 131,645 |
| 2022 | 131,645 |
| 2023 | 109,704 |
| | $ 504,639 |

The Hospital has lease commitments under various operating leases for certain medical equipment. Total rental expense under cancelable and noncancelable operating leases was approximately $1,062,508 for the year ended September 30, 2018. The future minimum lease payments under the noncancelable operating leases are as follows:

| September 30, | Amount |
|---|---|
| 2019 | $ 533,844 |
| 2020 | 533,844 |
| 2021 | 425,823 |
| 2022 | 101,760 |
| 2023 | 84,800 |
| Total minimum lease payments | $ 1,680,071 |

The ABC Board has operating leases for two facilities and office equipment. The leases expire at varying times through June 30, 2027. The lease payment schedule for four non-cancellable leases are as follows:

**Note 16. Commitments and Contingencies (Continued)**

| Year ending June 30, | | Annual Lease Payment |
|---|---|---|
| 2020 | $ | 125,781 |
| 2021 | | 111,402 |
| 2022 | | 33,790 |
| 2023 | | 29,840 |
| 2024 | | 29,840 |
| Thereafter | | 89,519 |
| | $ | 420,172 |

Construction Commitments

The County has the following construction commitments as of June 30, 2019:

| Project | | Spent-To-Date | | Commitment |
|---|---|---|---|---|
| Western Library Expansion | **$** | **275,810** | **$** | **45,087** |

Federal and State Assisted Programs

Hurricane Florence
September 2018, Hurricane Florence made landfall in Carteret County. As of June 30, 2019, the County submitted $15,898,089 to FEMA for reimbursement, and FEMA has approved $14,573,756. The County has received $9,180,419. County administrators believe the County will receive the remaining funds.

Other 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 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 of $15,000,000 for specified aggregate amounts in excess of the basic coverage. The excess coverage is an occurrence policy with a retroactive date of June 15, 1976. Incidents occurring through September 30, 2018, 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.

## Note 16. Commitments and Contingencies (Continued)

The Airport has the following construction commitments as of June 30, 2019:

| Project | Spent-To-Date | Remaining Commitment |
|---|---|---|
| T Hangar and Taxilane | $ 1,094,691 | $ 56,594 |
| Pavement Rehab Project | 182,781 | 3,817,593 |
| | $ 1,277,472 | $ 3,874,187 |

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

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Occupancy Tax | |
| | Occupancy tax distribution | $ 410,132 |
| | Salter Path Taxing District | 541 |
| | | $ 410,673 |

| Receivable Entity | Payable Entity | Amount |
|---|---|---|
| Primary government: | Component unit: | |
| General Fund | Carteret County ABC Board | |
| | Net income distribution due to County | |
| | June 30, 2019 | $ 220,927 |

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

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

Inter-fund transfers for the year ended June 30, 2019, are as follows:

| | Transfers In | | | | |
|---|---|---|---|---|---|
| Transfers Out | Major General | Major County Capital Improvements | Non-Major Governmental Funds | Major Water Fund | Total |
| Major General Fund | $ - | $ 12,766,113 | $ 3,900,699 | $ - | $ 16,666,812 |
| Major Occupancy Tax Fund | 3,884,327 | - | - | - | 3,884,327 |
| Other Governmental Funds | - | 228,386 | 25,498 | 400,000 | 653,884 |
| **Total transfers out** | $ 3,884,327 | $ 12,994,499 | $ 3,926,197 | $ 400,000 | $ 21,205,023 |

Transfers consist primarily of the following:

| | |
|---|---|
| $ 3,900,699 | Transfer from General Fund for various current and future capital projects and to supplement other funding sources in the special revenue and capital projects funds |
| 3,884,327 | Transfer from Occupancy Tax Fund in accordance with North Carolina General Statutes |
| 12,766,113 | Transfer from General Fund to County Capital Improvements Fund for various current and future capital projects and to supplement other funding sources in the special revenue and capital project funds |
| 253,884 | Transfer from Other Governmental Funds for various current and future capital projects and supplement other funding sources |
| 400,000 | Transfer from Water Taxing District Fund to the Water Fund to fund capital and debt service |

Intra-entity transactions with discretely presented component units for the year ended June 30, 2019, are as follows:

| | |
|---|---|
| Expenditures from General Fund to Beaufort-Morehead City Airport Authority for operations and capital improvements | $ 160,105 |
| Expenditures from Occupancy Tax Fund to Carteret County Tourism Development Authority for portion of Room Occupancy Tax | 3,797,509 |
| | $ 3,957,614 |
| Profit Contributions from ABC Board to General Fund | $ 826,852 |

## Note 19. Pronouncements Issued, Not Yet Effective

The GASB has issued several pronouncements prior to June 30, 2019, that have effective dates that may affect future financial presentation.

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

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In June 2017, GASB issued Statement No. 87, *Leases.* The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. This Statement is effective for fiscal years beginning after December 15, 2019.

In June 2018, GASB issued *Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period.* The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In August 2018, GASB issued *Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for fiscal years beginning after December 15, 2018.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020.

## Note 20. Subsequent Events

The County has evaluated its subsequent events (events occurring after June 30, 2019) through November 26, 2019, which represents the date the financial statements were available to be issued. Hurricane Florence made landfall in Carteret County September 13, 2018. The County anticipates being reimbursed for all hurricane eligible expenditures from FEMA and the State.

The Beaufort-Morehead City Airport Authority was renamed the Carteret County-Beaufort Airport Authority effective July 16, 2019. With this change, the board membership was increased from five to seven members.

# Required Supplemental Financial Data
**(Unaudited)**

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

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

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

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

**Schedule of County Contributions (LGERS)**

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

**Schedule of County Contributions (ROD)**

**Schedule of Changes in the Total OPEB Liability**

**Carteret County, North Carolina**

**Schedule of Changes in Total Pension Liability**
**Law Enforcement Officers' Special Separation Allowance**
**For Year Ended June 30, 2019**

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Beginning balance | $ 1,108,206 | $ 968,325 | $ 912,139 |
| Service cost | 66,838 | 58,188 | 63,079 |
| Interest on the total pension liability | 34,689 | 37,022 | 32,336 |
| Differences between expected and actual experience in the measurement of the total pension liability | (14,112) | (18,303) | - |
| Changes of assumptions or other inputs | (47,228) | 81,366 | (26,491) |
| Benefit payments | (20,893) | (18,392) | (12,738) |
| Ending balance of the total pension liability | **$ 1,127,500** | **$ 1,108,206** | **$ 968,325** |

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

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

**Carteret County, North Carolina**

**Schedule of Total Pension Liability as a Percentage of Covered Payroll**
**Law Enforcement Officers' Special Separation Allowance**
**For Year Ended June 30, 2019**

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Total pension liability | $ 1,127,500 | $ 1,108,206 | $ 968,325 |
| Covered employee payroll | 2,638,514 | 2,590,646 | 2,577,824 |
| Total pension liability as a percentage of covered payroll | 42.73% | 42.78% | 37.56% |

Notes to the schedules:

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

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

**Carteret County, North Carolina**

**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)**
**Required Supplementary Information**
**Local Governmental Employees' Retirement System**
Last Six Fiscal Years*

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| County's proportion of the net pension liability (asset) % | 0.27648% | 0.28040% | 0.29078% |
| County's proportionate share of the net pension liability (asset) $ | $ 6,559,051 | $ 4,283,735 | $ 6,171,326 |
| County's covered payroll | 18,490,395 | 18,208,239 | 17,057,781 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 35.47% | 23.53% | 36.18% |
| Plan fiduciary net position as a percentage of the total pension liability | 91.63% | 94.18% | 91.47% |

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

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

| 2016 | 2015 | 2014 |
|---|---|---|
| 0.25893% | 0.25688% | 0.24810% |
| $ 1,162,062 | $ (1,514,940) | $ 2,990,558 |
| 15,801,403 | 14,891,061 | 14,737,702 |
| 7.35% | -10.17% | 20.29% |
| 98.09% | 102.64% | 94.35% |

**Carteret County, North Carolina**

**Schedule of County Contributions**
**Required Supplementary Information**
**Local Governmental Employee's Retirement System**

Last Six Fiscal Years

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Contractually required contribution | $ 1,622,959 | $ 1,391,865 | $ 1,315,412 |
| Contributions in relation to the contractually required contribution | 1,622,959 | 1,391,865 | 1,315,412 |
| Contribution deficiency (excess) | $ - | $ - | $ - |
| County's covered payroll | $ 20,750,389 | $ 18,490,395 | $ 18,208,239 |
| Contributions as a percentage of covered payroll | 7.82% | 7.53% | 7.22% |

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

| | 2016 | | 2015 | | 2014 |
|---|---|---|---|---|---|
| $ | 1,167,788 | $ | 1,150,353 | $ | 1,062,954 |
| | 1,167,788 | | 1,150,353 | | 1,062,954 |
| $ | - | $ | - | $ | - |
| $ | 17,057,781 | $ | 15,801,403 | $ | 14,891,061 |
| | 6.85% | | 7.28% | | 7.14% |

**Carteret County, North Carolina**

**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)**
**Required Supplementary Information**
**Registers of Deeds' Supplemental Pension Fund**
Last Six Fiscal Years*

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| County's proportion of the net pension liability (asset) % | 1.06630% | 0.93938% | 1.33673% |
| County's proportionate share of the net pension liability (asset) $ | $ (176,611) | $ (160,343) | $ (249,915) |
| County's covered payroll | 47,636 | 47,761 | 41,841 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | -370.75% | -335.72% | -597.30% |
| Plan fiduciary net position as a percentage of the total pension liability | 153.31% | 153.77% | 160.17% |

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

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

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| | 1.09128% | 1.10071% | 1.12857% |
| | $ (252,893) | $ (249,489) | $ (241,063) |
| | 46,233 | 46,233 | 46,233 |
| | -547.00% | -539.63% | -521.41% |
| | 197.29% | 193.88% | 190.50% |

**Carteret County, North Carolina**

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

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Contractually required contribution | $ 8,627 | $ 9,125 | $ 9,588 |
| Contributions in relation to the contractually required contribution | 8,627 | 9,125 | 9,588 |
| Contribution deficiency (excess) | $ - | $ - | $ - |
| County's covered payroll | $ 52,113 | $ 46,025 | $ 41,841 |
| Contributions as a percentage of covered payroll | 16.55% | 19.83% | 22.92% |

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

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| | $ 9,494 | $ 8,732 | $ 8,987 |
| | 9,494 | 8,732 | 8,987 |
| | $ - | $ - | $ - |
| | $ 46,233 | $ 46,233 | $ 46,233 |
| | 20.54% | 18.89% | 19.44% |

**Carteret County, North Carolina**

**Schedule of Changes in Total OPEB Liability**
**For Year Ended June 30, 2019**

| | Measurement Period Ending | |
|---|---|---|
| | **2018** | **2017** |
| Beginning balance | $ 7,230,171 | $ 7,297,781 |
| Service cost | 425,449 | 407,537 |
| Interest on the total pension liability | 250,233 | 213,683 |
| Differences between expected and actual experience | 26,801 | 40,986 |
| Changes of assumptions or other inputs | (232,621) | (329,477) |
| Benefit payments | (405,842) | (400,339) |
| Ending balance of the total OPEB liability | **$ 7,294,191** | **$ 7,230,171** |
| | | |
| Covered employee payroll | 16,873,606 | 16,873,606 |
| Total OPEB liability as a percentage of covered-employee payroll | 43.23% | 42.85% |

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

| Fiscal year | Measurement Period | Rate |
|---|---|---|
| 2018 | 2017 | 3.56% |
| 2019 | 2018 | 3.89% |

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

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
## Year Ended June 30, 2019

| | Final Budget | Actual | Variance With Final Budget - Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Ad valorem taxes: | | | |
| Current period | $ 45,435,000 | $ 45,799,705 | $ 364,705 |
| Prior years | 850,000 | 936,703 | 86,703 |
| Interest and penalties | 335,000 | 482,719 | 147,719 |
| | 46,620,000 | 47,219,127 | 599,127 |
| Other taxes: | | | |
| ABC local bottle tax | 37,000 | 42,276 | 5,276 |
| Local option sales tax | 15,200,000 | 16,000,706 | 800,706 |
| | 15,237,000 | 16,042,982 | 805,982 |
| Permits and fees: | | | |
| Sheriff fees | 100,000 | 88,115 | (11,885) |
| Register of deeds | 1,445,000 | 1,364,891 | (80,109) |
| Franchise fees | 450,000 | 416,103 | (33,897) |
| Building and Inspection fees | 650,000 | 650,558 | 558 |
| Environmental health fees | 357,000 | 283,344 | (73,656) |
| Public Health fees | 310,000 | 452,607 | 142,607 |
| Other fees | 98,385 | 172,269 | 73,884 |
| | 3,410,385 | 3,427,887 | 17,502 |
| Intergovernmental: | | | |
| Restricted: | | | |
| Federal and State grants | 27,138,898 | 21,341,785 | (5,797,113) |
| Lottery proceeds | 600,000 | 600,000 | - |
| Court facilities fees | 105,000 | 93,380 | (11,620) |
| Unrestricted: | | | |
| Beer and wine tax | 180,000 | 172,600 | (7,400) |
| Payments in lieu of taxes | - | 196,304 | 196,304 |
| ABC profits | 723,350 | 826,852 | 103,502 |
| Croatan National Forest | 41,000 | 46,071 | 5,071 |
| | 28,788,248 | 23,276,992 | (5,511,256) |
| Sales and services: | | | |
| Solid waste | 3,475,000 | 3,473,805 | (1,195) |
| Civic center fees | 247,700 | 268,024 | 20,324 |
| Other | 456,510 | 498,859 | 42,349 |
| | 4,179,210 | 4,240,688 | 61,478 |
| Interest | 300,000 | 1,151,238 | 851,238 |
| Miscellaneous: | | | |
| Other | 1,388,045 | 1,851,693 | 463,648 |
| | 1,388,045 | 1,851,693 | 463,648 |
| **Total revenues** | 99,922,888 | 97,210,607 | (2,712,281) |

(Continued)

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
## Year Ended June 30, 2019

| | Final Budget | Actual | Variance With Final Budget - Positive (Negative) |
|---|---|---|---|
| **Expenditures** | | | |
| General government: | | | |
| Governing body: | | | |
| Salaries and employee benefits | | 50,261 | |
| Operating expenses | | 143,812 | |
| Professional services | | 79,500 | |
| | 295,450 | 273,573 | 21,877 |
| Administration: | | | |
| Salaries and employee benefits | | 398,251 | |
| Operating expenses | | 22,764 | |
| | 462,557 | 421,015 | 41,542 |
| Information systems: | | | |
| Salaries and employee benefits | | 641,166 | |
| Operating expenses | | 1,028,328 | |
| Capital outlay | | 313,457 | |
| | 2,013,216 | 1,982,951 | 30,265 |
| Finance: | | | |
| Salaries and employee benefits | | 681,182 | |
| Operating expenses | | 77,773 | |
| | 777,943 | 758,955 | 18,988 |
| Human resources: | | | |
| Salaries and employee benefits | | 337,208 | |
| Operating expenses | | 66,564 | |
| | 435,019 | 403,772 | 31,247 |
| Tax and revaluation: | | | |
| Salaries and employee benefits | | 1,159,466 | |
| Operating expenses | | 66,026 | |
| Contract services | | 336,033 | |
| Capital outlay | | 17,995 | |
| | 1,652,098 | 1,579,520 | 72,578 |
| Legal: | | | |
| Professional services | 70,000 | 52,560 | 17,440 |
| Court facilities: | | | |
| Salaries and employee benefits | | 2,841 | |
| Operating expenses | | 77,982 | |
| | 84,515 | 80,823 | 3,692 |
| Elections: | | | |
| Salaries and employee benefits | | 329,500 | |
| Operating expenses | | 231,183 | |
| | 595,457 | 560,683 | 34,774 |
| Register of deeds: | | | |
| Salaries and employee benefits | | 376,303 | |
| Operating expenses | | 144,680 | |
| | 585,451 | 520,983 | 64,468 |

(Continued)

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
## Year Ended June 30, 2019

| | Final Budget | Actual | Variance With Final Budget - Positive (Negative) |
|---|---|---|---|
| Public buildings: | | | |
| Salaries and employee benefits | | 498,982 | |
| Operating expenses | | 1,866,399 | |
| Capital outlay | | 49,228 | |
| | 2,801,880 | 2,414,609 | 387,271 |
| **Total general government** | 9,773,586 | 9,049,444 | 724,142 |
| Public safety: | | | |
| Sheriff: | | | |
| Salaries and employee benefits | | 4,576,143 | |
| Operating expenses | | 743,963 | |
| Contract services | | 155,357 | |
| Capital outlay | | 439,299 | |
| | 6,016,448 | 5,914,762 | 101,686 |
| Sheriff - Jail division: | | | |
| Salaries and employee benefits | | 2,285,357 | |
| Operating expenses | | 1,577,808 | |
| Contract services | | 302,085 | |
| | 4,389,944 | 4,165,250 | 224,694 |
| Paramedic operations: | | | |
| Salaries and employee benefits | | 577,743 | |
| Operating expenses | | 120,522 | |
| Capital outlay | | 25,416 | |
| | 836,527 | 723,681 | 112,846 |
| Emergency management: | | | |
| Salaries and employee benefits | | 267,585 | |
| Operating expenses | | 43,745 | |
| Contracted services | | 67,571 | |
| | 387,814 | 378,901 | 8,913 |
| Rape crisis program: | | | |
| Salaries and employee benefits | | 250,771 | |
| Operating expenses | | 31,622 | |
| | 295,656 | 282,393 | 13,263 |
| Fire Marshall: | | | |
| Salaries and employee benefits | | 140,428 | |
| Operating expenses | | 24,650 | |
| | 167,689 | 165,078 | 2,611 |
| Consolidated Communications: | | | |
| Salaries and employee benefits | | 1,628,442 | |
| Operating expenses | | 280,074 | |
| | 2,084,977 | 1,908,516 | 176,461 |
| Medical examiner: | | | |
| Professional services | 69,000 | 68,400 | 600 |

(Continued)

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
## Year Ended June 30, 2019

| | Final Budget | Actual | Variance With Final Budget - Positive (Negative) |
|---|---|---|---|
| Animal control: | | | |
| Salaries and employee benefits | | 263,949 | |
| Operating expenses | | 210,614 | |
| Capital outlay | | 29,608 | |
| | 521,822 | 504,171 | 17,651 |
| **Total public safety** | 14,769,877 | 14,111,152 | 658,725 |
| Transportation: | | | |
| Harbors: | | | |
| Operating expenses | 25,000 | 9,536 | 15,464 |
| Beaufort-Morehead City Airport Authority | | | |
| Salaries and employee benefits | | 36,320 | |
| Operating expenses | | 160,105 | |
| | 196,455 | 196,425 | 30 |
| CCATS: | | | |
| Salaries and employee benefits | | 717,091 | |
| Operating expenses | | 260,093 | |
| Capital outlay | | 354,536 | |
| | 1,346,281 | 1,331,720 | 14,561 |
| **Total transportation** | 1,567,736 | 1,537,681 | 30,055 |
| Environmental protection: | | | |
| Forest fire control | 134,925 | 114,120 | 20,805 |
| Tri-County solid waste collections | 17,449,200 | 17,367,029 | 82,171 |
| Public works: | | | |
| Salaries and employee benefits | | 482,334 | |
| Operating expenses | | 465,758 | |
| Capital outlay | | 73,210 | |
| | 1,082,949 | 1,021,302 | 61,647 |
| **Total environmental protection** | 18,667,074 | 18,502,451 | 164,623 |
| Economic and physical development: | | | |
| Economic development: | | | |
| Salaries and employee benefits | | 171,930 | |
| Operating expenses | | 221,110 | |
| | 407,477 | 393,040 | 14,437 |
| Beach nourishment: | | | |
| Salaries and employee benefits | | 138,057 | |
| Operating expenses | | 11,399 | |
| Contract services | | 291,692 | |
| | 1,042,725 | 441,148 | 601,577 |

(Continued)

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
## Year Ended June 30, 2019

| | Final Budget | Actual | Variance With Final Budget - Positive (Negative) |
|---|---|---|---|
| Planning and zoning: | | | |
| Salaries and employee benefits | | 727,879 | |
| Operating expenses | | 114,674 | |
| Contract services | | 29,875 | |
| Capital outlay | | 20,810 | |
| | 973,940 | 893,238 | 80,702 |
| General services: | | | |
| Salaries and employee benefits | | 122,759 | |
| Operating expenses | | 3,365 | |
| | 132,635 | 126,124 | 6,511 |
| Cooperative extension: | | | |
| Salaries and employee benefits | | 62,772 | |
| Operating expenses | | 182,290 | |
| | 265,600 | 245,062 | 20,538 |
| **Total economic and physical development** | 2,822,377 | 2,098,612 | 723,765 |
| Human Services: | | | |
| Health center: | | | |
| Salaries and employee benefits | | 2,032,967 | |
| Operating expenses | | 497,616 | |
| | 2,852,253 | 2,530,583 | 321,670 |
| Dental program | | | |
| Salaries and employee benefits | | 270,898 | |
| Operating expenses | | 71,471 | |
| | 370,505 | 342,369 | 28,136 |
| Women, infants, and children: | | | |
| Salaries and employee benefits | | 265,769 | |
| Operating expenses | | 3,381 | |
| | 273,993 | 269,150 | 4,843 |
| Environmental health: | | | |
| Salaries and employee benefits | | 1,069,333 | |
| Operating expenses | | 86,602 | |
| Capital outlay | | 7,250 | |
| | 1,175,515 | 1,163,185 | 12,330 |
| Mental health: | | | |
| Mental health center and other | | 314,873 | |
| Mental health, ABC | | 30,000 | |
| | 528,000 | 344,873 | 183,127 |
| DSS administration: | | | |
| Salaries and employee benefits | | 7,586,080 | |
| Operating expenses | | 691,418 | |
| Capital outlay | | 18,256 | |
| | 8,635,202 | 8,295,754 | 339,448 |
| General assistance | 704,500 | 581,614 | 122,886 |
| TANF Block grant: | | | |
| TANF Block grant | | 15,243 | |
| Operating expenses | | 24,784 | |
| | 101,000 | 40,027 | 60,973 |

(Continued)

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
## Year Ended June 30, 2019

| | Final Budget | Actual | Variance With Final Budget - Positive (Negative) |
|---|---|---|---|
| DSS special assistance | 1,316,000 | 828,435 | 487,565 |
| Special projects | 879,035 | 508,264 | 370,771 |
| Other human services | 487,075 | 474,386 | 12,689 |
| Veteran services: | | | |
| Salaries and employee benefits | | 328,459 | |
| Operating expenses | | 51,719 | |
| | 384,388 | 380,178 | 4,210 |
| Senior center aging programs: | | | |
| Salaries and employee benefits | | 236,529 | |
| Operating expenses | | 39,810 | |
| Contract services | | 77,815 | |
| | 539,218 | 354,154 | 185,064 |
| **Total human services** | 18,246,684 | 16,112,972 | 2,133,712 |
| Culture and recreation: | | | |
| Senior center: | | | |
| Salaries and employee benefits | | 121,357 | |
| Operating expenses | | 48,423 | |
| Contract services | | 11,875 | |
| | 248,773 | 181,655 | 67,118 |
| Carteret County Library: | | | |
| Appropriations to Library Systems | 1,330,060 | 1,326,310 | 3,750 |
| Parks and recreation: | | | |
| Salaries and employee benefits | | 535,776 | |
| Operating expenses | | 232,578 | |
| Contract services | | 25,527 | |
| | 842,257 | 793,881 | 48,376 |
| Parks and recreation maintenance: | | | |
| Salaries and employee benefits | | 481,632 | |
| Operating expenses | | 394,384 | |
| Capital outlay | | 476,834 | |
| | 1,392,455 | 1,352,850 | 39,605 |
| Civic center: | | | |
| Salaries and employee benefits | | 223,943 | |
| Operating expenses | | 137,991 | |
| | 406,989 | 361,934 | 45,055 |
| **Total culture and recreation** | 4,220,534 | 4,016,630 | 203,904 |

(Continued)

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
## Year Ended June 30, 2019

| | Final Budget | Actual | Variance With Final Budget - Positive (Negative) |
|---|---|---|---|
| Education: | | | |
| Public schools, current expense | 23,264,455 | 23,264,455 | - |
| Community college, current expense | 2,515,000 | 2,515,000 | - |
| Community college, capital outlay | 905,095 | 400,659 | 504,436 |
| **Total education** | 26,684,550 | 26,180,114 | 504,436 |
| Debt service: | | | |
| Principal retirement | 5,618,500 | 5,504,773 | 113,727 |
| Interest and fees | 1,170,600 | 1,160,362 | 10,238 |
| **Total debt service** | 6,789,100 | 6,665,135 | 123,965 |
| **Total expenditures** | 103,541,518 | 98,274,191 | 5,267,327 |
| **Revenues over (under) expenditures** | (3,618,630) | (1,063,584) | 2,555,046 |
| **Other financing sources (uses)** | | | |
| Transfers in (out): | | | |
| From Occupancy Tax Fund | 3,979,350 | 3,884,327 | (95,023) |
| To School Project Fund | (2,199,000) | (2,199,000) | - |
| To Capital Improvement Fund | (12,766,113) | (12,766,113) | - |
| To Facilities / Debt Reserve Fund | (1,630,700) | (1,630,700) | - |
| To E-911 Fund | (70,999) | (70,999) | - |
| Contingency reserves | (3,044,653) | - | 3,044,653 |
| Appropriated fund balance | 19,350,745 | - | (19,350,745) |
| **Total other financing sources (uses)** | 3,618,630 | (12,782,485) | (16,401,115) |
| **Net change in fund balance** | $ - | (13,846,069) | $ (13,846,069) |
| **Fund balance** | | | |
| Beginning | | 61,837,568 | |
| Ending | | $ 47,991,499 | |

**Carteret County, North Carolina**

**Combining Balance Sheet - Non-major Governmental Fund Types**
**June 30, 2019**

| | Government Fund Types | | |
|---|---|---|---|
| | Special Revenue Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
| **Assets** | | | |
| Assets: | | | |
| Cash and investments | $ 1,452,623 | $ 6,239,229 | $ 7,691,852 |
| Restricted cash and investments | 2,001,451 | - | 2,001,451 |
| Receivables, net | 1,493,783 | - | 1,493,783 |
| **Total assets** | $ 4,947,857 | $ 6,239,229 | $ 11,187,086 |
| **Liabilities, Deferred Inflows of Resources, and Fund Balances** | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | $ 110,742 | $ 52,724 | $ 163,466 |
| Due to other funds | 541 | - | 541 |
| **Total liabilities** | 111,283 | 52,724 | 164,007 |
| Deferred inflows of resources | 717,589 | - | 717,589 |
| Fund balances: | | | |
| Restricted: | | | |
| Public safety | 1,301,653 | - | 1,301,653 |
| Economic development | 214,771 | - | 214,771 |
| Rescue protection | 1,081,077 | - | 1,081,077 |
| Fire protection | 1,521,484 | - | 1,521,484 |
| Committed: | | | |
| School capital | - | 162,112 | 162,112 |
| Community College capital | - | 1,425,000 | 1,425,000 |
| Assigned: | | | |
| County capital | - | 4,599,393 | 4,599,393 |
| **Total fund balances** | 4,118,985 | 6,186,505 | 10,305,490 |
| **Total liabilities, deferred inflows of resources, and fund balances** | $ 4,947,857 | $ 6,239,229 | $ 11,187,086 |

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Fund Types
## Year Ended June 30, 2019

| | Government Fund Types | | |
|---|---|---|---|
| | Special Revenue Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
| **Revenues** | | | |
| Ad valorem taxes | $ 7,136,846 | $ - | $ 7,136,846 |
| Other taxes | 2,298,165 | - | 2,298,165 |
| Intergovernmental | 413,166 | 26,795 | 439,961 |
| Interest | 79,586 | 118,421 | 198,007 |
| Miscellaneous | 4,811 | 214 | 5,025 |
| **Total revenues** | 9,932,574 | 145,430 | 10,078,004 |
| **Expenditures** | | | |
| Current: | | | |
| Public safety | 8,954,065 | - | 8,954,065 |
| Economic and physical development | 1,348 | - | 1,348 |
| Capital outlay | - | 2,395,681 | 2,395,681 |
| **Total expenditures** | 8,955,413 | 2,395,681 | 11,351,094 |
| **Revenues over (under) expenditures** | 977,161 | (2,250,251) | (1,273,090) |
| **Other financing sources (uses)** | | | |
| Transfers in | 70,999 | 3,855,198 | 3,926,197 |
| Transfers out | (478,000) | (175,884) | (653,884) |
| **Total other financing sources (uses)** | (407,001) | 3,679,314 | 3,272,313 |
| **Net change in fund balance** | 570,160 | 1,429,063 | 1,999,223 |
| **Fund balances** | | | |
| Beginning | 3,548,825 | 4,757,442 | 8,306,267 |
| Ending | $ 4,118,985 | $ 6,186,505 | $ 10,305,490 |

# Non-major Special Revenue Funds

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

**Carteret County, North Carolina**

**Non-major Special Revenue Funds**

**Combining Balance Sheet**
**June 30, 2019**

| | Rescue Squad Fund | Fire District Fund | Emergency Telephone System Fund |
|---|---|---|---|
| **Assets** | | | |
| Cash and investments | $ - | $ - | $ 1,271,510 |
| Restricted cash and investments | 824,800 | 1,176,651 | - |
| Receivables: | | | |
| Property taxes receivable, net | 263,149 | 418,833 | - |
| Accounts receivable | 290,204 | 417,250 | 34,430 |
| **Total assets** | $ 1,378,153 | $ 2,012,734 | $ 1,305,940 |
| **Liabilities, Deferred Inflows of Resources, and Fund Balances** | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | $ 33,927 | $ 72,417 | $ 4,287 |
| Due to other funds | - | - | - |
| **Total liabilities** | 33,927 | 72,417 | 4,287 |
| Deferred inflows of resources | 263,149 | 418,833 | - |
| Fund balances: | | | |
| Restricted: | | | |
| Public safety | - | - | 1,301,653 |
| Economic development | - | - | - |
| Rescue protection | 1,081,077 | - | - |
| Fire protection | - | 1,521,484 | - |
| **Total fund balances** | 1,081,077 | 1,521,484 | 1,301,653 |
| **Total liabilities, deferred inflows of resources, and fund balances** | $ 1,378,153 | $ 2,012,734 | $ 1,305,940 |

| Salter Path District Fund | | Water Tax District Fund | | Totals |
|---|---|---|---|---|
| | | | | |
| $ | - | $ 181,113 | $ | 1,452,623 |
| | - | - | | 2,001,451 |
| | | | | |
| | 6 | 35,601 | | 717,589 |
| | 691 | 33,619 | | 776,194 |
| $ | 697 | $ 250,333 | $ | 4,947,857 |
| | | | | |
| $ | - | $ 111 | $ | 110,742 |
| | 541 | - | | 541 |
| | 541 | 111 | | 111,283 |
| | | | | |
| | 6 | 35,601 | | 717,589 |
| | | | | |
| | - | - | | 1,301,653 |
| | 150 | 214,621 | | 214,771 |
| | - | - | | 1,081,077 |
| | - | - | | 1,521,484 |
| | 150 | 214,621 | | 4,118,985 |
| | | | | |
| $ | 697 | $ 250,333 | $ | 4,947,857 |

**Carteret County, North Carolina**

**Non-major Special Revenue Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**
**Year Ended June 30, 2019**

| | Rescue Squad Fund | Fire District Fund | Emergency Telephone System Fund |
|---|---|---|---|
| **Revenues** | | | |
| Ad valorem taxes | $ 2,736,527 | $ 4,097,698 | $ - |
| Other taxes | 903,501 | 1,288,640 | - |
| Intergovernmental | - | - | 413,166 |
| Interest | 18,728 | 27,962 | 26,439 |
| Miscellaneous | - | 4,811 | - |
| **Total revenues** | 3,658,756 | 5,419,111 | 439,605 |
| **Expenditures** | | | |
| Public safety | 3,470,183 | 5,174,664 | 309,218 |
| Economic and physical development | - | - | - |
| **Total expenditures** | 3,470,183 | 5,174,664 | 309,218 |
| **Revenues over expenditures** | 188,573 | 244,447 | 130,387 |
| **Other financing sources (uses)** | | | |
| Transfers in | - | - | 70,999 |
| Transfers out | - | - | - |
| **Total other financing sources (uses)** | - | - | 70,999 |
| **Revenues and other financing sources over expenditures and other financing uses** | 188,573 | 244,447 | 201,386 |
| **Fund balances** | | | |
| Beginning | 892,504 | 1,277,037 | 1,100,267 |
| Ending | $ 1,081,077 | $ 1,521,484 | $ 1,301,653 |

| Salter Path District Fund | Water Tax District Fund | Totals |
|---|---|---|
| $ 6,507 | $ 296,114 | $ 7,136,846 |
| 2,288 | 103,736 | 2,298,165 |
| - | - | 413,166 |
| 681 | 5,776 | 79,586 |
| - | - | 4,811 |
| 9,476 | 405,626 | 9,932,574 |
| | | |
| - | - | 8,954,065 |
| 5 | 1,343 | 1,348 |
| 5 | 1,343 | 8,955,413 |
| | | |
| 9,471 | 404,283 | 977,161 |
| | | |
| - | - | 70,999 |
| (78,000) | (400,000) | (478,000) |
| (78,000) | (400,000) | (407,001) |
| | | |
| (68,529) | 4,283 | 570,160 |
| | | |
| 68,679 | 210,338 | 3,548,825 |
| $ 150 | $ 214,621 | $ 4,118,985 |

**Carteret County, North Carolina**

**Rescue Squad Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Ad valorem taxes | $ 2,648,625 | $ 2,736,527 | $ 87,902 |
| Other taxes: | | | |
| Local option sales tax | 745,000 | 903,501 | 158,501 |
| Intergovernmental | 136,260 | - | (136,260) |
| Interest | - | 18,728 | 18,728 |
| **Total revenues** | 3,529,885 | 3,658,756 | 128,871 |
| **Expenditures** | | | |
| Public safety: | | | |
| Beaufort | 878,115 | 878,115 | - |
| Broad and Gales Creek | 311,842 | 311,842 | - |
| Mill Creek | 102,881 | 102,882 | (1) |
| Mitchell Village | 140,501 | 140,501 | - |
| Otway | 313,254 | 313,254 | - |
| Sea Level | 256,365 | 256,365 | - |
| Western Carteret | 600,092 | 600,091 | 1 |
| District hurricane reimbursements | 136,260 | 25,318 | 110,942 |
| District reserves | 160,470 | 129,815 | 30,655 |
| Local sales tax | 712,000 | 712,000 | - |
| **Total expenditures** | 3,611,780 | 3,470,183 | 141,597 |
| **Revenues over (under) expenditures** | (81,895) | 188,573 | 270,468 |
| **Other financing sources** | | | |
| Fund balance appropriated | 81,895 | - | (81,895) |
| **Revenues and other financing sources over expenditures** | $ - | 188,573 | $ 188,573 |
| **Fund balances** | | | |
| Beginning | | 892,504 | |
| Ending | | $ 1,081,077 | |

**Carteret County, North Carolina**

**Fire District Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Ad valorem taxes | $ 3,967,370 | $ 4,097,698 | $ 130,328 |
| Other taxes: | | | |
| Local option sales tax | 1,191,700 | 1,288,640 | 96,940 |
| Intergovernmental | 195,690 | - | (195,690) |
| Interest | - | 27,962 | 27,962 |
| Miscellaneous | - | 4,811 | 4,811 |
| **Total revenues** | 5,354,760 | 5,419,111 | 64,351 |
| **Expenditures** | | | |
| Public safety: | | | |
| Fire Districts: | | | |
| Atlantic | 52,373 | 52,373 | - |
| Beaufort | 321,393 | 321,393 | - |
| Broad and Gales Creek | 297,547 | 297,547 | - |
| Cedar Island | 48,542 | 48,542 | - |
| Davis | 65,491 | 65,491 | - |
| Harkers Island | 355,651 | 355,651 | - |
| Harlowe | 78,005 | 78,005 | - |
| Marshallberg | 184,411 | 184,411 | - |
| Mill Creek | 31,350 | 31,350 | - |
| Mitchell Village, Crab Point | 361,282 | 361,282 | - |
| Newport | 413,963 | 413,963 | - |
| North River | 46,211 | 46,211 | - |
| Otway | 196,758 | 196,758 | - |
| Salter Path | 85,132 | 85,132 | - |
| Sea Level | 48,129 | 48,129 | - |
| South River | 100,060 | 100,060 | - |
| Stacy | 22,232 | 22,232 | - |
| Stella | 217,437 | 217,437 | - |
| Western Carteret | 602,092 | 602,092 | - |
| Wildwood | 583,993 | 583,993 | - |
| Districts hurricane reimbursements | 195,690 | 70,912 | 124,778 |
| District reserves | 189,073 | 53,000 | 136,073 |
| Local sales tax | 938,700 | 938,700 | - |
| **Total expenditures** | 5,435,515 | 5,174,664 | 260,851 |
| **Revenues over (under) expenditures** | (80,755) | 244,447 | 325,202 |
| **Other financing sources** | | | |
| Fund balance appropriated | 80,755 | - | (80,755) |
| **Revenues and other financing sources over expenditures** | $ - | 244,447 | $ 244,447 |
| **Fund balances** | | | |
| Beginning | | 1,277,037 | |
| Ending | | $ 1,521,484 | |

**Carteret County, North Carolina**

**Emergency Telephone System Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Intergovernmental | $ 190,000 | $ 413,166 | $ 223,166 |
| Interest | 3,000 | 26,439 | 23,439 |
| **Total revenues** | 193,000 | 439,605 | 246,605 |
| **Expenditures** | | | |
| Public safety: | | | |
| Operating expenses | 212,500 | 135,901 | 76,599 |
| Contracted services | 130,000 | 106,206 | 23,794 |
| Capital outlay | 99,500 | 67,111 | 32,389 |
| **Total expenditures** | 442,000 | 309,218 | 132,782 |
| **Revenues over (under) expenditures** | (249,000) | 130,387 | 379,387 |
| **Other financing sources (uses)** | | | |
| Transfer from General Fund | 70,999 | 70,999 | - |
| Contingency | (70,999) | - | 70,999 |
| Fund balance appropriated | 249,000 | - | (249,000) |
| **Total other financing sources (uses)** | 249,000 | 70,999 | (178,001) |
| **Revenues and other financing sources over expenditures** | $ - | 201,386 | $ 201,386 |
| **Fund balances** | | | |
| Beginning | | 1,100,267 | |
| Ending | | $ 1,301,653 | |

**Carteret County, North Carolina**

**Salter Path District Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Ad valorem taxes | $ 6,400 | $ 6,507 | $ 107 |
| Other taxes: | | | |
| Local option sales tax | 2,100 | 2,288 | 188 |
| Interest | 200 | 681 | 481 |
| **Total revenues** | 8,700 | 9,476 | 776 |
| **Expenditures** | | | |
| Economic and physical development: | | | |
| Beach nourishment | 50 | 5 | 45 |
| **Total expenditures** | 50 | 5 | 45 |
| **Revenues over expenditures** | 8,650 | 9,471 | 821 |
| **Other financing sources (uses)** | | | |
| Transfers out | (78,000) | (78,000) | - |
| Fund balance appropriated | 69,350 | - | (69,350) |
| **Total other financing sources (uses)** | (8,650) | (78,000) | (69,350) |
| **Revenues under other financing sources (uses)** | $ - | (68,529) | $ (68,529) |
| **Fund balances** | | | |
| Beginning | | 68,679 | |
| Ending | | $ 150 | |

**Carteret County, North Carolina**

**Water Tax District Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Ad valorem taxes | $ 292,000 | $ 296,114 | $ 4,114 |
| Other taxes | | | |
| Local option sales tax | 95,000 | 103,736 | 8,736 |
| Interest | 1,000 | 5,776 | 4,776 |
| **Total revenues** | 388,000 | 405,626 | 17,626 |
| **Expenditures** | | | |
| Economic and Physical Development | | | |
| Operating expenses | 3,000 | 1,343 | 1,657 |
| **Total expenditures** | 3,000 | 1,343 | 1,657 |
| **Revenues over expenditures** | 385,000 | 404,283 | 19,283 |
| **Other financing sources (uses)** | | | |
| Transfers out | (400,000) | (400,000) | - |
| Fund balance appropriated | 15,000 | - | (15,000) |
| **Total other financing sources (uses)** | (385,000) | (400,000) | (15,000) |
| **Revenues over other financing sources (uses)** | $ - | 4,283 | $ 4,283 |
| **Fund balances** | | | |
| Beginning | | 210,338 | |
| Ending | | $ 214,621 | |

**Carteret County, North Carolina**

**2014 Flood Mitigation Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**From Inception and the Year Ended June 30, 2019**

| | Total Project Estimate | Actual Prior Years | Actual Current Year | Actual Total to Date |
|---|---|---|---|---|
| **Revenues** | | | | |
| Intergovernmental: | | | | |
| 2014 FLD Mitigation FMA-PF04 | **$ 870,050** | $ 22,151 | **$ -** | **$ 22,151** |
| **Total revenues** | **870,050** | 22,151 | **-** | **22,151** |
| **Expenditures** | | | | |
| Economic and physical development: | | | | |
| 2014 program | | | | |
| Elevation cost | **726,800** | 22,151 | **-** | **22,151** |
| Soft costs | **143,250** | - | **-** | **-** |
| | **870,050** | 22,151 | **-** | **22,151** |
| **Total expenditures** | **870,050** | 22,151 | **-** | **22,151** |
| **Revenues over (under) expenditures** | **$ -** | $ - | **-** | **$ -** |
| **Fund balances (deficit)** | | | | |
| Beginning | | | **-** | |
| Ending | | | **$ -** | |

# Non-major Capital Projects Funds

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

**Carteret County, North Carolina**

**Non-major Capital Projects Fund**

**Combining Balance Sheet**
**June 30, 2019**

| | County Capital Reserve Fund | County Facilities Debt Reserve Fund | School Special Projects Fund |
|---|---|---|---|
| **Assets** | | | |
| Cash and investments | $ 985,566 | $ 3,618,635 | $ 210,028 |
| **Total assets** | $ 985,566 | $ 3,618,635 | $ 210,028 |
| **Liabilities and Fund Balances** | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | $ 4,808 | $ - | $ 47,916 |
| **Total liabilities** | 4,808 | - | 47,916 |
| Fund balances : | | | |
| Committed: | | | |
| School capital | - | - | 162,112 |
| Community College capital | - | - | - |
| Assigned: | | | |
| County capital | 980,758 | 3,618,635 | - |
| **Total fund balances** | 980,758 | 3,618,635 | 162,112 |
| **Total liabilities and fund balances** | $ 985,566 | $ 3,618,635 | $ 210,028 |

| Carteret Community College Fund | Totals |
|---|---|
| $ 1,425,000 | $ 6,239,229 |
| $ 1,425,000 | $ 6,239,229 |
| | |
| $ - | $ 52,724 |
| - | 52,724 |
| | |
| - | 162,112 |
| 1,425,000 | 1,425,000 |
| - | 4,599,393 |
| 1,425,000 | 6,186,505 |
| $ 1,425,000 | $ 6,239,229 |

**Carteret County, North Carolina**

**Non-major Capital Projects Fund**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**
**Year Ended June 30, 2019**

| | County Capital Reserve Fund | County Facilities / Debt Reserve Fund | School Special Projects Fund |
|---|---|---|---|
| **Revenues** | | | |
| Intergovernmental | $ - | $ - | $ 26,795 |
| Interest | 21,678 | 76,971 | 18,587 |
| Miscellaneous | 214 | - | - |
| **Total revenues** | 21,892 | 76,971 | 45,382 |
| **Expenditures** | | | |
| Capital outlay | - | - | 2,254,081 |
| **Revenues over (under) expenditures** | 21,892 | 76,971 | (2,208,699) |
| **Other financing sources (uses)** | | | |
| Transfers in | - | 1,630,700 | 2,224,498 |
| Transfers out | - | - | - |
| **Total other financing sources (uses)** | - | 1,630,700 | 2,224,498 |
| **Revenues and other financing sources (uses) over (under) expenditures** | 21,892 | 1,707,671 | 15,799 |
| **Fund balances** | | | |
| Beginning | 958,866 | 1,910,964 | 146,313 |
| Ending | $ 980,758 | $ 3,618,635 | $ 162,112 |

| County Construction Projects Fund | 2015 School Bond Projects Fund | Carteret Community College Fund | Totals |
|---|---|---|---|
| $ - | $ - | $ - | $ 26,795 |
| 328 | 857 | - | 118,421 |
| - | - | - | 214 |
| 328 | 857 | - | 145,430 |
| | | | |
| 26,600 | 115,000 | - | 2,395,681 |
| (26,272) | (114,143) | - | (2,250,251) |
| | | | |
| - | - | - | 3,855,198 |
| (150,386) | (25,498) | - | (175,884) |
| (150,386) | (25,498) | - | 3,679,314 |
| | | | |
| (176,658) | (139,641) | - | 1,429,063 |
| | | | |
| 176,658 | 139,641 | 1,425,000 | 4,757,442 |
| $ - | $ - | $ 1,425,000 | $ 6,186,505 |

**Carteret County, North Carolina**

**County Capital Reserve Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive |
|---|---|---|---|
| **Revenues** | | | |
| Interest | $ - | $ 21,678 | $ 21,678 |
| Miscellaneous | - | 214 | 214 |
| **Total revenues** | - | 21,892 | 21,892 |
| **Revenues over expenditures** | $ - | 21,892 | $ 21,892 |
| **Fund balances** | | | |
| Beginning | | 958,866 | |
| Ending | | $ 980,758 | |

**Carteret County, North Carolina**

**County Facilities / Debt Reserve Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Interest | $ - | $ 76,971 | $ 76,971 |
| **Total revenues** | - | 76,971 | 76,971 |
| **Expenditures** | | | |
| Capital outlay: | | | |
| Future Projects / Capital Debt | 1,630,700 | - | 1,630,700 |
| **Total expenditures** | 1,630,700 | - | 1,630,700 |
| **Revenues over (under) expenditures** | (1,630,700) | 76,971 | 1,707,671 |
| **Other financing sources** | | | |
| Transfer from General Fund | 1,630,700 | 1,630,700 | - |
| **Total other financing sources** | 1,630,700 | 1,630,700 | - |
| **Revenues and other financing sources over expenditures** | $ - | 1,707,671 | $ 1,707,671 |
| **Fund balances** | | | |
| Beginning | | 1,910,964 | |
| Ending | | $ 3,618,635 | |

**Carteret County, North Carolina**

**School Special Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Intergovernmental | $ - | $ 26,795 | $ 26,795 |
| Interest | 5,000 | 18,587 | 13,587 |
| **Total revenues** | 5,000 | 45,382 | 40,382 |
| **Expenditures** | | | |
| Capital outlay, Board of Education | 2,335,062 | 2,254,081 | 80,981 |
| **Revenues under expenditures** | (2,330,062) | (2,208,699) | 121,363 |
| **Other financing sources** | | | |
| Transfer from other funds | 2,224,500 | 2,224,498 | (2) |
| Fund balance appropriated | 105,562 | - | (105,562) |
| **Total other financing sources** | 2,330,062 | 2,224,498 | (105,564) |
| **Revenues and other financing sources over expenditures** | $ - | 15,799 | $ 15,799 |
| **Fund balances** | | | |
| Beginning | | 146,313 | |
| Ending | | $ 162,112 | |

**Carteret County, North Carolina**

**County Construction Projects Fund**

**Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual**
**From Inception and for the Year Ended June 30, 2019**

| | Total Project Estimate | Actual Prior Years | Actual Current Year | Actual Total to Date |
|---|---|---|---|---|
| **Revenues** | | | | |
| Interest | $ 13,500 | $ 13,105 | $ 328 | $ 13,433 |
| **Total revenues** | 13,500 | 13,105 | 328 | 13,433 |
| **Expenditures** | | | | |
| Capital outlay: | | | | |
| General services construction | 2,419,000 | 2,366,743 | 26,600 | 2,393,343 |
| Professional services / design | 195,000 | 215,601 | - | 215,601 |
| Furnishings | 100,000 | 105,103 | - | 105,103 |
| **Total Expenditures** | 2,714,000 | 2,687,447 | 26,600 | 2,714,047 |
| **Revenue over (under) expenditures** | (2,700,500) | (2,674,342) | (26,272) | (2,700,614) |
| **Other financing sources (uses)** | | | | |
| Transfer in from other funds | 2,851,000 | 2,851,000 | - | 2,851,000 |
| Transfer out to other funds | (150,500) | - | (150,386) | (150,386) |
| **Total other financing sources** | 2,700,500 | 2,851,000 | (150,386) | 2,700,614 |
| **Revenue and other financing sources over (under) expenditures and other financing uses** | $ - | $ 176,658 | (176,658) | $ - |
| **Fund balance** | | | | |
| Beginning | | | 176,658 | |
| Ending | | | $ - | |

**Carteret County, North Carolina**

**2015 School Bond Project Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**From Inception and for the Year Ended June 30, 2019**

| | Amended Project Estimate | Actual Prior Years | Actual Current Year | Actual Total to Date |
|---|---|---|---|---|
| **Revenues** | | | | |
| Intergovernemntal | $ 56,000 | $ 56,059 | - | $ 56,059 |
| Interest | 32,795 | 31,875 | 857 | 32,732 |
| **Total revenues** | 88,795 | 87,934 | 857 | 88,791 |
| **Expenditures** | | | | |
| Current: | | | | |
| Building improvements | 4,942,315 | 4,827,315 | 115,000 | 4,942,315 |
| Technology improvements | 44,286 | 44,286 | - | 44,286 |
| Construction management | 58,333 | 58,333 | - | 58,333 |
| Issuance cost | 82,221 | 82,219 | - | 82,219 |
| **Total expenditures** | 5,127,155 | 5,012,153 | 115,000 | 5,127,153 |
| **Revenues under expenditures** | (5,038,360) | (4,924,219) | (114,143) | (5,038,362) |
| **Other financing sources (uses)** | | | | |
| Long-term debt issued | 4,600,000 | 4,600,000 | - | 4,600,000 |
| Bond premium | 463,860 | 463,860 | - | 463,860 |
| Transfer out to other funds | (25,500) | - | (25,498) | (25,498) |
| **Total other financing sources (uses)** | 5,038,360 | 5,063,860 | (25,498) | 5,038,362 |
| **Revenues over (under) expenditures and other sources** | $ - | $ 139,641 | (139,641) | $ - |
| **Fund balances:** | | | | |
| Beginning | | | 139,641 | |
| Ending | | | $ - | |

**Carteret County, North Carolina**

**Carteret Community College Project Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**From Inception and for the Year Ended June 30, 2019**

| | Total Project Estimate | Actual Prior Years | Actual Current Year | Actual Total to Date |
|---|---|---|---|---|
| **Expenditures** | | | | |
| Capital outlay: | | | | |
| Building Improvements | $ 1,410,000 | $ - | $ - | $ - |
| Land | 750,000 | 735,000 | - | 735,000 |
| **Total expenditures** | 2,160,000 | 735,000 | - | 735,000 |
| **Revenues (under) expenditures** | (2,160,000) | (735,000) | - | (735,000) |
| **Other financing sources** | | | | |
| Transfer from other funds | 2,160,000 | 2,160,000 | - | 2,160,000 |
| **Revenues and other financing sources over expenditures** | $ - | $ 1,425,000 | - | $ 1,425,000 |
| **Fund balances** | | | | |
| Beginning | | | 1,425,000 | |
| Ending | | | $ 1,425,000 | |

**Carteret County, North Carolina**

**Water Operating Fund**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**
**Year Ended June 30, 2019**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues, Operating** | | | |
| Charges for services | $ 675,000 | $ 680,476 | $ 5,476 |
| Intergovermental | 48,655 | 27,475 | (21,180) |
| Other operating revenue | - | 3,781 | 3,781 |
| **Total operating revenues** | 723,655 | 711,732 | (11,923) |
| **Expenditures, Operating** | | | |
| Cost of sales and services: | | | |
| Salaries and benefits | 328,833 | 309,202 | 19,631 |
| Operating expense | 506,607 | 417,182 | 89,425 |
| **Total operating expenditures** | 835,440 | 726,384 | 109,056 |
| **Operating revenues over (under) operating expenditures** | (111,785) | (14,652) | 97,133 |
| **Nonoperating Revenues (Expenditures)** | | | |
| Interest earnings | 5,000 | 26,166 | 21,166 |
| Interest payments | (63,000) | (60,568) | 2,432 |
| Principal payments | (189,080) | (189,032) | 48 |
| Proceeds disposal capital asset | - | 4,890 | 4,890 |
| Capital outlay | (25,500) | (25,500) | - |
| **Total nonoperating revenues (expenditures)** | (272,580) | (244,044) | 28,536 |
| **Revenues under expenditures** | (384,365) | (258,696) | 125,669 |
| **Other Financing Sources (Uses)** | | | |
| Transfer from other funds | 400,000 | 400,000 | - |
| Contingency | (15,635) | - | 15,635 |
| **Total other financing sources** | 384,365 | 400,000 | 15,635 |
| **Revenues and other financing sources over expenditures and other financing uses** | $ - | $ 141,304 | $ 141,304 |
| Reconciliation of modified accrual basis to full accrual basis: | | | |
| Revenues and other financing uses over expenditures | | $ 141,304 | |
| Gain on sale of asset | | 730 | |
| Proceeds disposal capital asset | | (4,890) | |
| Decrease in debt interest accrued | | 853 | |
| Increase in accrued vacation pay | | (2,729) | |
| Depreciation | | (369,612) | |
| Increase in deferred outflows of resources pensions | | 15,396 | |
| Decrease in deferred outflows of resources OPEB | | (157) | |
| Increase in net pension liability | | (18,268) | |
| Decrease in OPEB liability | | 2,464 | |
| Decrease in deferred inflows of resources pensions | | 1,161 | |
| Increase in deferred inflows of resources OPEB | | (1,446) | |
| Capital outlay | | 25,500 | |
| Principal on debt | | 189,032 | |
| **Change in net position** | | $ (20,662) | |

**Carteret County, North Carolina**

**Agency Funds**

**Combining Statement of Changes in Fiduciary Net Position**
**June 30, 2019**

| | Sheriff's Department Fund | Social Services Trust Fund | Deed of Trust Agency | Cooperative Extension Agency | Totals |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash | **$ 25,903** | **$ 102,261** | **$ 4,476** | **$ 14,543** | **$ 147,183** |
| **Liabilities** | | | | | |
| Accounts payable and accrued liabilities | **$ 25,903** | **$ 102,261** | **$ 4,476** | **$ 14,543** | **$ 147,183** |

**Carteret County, North Carolina**

**Agency Funds**

**Combining Statement of Changes in Assets and Liabilities**
**Year Ended June 30, 2019**

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 |
|---|---|---|---|---|
| Sheriff's Department Fund: | | | | |
| Assets, cash | $ 44,596 | $ 322,715 | $ 341,408 | $ 25,903 |
| Liabilities | $ 44,596 | $ 322,715 | $ 341,408 | $ 25,903 |
| Social Services Trust Fund: | | | | |
| Assets, cash | $ 53,353 | $ 419,734 | $ 370,826 | $ 102,261 |
| Liabilities | $ 53,353 | $ 419,734 | $ 370,826 | $ 102,261 |
| Deed of Trust Agency: | | | | |
| Assets, cash | $ 6,745 | $ 65,528 | $ 67,797 | $ 4,476 |
| Liabilities | $ 6,745 | $ 65,528 | $ 67,797 | $ 4,476 |
| Cooperative Extension Agency: | | | | |
| Assets, cash | $ 16,164 | $ 9,319 | $ 10,940 | $ 14,543 |
| Liabilities | $ 16,164 | $ 9,319 | $ 10,940 | $ 14,543 |
| Totals - All Agency Funds: | | | | |
| Assets, cash | $ 120,858 | $ 817,296 | $ 790,971 | $ 147,183 |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 120,858 | $ 817,296 | $ 790,971 | $ 147,183 |

**Carteret County, North Carolina**

**Capital Assets Used in the Operation of Governmental Funds**

**Comparative Schedules by Source**
**June 30, 2019**

| | 2019 | 2018 |
|---|---|---|
| Governmental funds capital assets: | | |
| Land, airport | **$ 169,549** | $ 169,549 |
| Land, other | **5,484,231** | 5,056,328 |
| Construction in progress | **378,257** | 2,711,894 |
| Buildings | **28,499,423** | 25,785,376 |
| Vehicles | **6,407,705** | 5,733,736 |
| Equipment | **6,367,827** | 6,035,043 |
| Airport facilities | **1,524,747** | 1,524,747 |
| Other improvements | **10,649,804** | 10,766,748 |
| Leasehold improvements | **2,590,428** | 2,590,428 |
| **Total governmental funds capital assets** | **$ 62,071,971** | $ 60,373,849 |

| | 2019 | 2018 |
|---|---|---|
| Investment in governmental funds capital assets | | |
| General Fund | **$ 52,569,578** | $ 51,251,866 |
| Capital Project Funds | **9,502,393** | 9,121,983 |
| **Total investment in governmental funds capital assets** | **$ 62,071,971** | $ 60,373,849 |

**Carteret County, North Carolina**

**Capital Assets Used in the Operation of Governmental Funds**

**Schedule by Function and Activity**
**June 30, 2019**

| Function and Activity | Land | Buildings | Vehicles | Equipment |
|---|---|---|---|---|
| General Government: | | | | |
| County Administration | $ - | $ - | $ - | $ 25,802 |
| Tax Administration | 289,817 | 114,001 | 115,516 | 244,283 |
| Register of Deeds | - | 17,665 | - | 182,135 |
| Elections | - | - | - | 687,837 |
| Information Technology | - | - | - | 1,854,687 |
| Public Buildings | 1,479,349 | 5,861,108 | 259,361 | 6,394 |
| Other | - | - | - | 7,202 |
| **Total General Government** | 1,769,166 | 5,992,774 | 374,877 | 3,008,340 |
| Public Safety: | | | | |
| Law Enforcement | 417,991 | 8,614,309 | 2,163,100 | 181,108 |
| Emergency Services | 43,000 | 80,699 | 532,559 | 1,318,189 |
| **Total Public Safety** | 460,991 | 8,695,008 | 2,695,659 | 1,499,297 |
| Transportation | 230,589 | - | 1,344,953 | - |
| Environmental Protection | 153,877 | 2,738,447 | 598,856 | 406,729 |
| Economic and Physical Development | 506,411 | - | 163,539 | 108,619 |
| Human Services | 303,778 | 7,240,066 | 954,225 | 545,790 |
| Culture and Recreation | 2,228,968 | 3,833,128 | 275,596 | 799,052 |
| **Total governmental funds capital assets** | $ 5,653,780 | $ 28,499,423 | $ 6,407,705 | $ 6,367,827 |

| Airport Facilities | Other Improvements | Leasehold Improvements | Construction in Progress | Total |
|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ 25,802 |
| - | - | - | - | 763,617 |
| - | 16,000 | - | - | 215,800 |
| - | - | - | - | 687,837 |
| - | - | - | - | 1,854,687 |
| - | 2,089,997 | - | - | 9,696,209 |
| - | - | - | - | 7,202 |
| - | 2,105,997 | - | - | 13,251,154 |
| | | | | |
| - | 249,590 | - | - | 11,626,098 |
| - | - | 1,108,727 | - | 3,083,174 |
| - | 249,590 | 1,108,727 | - | 14,709,272 |
| 1,524,747 | 41,142 | - | - | 3,141,431 |
| - | 97,560 | - | - | 3,995,469 |
| | | | | |
| - | - | - | - | 778,569 |
| - | - | - | - | 9,043,859 |
| - | 8,155,515 | 1,481,701 | 378,257 | 17,152,217 |
| $ 1,524,747 | $ 10,649,804 | $ 2,590,428 | $ 378,257 | $ 62,071,971 |

**Carteret County, North Carolina**

**Capital Assets Used in the Operation of Governmental Funds**

**Schedule of Changes by Function and Activity**
**Year Ended June 30, 2019**

| Function and Activity | Governmental Funds Capital Assets June 30, 2018 | Additions | Deductions | Transfers | Governmental Funds Capital Assets June 30, 2019 |
|---|---|---|---|---|---|
| General Government: | | | | | |
| County administration | $ 25,802 | $ - | $ - | $ - | $ 25,802 |
| Tax administration | 746,836 | 17,995 | 32,853 | 31,639 | 763,617 |
| Register of Deeds | 242,574 | - | 26,774 | - | 215,800 |
| Elections | 687,837 | - | - | - | 687,837 |
| Information technology | 1,689,663 | 313,457 | 153,992 | 5,559 | 1,854,687 |
| Public buildings | 9,679,554 | 49,228 | - | (32,573) | 9,696,209 |
| Other | 12,761 | - | - | (5,559) | 7,202 |
| **Total General Government** | 13,085,027 | 380,680 | 213,619 | (934) | 13,251,154 |
| Public Safety: | | | | | |
| Law enforcement | 11,329,529 | 439,299 | 142,730 | - | 11,626,098 |
| Emergency services | 3,040,286 | 182,205 | 72,426 | (66,891) | 3,083,174 |
| **Total Public Safety** | 14,369,815 | 621,504 | 215,156 | (66,891) | 14,709,272 |
| Transportation | 2,895,006 | 354,536 | 108,111 | - | 3,141,431 |
| Environmental protection | 3,786,459 | 99,810 | - | 109,200 | 3,995,469 |
| Economic and physical development | 800,889 | 20,810 | - | (43,130) | 778,569 |
| Human services | 9,124,098 | 25,506 | 90,467 | (15,278) | 9,043,859 |
| Culture and recreation | 16,312,555 | 830,644 | 8,015 | 17,033 | 17,152,217 |
| **Total governmental funds capital assets** | $ 60,373,849 | $ 2,333,490 | $ 635,368 | $ - | $ 62,071,971 |

# Other Financial Information

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

**Carteret County, North Carolina**

**Schedule of Ad Valorem Taxes Receivable**
**June 30, 2019**

| Fiscal Year | Uncollected Balance June 30, 2018 | **Additions** | **Collections** | **Adjustments** | **Uncollected Balance June 30, 2019** |
|---|---|---|---|---|---|
| 2018-2019 | $ - | **$ 46,870,483** | **$ 45,799,705** | **$ (74,854)** | **$ 995,924** |
| 2017-2018 | 992,725 | **-** | **462,787** | **(14,898)** | **515,040** |
| 2016-2017 | 553,265 | **-** | **173,225** | **(6,504)** | **373,536** |
| 2015-2016 | 330,322 | **-** | **87,447** | **(2,919)** | **239,956** |
| 2014-2015 | 255,570 | **-** | **62,738** | **(847)** | **191,985** |
| 2013-2014 | 199,357 | **-** | **42,319** | **(703)** | **156,335** |
| 2012-2013 | 186,208 | **-** | **37,049** | **(158)** | **149,001** |
| 2011-2012 | 140,169 | **-** | **23,713** | **(46)** | **116,410** |
| 2010-2011 | 74,529 | **-** | **18,390** | **(2,537)** | **53,602** |
| 2009-2010 | 67,351 | **-** | **21,324** | **(2,340)** | **43,687** |
| 2008-2009 | 51,005 | **-** | **7,711** | **(40,728)** | **2,566** |
| | $ 2,850,501 | **$ 46,870,483** | **$ 46,736,408** | **$ (146,534)** | **2,838,042** |

| | |
|---|---|
| Less write-off 2008-2009 tax year | **(2,566)** |
| | **2,835,476** |
| Less allowance for uncollectible ad valorem taxes receivable | **87,569** |
| **Net property taxes receivable - General Fund** | **$ 2,747,907** |
| Reconcilement with revenue: | |
| Ad valorem taxes - General Fund | **$ 46,736,408** |

**Carteret County, North Carolina**

**Analysis of Current Year's Tax Levy**
**Year Ended June 30, 2019**

| | 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 | $ 15,119,510,645 | 0.31 | $ 46,870,483 | $ 44,324,100 | $ 2,546,383 |
| **Total** | 15,119,510,645 | | 46,870,483 | 44,324,100 | 2,546,383 |
| Discoveries: | | | | | |
| Current year taxes | 16,567,742 | | 51,360 | 51,360 | - |
| Corrections | (1,445,806) | | (4,482) | (4,482) | - |
| **Total** | 15,121,936 | | 46,878 | 46,878 | - |
| Abatements | (39,268,387) | | (121,732) | (121,732) | - |
| **Total property valuation** | $ 15,095,364,194 | | | | |
| Net levy-General Fund | | | 46,795,629 | 44,249,246 | 2,546,383 |
| Uncollected taxes at June 30, 2019 - General Fund | | | 995,924 | 995,924 | - |
| Current year's taxes collected - General Fund | | | $ 45,799,705 | $ 43,253,322 | $ 2,546,383 |
| Current levy collection percentage - General Fund | | | 97.87% | 97.75% | 100.00% |

## Statistical Section (Unaudited)

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.

**Contents** **Page**



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

**Carteret County, North Carolina**

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| Governmental activities | | | | |
| Net investment in capital assets | $ 24,050,669 | $ 26,022,027 | $ 26,469,612 | $ 25,250,857 |
| Restricted | 15,431,921 | 24,524,242 | 24,685,705 | 17,586,592 |
| Unrestricted | (32,695,396) | (41,158,484) | (33,049,640) | (23,716,266) |
| **Total governmental activities net position** | $ 6,787,194 | $ 9,387,785 | $ 18,105,677 | $ 19,121,183 |
| Business-type activities | | | | |
| Net investment in capital assets | $ 4,098,772 | $ 4,079,804 | $ 5,416,107 | $ 5,558,997 |
| Unrestricted | 190,973 | 516,359 | (851,225) | 656,050 |
| **Total business-type activities** | $ 4,289,745 | $ 4,596,163 | $ 4,564,882 | $ 6,215,047 |
| Primary government | | | | |
| Net investment in capital assets | $ 28,149,441 | $ 30,101,831 | $ 31,885,719 | $ 30,809,854 |
| Restricted | 15,431,921 | 24,524,242 | 24,685,705 | 17,586,592 |
| Unrestricted | (32,504,423) | (40,642,125) | (33,900,865) | (23,060,216) |
| **Total primary government net position** | $ 11,076,939 | $ 13,983,948 | $ 22,670,559 | $ 25,336,230 |

**Schedule 1**

| 2014 | | 2015 | | 2016 | | 2017 | | 2018 | | **2019** | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| $ | 23,480,626 | $ | 22,736,938 | $ | 24,089,921 | $ | 22,009,903 | $ | 22,912,344 | **$** | **22,984,640** |
| | 20,852,514 | | 23,967,802 | | 31,480,559 | | 31,325,245 | | 31,744,580 | | **25,009,402** |
| | (14,716,290) | | (8,948,033) | | (9,879,406) | | (3,998,944) | | (281,156) | | **31,040** |
| $ | 29,616,850 | $ | 37,756,707 | $ | 45,691,074 | $ | 49,336,204 | $ | 54,375,768 | **$** | **48,025,082** |
| $ | 5,353,434 | $ | 5,133,724 | $ | 4,900,315 | $ | 4,721,740 | $ | 4,581,483 | **$** | **4,422,243** |
| | 700,030 | | 816,057 | | 908,143 | | 913,436 | | 835,400 | | **973,978** |
| $ | 6,053,464 | $ | 5,949,781 | $ | 5,808,458 | $ | 5,635,176 | $ | 5,416,883 | **$** | **5,396,221** |
| $ | 28,834,060 | $ | 27,870,662 | $ | 28,990,236 | $ | 26,731,643 | $ | 27,493,827 | **$** | **27,406,883** |
| | 20,852,514 | | 23,967,802 | | 31,480,559 | | 31,325,245 | | 31,744,580 | | **25,009,402** |
| | (14,016,260) | | (8,131,976) | | (8,971,263) | | (3,085,508) | | 554,244 | | **1,005,018** |
| $ | 35,670,314 | $ | 43,706,488 | $ | 51,499,532 | $ | 54,971,380 | $ | 59,792,651 | **$** | **53,421,303** |

**Carteret County, North Carolina**

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| **Expenses** | | | | |
| Governmental activities: | | | | |
| General government | $ 6,369,989 | $ 6,290,765 | $ 5,926,629 | $ 5,946,901 |
| Public safety | 16,919,404 | 19,094,741 | 17,566,816 | 18,335,600 |
| Transportation | 907,113 | 1,107,365 | 1,288,106 | 2,447,821 |
| Economic and physical development | 4,469,445 | 4,925,627 | 6,917,827 | 12,020,756 |
| Environmental protection | 3,130,735 | 3,274,042 | 4,032,723 | 3,150,593 |
| Human Services | 15,071,578 | 15,713,990 | 15,880,099 | 15,277,891 |
| Cultural and recreation | 4,198,808 | 2,108,234 | 3,469,307 | 3,485,610 |
| Education | 31,982,375 | 28,623,466 | 25,368,980 | 25,364,930 |
| Interest on long term debt | 3,197,911 | 3,087,406 | 2,794,930 | 2,095,322 |
| **Total governmental activities** | 86,247,358 | 84,225,636 | 83,245,417 | 88,125,424 |
| | | | | |
| Business-type activities: | | | | |
| Water | 798,432 | 849,324 | 815,298 | 909,307 |
| **Total primary government expenses** | $ 87,045,790 | $ 85,074,960 | $ 84,060,715 | $ 89,034,731 |

(Continued)

| 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|
| $ 6,442,611 | $ 6,949,982 | $ 7,278,369 | $ 9,236,447 | $ 8,144,384 | **$ 9,357,478** |
| 18,792,650 | 19,162,990 | 18,561,573 | 20,595,208 | 20,981,474 | **23,453,487** |
| 1,076,768 | 1,442,425 | 1,066,561 | 1,837,842 | 1,628,539 | **1,841,321** |
| 5,031,505 | 5,538,785 | 7,064,127 | 5,691,825 | 6,248,400 | **23,043,843** |
| 3,158,629 | 3,417,029 | 2,060,267 | 3,671,733 | 3,835,482 | **18,482,660** |
| 15,324,864 | 15,635,355 | 16,754,822 | 16,666,930 | 15,878,033 | **16,619,956** |
| 3,783,152 | 3,711,166 | 4,452,951 | 4,222,782 | 4,159,922 | **4,375,740** |
| 24,135,533 | 27,466,650 | 27,494,565 | 31,315,293 | 29,442,864 | **28,549,195** |
| 2,097,621 | 1,596,808 | 1,594,653 | 1,452,491 | 1,284,366 | **1,100,892** |
| 79,843,333 | 84,921,190 | 86,327,888 | 94,690,551 | 91,603,464 | **126,824,572** |
| 1,027,308 | 983,971 | 1,045,568 | 1,118,055 | 1,259,889 | **1,159,290** |
| $ 80,870,641 | $ 85,905,161 | $ 87,373,456 | $ 95,808,606 | $ 92,863,353 | **$ 127,983,862** |

**Carteret County, North Carolina**

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| **Program Revenues** | | | | |
| Governmental activities | | | | |
| Charges for services: | | | | |
| General government | $ 1,477,628 | $ 1,486,751 | $ 1,642,152 | $ 1,638,250 |
| Public safety | 162,804 | 186,134 | 173,546 | 308,908 |
| Transportation | 125,360 | 327,244 | 225,239 | 184,316 |
| Economic and physical development | 435,466 | 511,550 | 575,489 | 611,160 |
| Environmental protection | 2,243,091 | 2,214,925 | 2,189,986 | 2,198,355 |
| Human services | 382,602 | 330,817 | 346,126 | 334,799 |
| Cultural and recreation | 213,789 | 238,376 | 277,774 | 252,227 |
| Operating grants and contributions: | | | | |
| General government | 38,218 | - | 5,465 | 22,592 |
| Public safety | 1,264,069 | 1,725,254 | 1,438,146 | 1,067,750 |
| Transportation | 403,443 | 162,064 | 352,943 | 525,199 |
| Economic and physical development | 665,788 | 129,447 | 889,989 | 1,103,253 |
| Environmental protection | 22,176 | 15,542 | 859,246 | 3,885 |
| Human services | 8,494,321 | 9,274,540 | 9,074,506 | 9,652,900 |
| Cultural and recreation | 7,365 | 3,242 | 405 | 1,280 |
| Education | 148,415 | 255,946 | 53,241 | 71,025 |
| Interest on long term debt | 700,000 | 800,000 | 988,351 | 965,660 |
| Capital grants and contributions: | | | | |
| Public safety | - | 57,660 | 26,169 | - |
| Transportation | - | 251,957 | 2,400 | 305,185 |
| Economic and physical development | - | - | 354,984 | - |
| Cultural and recreation | 236,993 | 194,693 | 111,784 | - |
| Education | - | - | 87,984 | - |
| **Total governmental activities program revenues** | 17,021,528 | 18,166,142 | 19,675,925 | 19,246,744 |

(Continued)

| 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|
| $ 1,552,817 | $ 1,612,251 | $ 1,768,252 | $ 1,805,126 | $ 1,896,230 | **$ 3,036,312** |
| 293,299 | 212,708 | 290,455 | 269,190 | 276,373 | **240,284** |
| 193,228 | 177,027 | 135,956 | 140,384 | 157,348 | **152,241** |
| | | | | | |
| 513,351 | 544,236 | 646,629 | 805,826 | 862,490 | **755,176** |
| 2,398,662 | 2,431,367 | 3,299,900 | 3,271,073 | 3,451,334 | **3,533,805** |
| 370,946 | 367,114 | 642,414 | 816,799 | 489,837 | **431,438** |
| 269,228 | 297,915 | 318,530 | 361,398 | 350,294 | **373,935** |
| | | | | | |
| - | - | - | - | - | **-** |
| 1,150,055 | 1,201,955 | 1,187,152 | 1,249,821 | 892,343 | **1,180,590** |
| 643,090 | 737,800 | 778,800 | 1,071,285 | 1,092,649 | **1,473,993** |
| | | | | | |
| 119,025 | 547,165 | 95,577 | 661,609 | 342,557 | **5,510,341** |
| 406,301 | 149,085 | 295,188 | 216,576 | 174,854 | **9,558,750** |
| 9,349,318 | 10,211,027 | 10,372,796 | 10,836,099 | 9,272,539 | **9,496,266** |
| 26,761 | 88,314 | - | - | - | **-** |
| 45,159 | 48,172 | 40,695 | 36,276 | 32,605 | **72,866** |
| 921,831 | 904,198 | 865,552 | 762,829 | 742,161 | **720,967** |
| | | | | | |
| - | - | - | - | - | **-** |
| - | - | 222,389 | 26,130 | 274,956 | **228,231** |
| | | | | | |
| - | - | - | - | 22,481 | **-** |
| - | - | 168,320 | 175,470 | 5,500 | **100,000** |
| - | - | - | 2,044 | 54,015 | **-** |
| 18,253,071 | 19,530,334 | 21,128,605 | 22,507,935 | 20,390,566 | **36,865,195** |

**Carteret County, North Carolina**

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

| | Fiscal Year 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|
| Business-type activities: | | | | |
| Charge for services - Water | $ 564,172 | $ 457,668 | $ 526,067 | $ 575,338 |
| Capital grants and contributions - Water | 115,605 | 384,395 | 3,618 | 1,751,350 |
| **Total business-type activities program revenues** | 679,777 | 842,063 | 529,685 | 2,326,688 |
| **Total primary government program revenues** | $ 17,701,305 | $ 19,008,205 | $ 20,205,610 | $ 21,573,432 |
| | | | | |
| Governmental activities | $ (69,225,830) | $ (66,059,494) | $ (63,569,492) | $ (68,878,680) |
| Business-type activities | (118,655) | (7,261) | (285,613) | 1,417,381 |
| **Total primary government net (expense)/revenue** | $ (69,344,485) | $ (66,066,755) | $ (63,855,105) | $ (67,461,299) |
| | | | | |
| **General Revenues and Other Changes in Net Position** | | | | |
| Governmental activities: | | | | |
| Property taxes | $ 50,528,632 | $ 51,159,340 | $ 51,442,461 | $ 50,250,954 |
| Local option sales tax | 12,277,230 | 12,051,519 | 12,895,813 | 13,718,008 |
| Other taxes | 4,398,904 | 4,595,602 | 4,748,326 | 4,615,833 |
| Intergovernmental | 462,860 | 677,029 | 780,738 | 793,818 |
| Investment earnings | 790,705 | 401,788 | 539,146 | (69,957) |
| Miscellaneous | 703,663 | 79,807 | 2,125,900 | 142,562 |
| Special Item | - | - | - | 2,000,000 |
| Transfers | (205,000) | (305,000) | (245,000) | (231,565) |
| **Total governmental activities** | 68,956,994 | 68,660,085 | 72,287,384 | 71,219,653 |
| | | | | |
| Business-type activities: | | | | |
| Investment earnings | 15,722 | 8,679 | 9,332 | 1,219 |
| Miscellaneous | - | - | - | - |
| Transfers | 205,000 | 305,000 | 245,000 | 231,565 |
| **Total business-type activities** | 220,722 | 313,679 | 254,332 | 232,784 |
| **Total primary government** | $ 69,177,716 | $ 68,973,764 | $ 72,541,716 | $ 71,452,437 |
| | | | | |
| **Change in Net Position** | | | | |
| Governmental activities | $ (268,836) | $ 2,600,591 | $ 8,717,892 | $ 2,340,973 |
| Business-type activities | 102,067 | 306,418 | (31,281) | 1,650,165 |
| **Total primary government** | $ (166,769) | $ 2,907,009 | $ 8,686,611 | $ 3,991,138 |

| 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|
| $ 562,238 | $ 576,057 | $ 576,598 | $ 584,344 | $ 678,879 | **$ 711,732** |
| - | - | - | - | - | **-** |
| 562,238 | 576,057 | 576,598 | 584,344 | 678,879 | **711,732** |
| $ 18,815,309 | $ 20,106,391 | $ 21,705,203 | $ 23,092,279 | $ 21,069,445 | **$ 37,576,927** |
| $ (61,590,262) | $ (65,390,856) | $ (65,199,283) | $ (72,182,616) | $ (71,212,898) | **$ (89,959,377)** |
| (465,070) | (407,914) | (468,970) | (533,711) | (582,010) | **(447,558)** |
| $ (62,055,332) | $ (65,798,770) | $ (65,668,253) | $ (72,716,327) | $ (71,794,908) | **$ (90,406,935)** |
| $ 50,921,192 | $ 52,302,979 | $ 49,616,653 | $ 52,093,862 | $ 53,338,473 | **$ 54,449,182** |
| 13,640,870 | 14,800,458 | 15,429,458 | 15,628,026 | 17,148,416 | **18,298,871** |
| 5,240,019 | 6,476,176 | 6,761,921 | 7,077,155 | 7,626,941 | **7,759,109** |
| 964,088 | 966,265 | 1,073,420 | 1,144,245 | 1,084,553 | **1,195,756** |
| 285,376 | 198,419 | 269,450 | 359,363 | 633,393 | **1,617,950** |
| 205,888 | 764,879 | 306,748 | 251,132 | 285,414 | **687,823** |
| 1,128,496 | - | - | - | - | **-** |
| (300,000) | (324,000) | (324,000) | (355,000) | (433,600) | **(400,000)** |
| 72,085,929 | 75,185,176 | 73,133,650 | 76,198,783 | 79,683,590 | **83,608,691** |
| 3,487 | 2,200 | 3,647 | 4,881 | 9,403 | **26,896** |
| - | 1,163 | - | 548 | - | **-** |
| 300,000 | 324,000 | 324,000 | 355,000 | 433,600 | **400,000** |
| 303,487 | 327,363 | 327,647 | 360,429 | 443,003 | **426,896** |
| $ 72,389,416 | $ 75,512,539 | $ 73,461,297 | $ 76,559,212 | $ 80,126,593 | **$ 84,035,587** |
| $ 10,495,667 | $ 9,794,320 | $ 7,934,367 | $ 4,016,167 | $ 8,470,692 | **$ (6,350,686)** |
| (161,583) | (80,551) | (141,323) | (173,282) | (138,007) | **(20,662)** |
| $ 10,334,084 | $ 9,713,769 | $ 7,793,044 | $ 3,842,885 | $ 8,332,685 | **$ (6,371,348)** |

**Carteret County, North Carolina**



## Fund Balances, Governmental Funds
## Last Ten Fiscal Years
## (Modified accrual basis of accounting)

| | 2010 |
|---|---|
| **General Fund** | |
| Reserved for: | |
| State statute | $ 5,668,864 |
| Sheriff's fund | 84,052 |
| Recreation districts | 89,129 |
| Health programs | 907,160 |
| Register of deeds | 274,802 |
| Beach nourishment | 9,550,285 |
| **Total reserve** | 16,574,292 |
| Unreserved: | |
| Designated for subsequent year's expenditures | 307,505 |
| Undesignated | 25,445,763 |
| **Total General Fund** | $ 42,327,560 |
| | |
| **All Other Governmental Funds** | |
| Reserved for: | |
| Special districts | $ 2,430,758 |
| | 2,430,758 |
| Unreserved: | |
| Designated for subsequent year's expenditures | 1,906,995 |
| Undesignated special revenue funds | 948,533 |
| Undesignated capital projects funds | 4,280,372 |
| **Total all other governmental funds** | $ 9,566,658 |

**Carteret County, North Carolina**

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 |
| **General Fund** | | | | |
| Restricted: | | | | |
| Stabilization by state statute | $ 8,696,639 | $ 7,544,942 | $ 5,614,618 | $ 5,613,195 |
| Sheriff's fund | 264,217 | 277,168 | 403,907 | 437,789 |
| Recreation districts | 94,790 | 102,739 | 102,739 | 102,739 |
| Health programs | 931,719 | 919,286 | 812,855 | 797,986 |
| Register of deeds | 311,834 | 341,557 | 383,149 | 375,918 |
| Beach nourishment | 10,455,564 | 11,102,845 | 5,723,261 | 7,312,865 |
| Economic development | - | - | - | 1,705,420 |
| **Total restricted** | 20,754,763 | 20,288,537 | 13,040,529 | 16,345,912 |
| Assigned: | | | | |
| Subsequent year's expenditures | 908,485 | 1,441,215 | 1,000,000 | 5,254,210 |
| Unassigned | 21,762,773 | 25,101,604 | 30,527,492 | 30,092,051 |
| **Total General Fund** | $ 43,426,021 | $ 46,831,356 | $ 44,568,021 | $ 51,692,173 |
| | | | | |
| **All Other Governmental Funds** | | | | |
| Restricted: | | | | |
| Public safety | $ 401,499 | $ 594,250 | $ 766,750 | $ 688,078 |
| Rescue protection | 1,150,690 | 1,386,031 | 1,150,716 | 713,377 |
| Fire protection | 1,734,943 | 2,002,963 | 1,601,729 | 1,723,198 |
| School capital | 2,735,522 | 1,958,941 | 12,114 | 12,139 |
| Economic development | 751,509 | 896,556 | 1,041,645 | 1,290,682 |
| **Total restricted** | 6,774,163 | 6,838,741 | 4,572,954 | 4,427,474 |
| Committed: | | | | |
| Economic development | 721,756 | 728,994 | 729,674 | 732,706 |
| County capital | - | - | 500,000 | 403,529 |
| School capital | 432,914 | 543,229 | 1,540,719 | 903,468 |
| Community college capital | - | - | - | - |
| Assigned: | | | | |
| Subsequent year's expenditures | 161,271 | 101,360 | 779,040 | 1,451,065 |
| County capital | 1,675,102 | 1,308,319 | 1,083,346 | 1,005,471 |
| Unassigned: | | | | |
| Special revenue funds | (680,935) | (786,060) | (855,743) | (1,033,467) |
| **Total all other governmental funds** | $ 9,084,271 | $ 8,734,583 | $ 8,349,990 | $ 7,890,246 |

Note: The County made the option to adopt GASB 54 fund balance presentation prospectively.

| 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|
| $ 6,457,421 | $ 6,608,370 | $ 6,881,419 | $ 7,170,172 | **$ 8,143,941** |
| 426,804 | 508,301 | 547,341 | 329,103 | **313,632** |
| 104,081 | 104,081 | 116,336 | 33,898 | **33,898** |
| 615,523 | 364,036 | 121,577 | 481,368 | **484,242** |
| 394,275 | 297,572 | 264,390 | 203,560 | **204,369** |
| 10,283,851 | 13,083,623 | 15,986,798 | 18,631,010 | **10,679,909** |
| 1,128,497 | 1,128,496 | 1,096,663 | 617,948 | **1,029,885** |
| 19,410,452 | 22,094,479 | 25,014,524 | 27,467,059 | **20,889,876** |
| | | | | |
| 3,717,325 | 3,775,000 | 5,205,000 | 5,324,430 | **5,300,000** |
| 30,644,570 | 27,941,462 | 28,626,430 | 29,046,079 | **21,801,623** |
| $ 53,772,347 | $ 53,810,941 | $ 58,845,954 | $ 61,837,568 | **$ 47,991,499** |
| | | | | |
| $ 881,162 | $ 1,238,771 | $ 1,003,977 | $ 918,267 | **$ 1,301,653** |
| 820,427 | 927,601 | 710,162 | 862,519 | **1,081,077** |
| 1,656,221 | 1,261,069 | 1,493,758 | 1,249,282 | **1,521,484** |
| - | 4,512,122 | 1,438,366 | 139,641 | **-** |
| 1,494,748 | 1,578,144 | 1,457,269 | 1,500,474 | **1,611,696** |
| 4,852,558 | 9,517,707 | 6,103,532 | 4,670,183 | **5,515,910** |
| | | | | |
| 734,594 | - | - | - | **-** |
| 403,529 | 267,038 | 231,541 | 74,436 | **49,177** |
| 2,130,637 | 1,157,070 | 566,343 | 146,313 | **162,112** |
| - | 750,000 | 765,000 | 1,425,000 | **1,425,000** |
| | | | | |
| 2,139,650 | 1,113,105 | 593,185 | 774,740 | **90,000** |
| 820,877 | 3,581,667 | 3,268,990 | 3,910,622 | **6,364,555** |
| | | | | |
| (1,181,701) | (1,295,796) | (1,203,874) | (1,226,875) | **(1,352,346)** |
| | | | | |
| $ 9,900,144 | $ 15,090,791 | $ 10,324,717 | $ 9,774,419 | **$ 12,254,408** |

**Carteret County, North Carolina**

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| **Revenues** | | | | |
| Taxes: | | | | |
| Property | $ 50,200,352 | $ 50,519,817 | $ 51,069,950 | $ 50,110,266 |
| Sales and other taxes | 16,676,134 | 16,647,121 | 17,644,139 | 18,333,841 |
| **Total taxes** | 66,876,486 | 67,166,938 | 68,714,089 | 68,444,107 |
| Permits and fees | 2,355,405 | 2,407,908 | 2,590,236 | 2,781,510 |
| Intergovernmental | 12,341,283 | 13,642,310 | 15,026,351 | 14,512,547 |
| Sales and services | 2,681,926 | 2,710,406 | 2,840,076 | 2,746,505 |
| Interest | 790,705 | 401,788 | 539,146 | (69,957) |
| Miscellaneous | 156,290 | 164,968 | 211,118 | 118,669 |
| **Total revenues** | 85,202,095 | 86,494,318 | 89,921,016 | 88,533,381 |
| **Expenditures** | | | | |
| General government | 5,852,801 | 5,710,894 | 5,402,432 | 5,697,525 |
| Public safety | 16,291,686 | 18,135,931 | 16,863,612 | 17,548,136 |
| Transportation | 781,852 | 952,210 | 1,159,848 | 2,658,305 |
| Environmental protection | 3,104,110 | 3,189,081 | 4,014,786 | 3,104,387 |
| Economic development | 4,441,078 | 4,889,167 | 6,862,298 | 5,782,737 |
| Human services | 14,618,041 | 15,221,814 | 15,598,191 | 14,814,576 |
| Culture and recreation | 2,632,473 | 1,590,158 | 2,774,024 | 2,889,936 |
| Education | 21,888,541 | 28,623,466 | 22,306,178 | 21,265,441 |
| Capital outlay | 13,242,438 | 3,505,755 | 3,689,741 | 10,484,171 |
| Debt service: | | | | |
| Principal | 6,217,427 | 6,465,073 | 6,615,517 | 6,174,180 |
| Interest | 3,188,650 | 2,943,555 | 2,883,139 | 2,558,945 |
| Bond issuance cost | - | - | - | - |
| **Total expenditures** | 92,259,097 | 91,227,104 | 88,169,766 | 92,978,339 |
| **Excess (deficiency) of of revenues over (under) expenditures** | (7,057,002) | (4,732,786) | 1,751,250 | (4,444,958) |
| Other financing sources (uses): | | | | |
| Transfers in | 4,567,901 | 4,773,110 | 4,218,376 | 11,921,740 |
| Transfers out | (4,772,901) | (5,078,110) | (4,463,376) | (12,153,305) |
| Proceeds from sale of capital assets | 80,750 | 5,653,860 | 1,531,514 | 2,000,000 |
| Special item | - | - | - | - |
| Bond premium | - | - | - | 2,624,435 |
| Bonds issued | - | - | - | - |
| Refunding bonds issued | - | - | 10,029,942 | 12,700,000 |
| Payment to refunding escrow agent | - | - | (10,012,059) | (15,077,852) |
| Proceeds from installment note | - | - | - | - |
| **Total other financing sources (uses)** | (124,250) | 5,348,860 | 1,304,397 | 2,015,018 |
| **Net change in fund balance** | $ (7,181,252) | $ 616,074 | $ 3,055,647 | $ (2,429,940) |
| Debt service as a percentage of noncapital expenditures | 10.33% | 10.77% | 10.92% | 9.52% |

**Schedule 4**

| | 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|---|
| | $ 50,941,906 | $ 52,173,675 | $ 49,621,522 | $ 51,948,681 | $ 52,974,061 | **$ 54,355,973** |
| | 18,880,889 | 21,276,634 | 22,191,379 | 22,705,181 | 24,775,357 | **26,057,980** |
| | 69,822,795 | 73,450,309 | 71,812,901 | 74,653,862 | 77,749,418 | **80,413,953** |
| | 2,575,469 | 2,592,668 | 3,103,209 | 3,480,181 | 3,777,112 | **3,427,887** |
| | 13,625,628 | 14,853,980 | 15,099,889 | 16,180,325 | 13,416,534 | **29,067,046** |
| | 3,016,062 | 3,049,951 | 3,998,927 | 3,989,615 | 4,202,268 | **4,240,688** |
| | 285,376 | 198,419 | 269,450 | 359,363 | 633,393 | **1,617,950** |
| | 172,353 | 647,154 | 325,215 | 288,839 | 210,419 | **1,956,718** |
| | 89,497,683 | 94,792,481 | 94,609,591 | 98,952,185 | 99,989,144 | **120,724,242** |
| | 6,160,049 | 6,689,088 | 7,653,713 | 7,451,324 | 7,741,029 | **9,049,444** |
| | 18,122,055 | 18,728,679 | 18,092,186 | 19,862,881 | 20,430,532 | **23,065,217** |
| | 918,872 | 1,295,944 | 1,214,961 | 1,029,693 | 1,439,418 | **1,537,681** |
| | 3,132,347 | 3,395,439 | 3,576,906 | 3,645,840 | 3,854,481 | **18,502,451** |
| | 4,922,228 | 5,582,073 | 5,548,594 | 6,125,261 | 6,250,741 | **5,897,469** |
| | 14,719,500 | 15,639,871 | 16,312,094 | 16,049,596 | 15,286,265 | **16,112,972** |
| | 3,191,895 | 3,190,144 | 3,474,047 | 3,430,211 | 3,591,363 | **4,016,630** |
| | 21,816,743 | 24,173,981 | 23,551,049 | 25,173,000 | 25,398,749 | **26,180,114** |
| | 2,837,981 | 3,538,776 | 6,583,987 | 8,736,799 | 6,118,397 | **20,663,209** |
| | 6,520,683 | 6,145,377 | 6,393,040 | 6,513,867 | 5,661,914 | **5,504,773** |
| | 2,280,183 | 2,067,935 | 1,719,633 | 1,583,634 | 1,341,339 | **1,160,362** |
| | - | 107,922 | - | - | - | **-** |
| | 84,622,536 | 90,555,229 | 94,120,210 | 99,602,106 | 97,114,228 | **131,690,322** |
| | 4,875,147 | 4,237,252 | 489,381 | (649,921) | 2,874,916 | **(10,966,080)** |
| | 4,911,458 | 8,725,677 | 9,606,950 | 7,227,485 | 9,228,949 | **20,805,023** |
| | (5,211,458) | (9,049,677) | (9,930,950) | (7,582,485) | (9,662,549) | **(21,205,023)** |
| | 53,765 | 58,782 | - | - | - | **-** |
| | 1,128,496 | - | - | 1,273,860 | - | **-** |
| | - | - | 463,860 | - | - | **-** |
| | - | - | 4,600,000 | - | - | **-** |
| | - | 12,250,000 | - | - | - | **-** |
| | - | (12,131,962) | - | - | - | **-** |
| | 907,000 | - | - | - | - | **-** |
| | 1,789,261 | (147,180) | 4,739,860 | 918,860 | (433,600) | **(400,000)** |
| | $ 6,664,408 | $ 4,090,072 | $ 5,229,241 | $ 268,939 | $ 2,441,316 | **$ (11,366,080)** |
| | 10.52% | 9.26% | 8.94% | 8.36% | 7.42% | **5.15%** |

**Carteret County, North Carolina**

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

| | Real Property | | | | |
|---|---|---|---|---|---|
| Fiscal Year Ended June 30 | Residential Property | Commercial Property | Industrial Property | Present-use Value (1) | Total |
| 2010 | $ 16,549,686,285 | $ 1,512,887,462 | $ 38,970,411 | $ 61,707,853 | $ 18,163,252,011 |
| 2011 | 16,534,261,525 | 1,571,423,205 | 36,106,300 | 69,952,621 | 18,211,743,651 |
| 2012(5) | 12,615,264,192 | 1,271,552,597 | 27,011,645 | 68,607,085 | 13,982,435,519 |
| 2013 | 12,928,563,319 | 1,021,551,269 | 34,868,391 | 68,507,500 | 14,053,490,479 |
| 2014 | 12,977,674,352 | 1,026,639,566 | 35,108,082 | 69,700,524 | 14,109,122,524 |
| 2015 | 13,066,163,985 | 1,022,301,188 | 33,593,356 | 70,263,592 | 14,192,322,121 |
| 2016(5) | 11,863,427,000 | 1,158,966,816 | 40,894,377 | 60,528,976 | 13,123,817,169 |
| 2017 | 12,028,089,441 | 1,138,917,384 | 40,521,183 | 61,238,487 | 13,268,766,495 |
| 2018 | 12,162,660,612 | 1,137,063,586 | 35,910,900 | 60,610,484 | 13,396,245,582 |
| **2019** | **12,287,126,108** | **1,136,878,027** | **35,910,900** | **61,950,816** | **13,521,865,851** |

Source:

(1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years' taxes are then required to be paid.

(2) Public service companies' valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.

(3) Per $100 of value.

(4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the North Carolina Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

(5) Revaluation Years

**Schedule 5**

| Personal Property | Public Service Companies (2) | Total Assessed Valuation | Total Direct Tax Rate (3) | Estimated Actual Taxable Value (4) |
|---|---|---|---|---|
| $ 847,540,430 | $ 143,635,821 | $ 19,154,428,262 | 0.23 | $ 16,731,393,087 |
| 935,669,710 | 140,251,857 | 19,287,665,218 | 0.23 | 15,091,511,700 |
| 952,555,055 | 137,116,774 | 15,072,107,348 | 0.30 | 15,072,107,348 |
| 990,156,693 | 134,766,034 | 15,178,413,206 | 0.29 | 15,178,413,206 |
| 1,212,368,458 | 129,665,570 | 15,451,156,552 | 0.29 | 15,451,156,552 |
| 1,049,826,237 | 123,526,642 | 15,365,675,000 | 0.30 | 15,365,675,000 |
| 1,232,232,454 | 142,852,043 | 14,498,901,666 | 0.30 | 14,498,901,666 |
| 1,307,233,688 | 144,399,817 | 14,720,400,000 | 0.31 | 14,851,089,588 |
| 1,350,774,902 | 145,921,774 | 14,892,942,258 | 0.31 | 15,892,585,912 |
| **1,429,210,534** | **144,287,809** | **15,095,364,194** | **0.31** | **16,108,594,807** |

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

| | Carteret | Overlapping Rates[1] | | Total |
|---|---|---|---|---|
| Fiscal Year | County Operating Mileage | Municipalities Operating Mileage | Special Districts | Direct and Overlapping Rates |
| 2010 | 0.2300 | 1.4950 | 1.9090 | 3.6340 |
| 2011 | 0.2300 | 1.5400 | 1.9640 | 3.7340 |
| 2012 | 0.3000 | 1.8880 | 2.0560 | 4.2440 |
| 2013 | 0.2900 | 1.9180 | 1.9985 | 4.2065 |
| 2014 | 0.2900 | 1.9030 | 1.9835 | 4.1765 |
| 2015 | 0.3000 | 1.9630 | 1.9485 | 4.2115 |
| 2016 | 0.3000 | 2.0865 | 1.9810 | 4.3675 |
| 2017 | 0.3100 | 2.1315 | 2.0663 | 4.5078 |
| 2018 | 0.3100 | 2.1615 | 2.1185 | 4.5900 |
| **2019** | **0.3100** | **2.2425** | **2.1985** | **4.7510** |

Source: Carteret County Tax Department

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

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

**Carteret County, North Carolina**

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| **Carteret County** | 0.2300 | 0.2300 | 0.3000 | 0.2900 |
| | | | | |
| **Municipalities** | | | | |
| Atlantic Beach | 0.1250 | 0.1250 | 0.1700 | 0.1700 |
| Beaufort | 0.2200 | 0.2200 | 0.2600 | 0.3000 |
| Bogue | 0.0500 | 0.0500 | 0.0500 | 0.0500 |
| Cape Carteret | 0.1400 | 0.1400 | 0.1625 | 0.1525 |
| Cedar Point | 0.0550 | 0.0550 | 0.0625 | 0.0625 |
| Emerald Isle | 0.0700 | 0.0800 | 0.1150 | 0.1150 |
| Indian Beach | 0.1400 | 0.1500 | 0.2150 | 0.2150 |
| Morehead City | 0.2200 | 0.2200 | 0.2850 | 0.2850 |
| Newport | 0.3100 | 0.3300 | 0.3570 | 0.3570 |
| Pelletier | 0.0500 | 0.0550 | 0.0550 | 0.0550 |
| Pine Knoll Shores | 0.1150 | 0.1150 | 0.1560 | 0.1560 |
| | | | | |
| **Fire Districts** | | | | |
| Atlantic | 0.0700 | 0.0700 | 0.0700 | 0.0700 |
| Beaufort | 0.0350 | 0.0550 | 0.0550 | 0.0550 |
| Broad & Gales Creek | 0.0450 | 0.0300 | 0.0300 | 0.0300 |
| Cedar Island | 0.1000 | 0.1000 | 0.1000 | 0.1000 |
| Davis | 0.0900 | 0.0850 | 0.0850 | 0.0850 |
| Harkers Island | 0.0650 | 0.0700 | 0.0800 | 0.0800 |
| Harlowe | 0.0550 | 0.0600 | 0.0750 | 0.0750 |
| Marshallberg | 0.0800 | 0.0900 | 0.0900 | 0.0900 |
| Mill Creek | 0.0450 | 0.0450 | 0.0450 | 0.0450 |
| Mitchell Village | 0.0750 | 0.0750 | 0.0750 | 0.0650 |
| Newport | 0.0700 | 0.0700 | 0.0700 | 0.0700 |
| North River | 0.0900 | 0.0900 | 0.0900 | 0.0900 |
| Otway | 0.0500 | 0.0500 | 0.0550 | 0.0550 |
| Salter Path | 0.0300 | 0.0300 | 0.0500 | 0.0600 |
| Sea Level | 0.1000 | 0.1000 | 0.0950 | 0.0950 |
| South River/ Merrimon | 0.0600 | 0.0600 | 0.0600 | 0.0600 |
| Stacy | 0.0700 | 0.0850 | 0.0850 | 0.0850 |
| Stella | 0.0250 | 0.0400 | 0.0400 | 0.0400 |
| Western Carteret | 0.0400 | 0.0400 | 0.0400 | 0.0400 |
| Wildwood | 0.0600 | 0.0650 | 0.0850 | 0.0850 |

(Continued)

| 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|
| 0.2900 | 0.3000 | 0.3000 | 0.3100 | 0.3100 | **0.3100** |
| | | | | | |
| 0.1650 | 0.1650 | 0.1650 | 0.1650 | 0.1650 | **0.1650** |
| 0.3000 | 0.3300 | 0.3475 | 0.3475 | 0.3775 | **0.4135** |
| 0.0500 | 0.0500 | 0.0500 | 0.0500 | 0.0500 | **0.0500** |
| 0.1525 | 0.1525 | 0.1525 | 0.1975 | 0.1975 | **0.2125** |
| 0.0625 | 0.0625 | 0.0625 | 0.0625 | 0.0625 | **0.0625** |
| 0.1250 | 0.1400 | 0.1550 | 0.1550 | 0.1550 | **0.1550** |
| 0.1650 | 0.1650 | 0.1950 | 0.1950 | 0.1950 | **0.2250** |
| 0.3150 | 0.3300 | 0.3500 | 0.3500 | 0.3500 | **0.3500** |
| 0.3570 | 0.3570 | 0.3570 | 0.3570 | 0.3570 | **0.3570** |
| 0.0550 | 0.0550 | 0.0550 | 0.0550 | 0.0550 | **0.0550** |
| 0.1560 | 0.1560 | 0.1970 | 0.1970 | 0.1970 | **0.1970** |
| | | | | | |
| 0.0700 | 0.0700 | 0.0800 | 0.0800 | 0.0800 | **0.0800** |
| 0.0550 | 0.0550 | 0.0550 | 0.0550 | 0.0550 | **0.0550** |
| 0.0300 | 0.0300 | 0.0300 | 0.0400 | 0.0400 | **0.0400** |
| 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | **0.1000** |
| 0.0850 | 0.0850 | 0.0850 | 0.0850 | 0.0850 | **0.0850** |
| 0.0700 | 0.0700 | 0.0850 | 0.1100 | 0.1100 | **0.1100** |
| 0.0750 | 0.0750 | 0.0750 | 0.0750 | 0.0750 | **0.0750** |
| 0.0900 | 0.0900 | 0.0975 | 0.0975 | 0.0900 | **0.0900** |
| 0.0450 | 0.0450 | 0.0450 | 0.0450 | 0.0450 | **0.0450** |
| 0.0550 | 0.0500 | 0.0500 | 0.0500 | 0.0500 | **0.0500** |
| 0.0700 | 0.0700 | 0.0700 | 0.0700 | 0.0700 | **0.0900** |
| 0.0900 | 0.0900 | 0.0900 | 0.0900 | 0.0700 | **0.0700** |
| 0.0700 | 0.0700 | 0.0700 | 0.0800 | 0.0800 | **0.0800** |
| 0.0600 | 0.0600 | 0.0600 | 0.0700 | 0.0700 | **0.0900** |
| 0.0950 | 0.0950 | 0.0950 | 0.0950 | 0.0950 | **0.0950** |
| 0.0600 | 0.0600 | 0.0600 | 0.0600 | 0.0600 | **0.0600** |
| 0.0850 | 0.0850 | 0.0850 | 0.0850 | 0.0850 | **0.0850** |
| 0.0400 | 0.0400 | 0.0400 | 0.0400 | 0.0800 | **0.1000** |
| 0.0400 | 0.0400 | 0.0400 | 0.0400 | 0.0400 | **0.0600** |
| 0.0850 | 0.0675 | 0.0675 | 0.0675 | 0.0675 | **0.0675** |

**Carteret County, North Carolina**

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| **Rescue Districts** | | | | |
| Beaufort | 0.0450 | 0.0450 | 0.0500 | 0.0500 |
| Broad & Gales Creek | 0.0300 | 0.0300 | 0.0300 | 0.0300 |
| Mill Creek | 0.0450 | 0.0450 | 0.0450 | 0.0450 |
| Mitchell Village | 0.0400 | 0.0400 | 0.0400 | 0.0300 |
| Otway | 0.0300 | 0.0300 | 0.0300 | 0.0300 |
| Sea Level | 0.1200 | 0.1200 | 0.0800 | 0.0600 |
| Western Carteret | 0.0300 | 0.0300 | 0.0300 | 0.0300 |
| **Beach Nourishment Districts** | | | | |
| Salter Path | - | - | 0.1500 | 0.0500 |
| Indian Beach Non Ocean Front | 0.0100 | 0.0100 | 0.0100 | 0.0325 |
| Indian Beach Ocean Front | 0.0100 | 0.0100 | 0.0350 | 0.0850 |
| Emerald Isle Non Ocean Front | 0.0110 | 0.0110 | 0.0150 | 0.0150 |
| Emerald Isle Ocean Front | 0.1620 | 0.1620 | 0.0450 | 0.0450 |
| Pine Knoll Shores Ocean Front | 0.0160 | 0.0160 | 0.0140 | 0.0140 |
| Pine Knoll Shores Non Ocean Front | 0.1050 | 0.1050 | 0.0520 | 0.0520 |
| **Water Districts** | | | | |
| County Water District[1] | - | - | 0.0550 | 0.0550 |

Source: Carteret County Tax Department

Notes:
[1]First Year Tax District 2012

| 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|
| 0.0500 | 0.0500 | 0.0550 | 0.0550 | 0.0700 | **0.0600** |
| 0.0300 | 0.0300 | 0.0300 | 0.0400 | 0.0400 | **0.0400** |
| 0.0450 | 0.0450 | 0.0450 | 0.0450 | 0.0600 | **0.0600** |
| 0.0200 | 0.0200 | 0.0200 | 0.0200 | 0.0200 | **0.0200** |
| 0.0300 | 0.0300 | 0.0400 | 0.0550 | 0.0650 | **0.0650** |
| 0.0600 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | **0.1000** |
| 0.0300 | 0.0300 | 0.0300 | 0.0300 | 0.0300 | **0.0500** |
| | | | | | |
| 0.0500 | 0.0500 | 0.0550 | 0.0550 | 0.0550 | **0.0550** |
| 0.0325 | 0.0300 | 0.0200 | 0.0200 | 0.0200 | **0.0100** |
| 0.0850 | 0.0650 | 0.0400 | 0.0400 | 0.0400 | **0.0400** |
| 0.0150 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | **0.0000** |
| 0.0450 | 0.0300 | 0.0400 | 0.0400 | 0.0400 | **0.0400** |
| 0.0140 | 0.0140 | 0.0160 | 0.0160 | 0.0160 | **0.0160** |
| 0.0520 | 0.0520 | 0.0600 | 0.0600 | 0.0600 | **0.0600** |
| | | | | | |
| 0.0550 | 0.0550 | 0.0550 | 0.0550 | 0.0550 | **0.0550** |

**Carteret County, North Carolina** **Schedule 8**

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

| | | Fiscal Year 2019 | | | Fiscal Year 2010 | | |
|---|---|---|---|---|---|---|---|
| **Name of Taxpayer** | **Type of Enterprise** | **Assessed Valuation** | **Rank** | **Percent of Total Assessed Valuation** | Assessed Valuation | Rank | Percent of Total Assessed Valuation |
| Progress Energy Carolinas | Utility | **$ 148,295,239** | **1** | **0.982%** | $ 45,403,852 | 4 | 0.237% |
| Carteret Craven Electric | Utility | **115,988,996** | **2** | **0.768%** | 52,754,965 | 2 | 0.275% |
| Open Grounds Farm, Inc. | Farm | **99,136,261** | **3** | **0.657%** | 52,426,378 | 3 | 0.274% |
| Goose Creek Landing HOA | Real Estate | **30,236,690** | **4** | **0.200%** | 33,632,383 | 5 | 0.176% |
| Time Warner Cable Southeast | Communications | **25,769,829** | **5** | **0.171%** | - | - | - |
| ITAC 192 LLC | Real Estate | **24,578,515** | **6** | **0.163%** | 22,143,074 | 10 | 0.116% |
| Atlantic Newport Hospitality | Real Estate | **22,038,753** | **7** | **0.146%** | - | - | - |
| USPG Portfolia One LLC | Real Estate | **20,274,257** | **8** | **0.134%** | - | - | - |
| Stevens Towing Company | Barge Transport | **20,193,619** | **9** | **0.134%** | - | - | - |
| Weyerhaeuser Company | Real Estate | **19,438,240** | **10** | **0.129%** | - | - | - |
| Bogue Watch LLC | Real Estate | **-** | **-** | **-** | 88,448,474 | 1 | 0.462% |
| Shearin Family Investment LLC | Real Estate | **-** | **-** | **-** | 33,539,070 | 6 | 0.175% |
| Carolina Telephone | Utility | **-** | **-** | **-** | 32,171,808 | 7 | 0.168% |
| Indian Beach Acquisition LLC | Real Estate | **-** | **-** | **-** | 30,623,378 | 8 | 0.160% |
| Atlantic Veneer Corp | Manufacturing | **-** | **-** | **-** | 27,316,074 | 9 | 0.143% |
| | | **$ 525,950,399** | | **3.484%** | $ 418,459,456 | | 2.186% |

Source: Carteret County Tax Department

**Carteret County, North Carolina**

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

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year (Original Levy) | Adjustments | Total Tax Levy (1)(2) | Collected Within the Fiscal Year of the Levy: Amount | Collected Within the Fiscal Year of the Levy: Percentage of Levy |
|---|---|---|---|---|---|
| 2010 | $ 44,158,178 | $ (115,027) | $ 44,043,151 | $ 42,758,524 | 97.08% |
| 2011 | 44,397,414 | (11,922) | 44,385,492 | 43,043,486 | 96.98% |
| 2012 | 45,203,707 | (112,329) | 45,091,378 | 43,758,543 | 97.04% |
| 2013 | 44,109,338 | (70,093) | 44,039,245 | 42,824,327 | 97.24% |
| 2014 | 44,863,630 | (58,213) | 44,805,417 | 43,722,134 | 97.58% |
| 2015 | 46,118,930 | (42,178) | 46,076,752 | 45,099,962 | 97.88% |
| 2016 | 43,572,880 | (72,422) | 43,500,458 | 42,642,837 | 98.03% |
| 2017 | 45,841,885 | (229,155) | 45,612,730 | 44,595,689 | 97.77% |
| 2018 | 46,325,347 | (172,124) | 46,153,223 | 45,175,396 | 97.88% |
| 2019 | **46,870,483** | **(74,854)** | **46,795,629** | **45,799,705** | **97.87%** |

Notes:
(1) Includes General Fund
(2) Does not include reimbursement in-lieu-of taxes and Senior Citizens Exemptions

**Schedule 9**

| Total Collections to Date | | |
|---|---|---|
| Collections of Subsequent Years | Amount | Percentage of Levy |
| $ 1,227,568 | $ 43,986,092 | 99.87% |
| 1,267,136 | 44,310,622 | 99.83% |
| 1,222,714 | 44,981,257 | 99.76% |
| 1,064,344 | 43,888,671 | 99.66% |
| 911,856 | 44,633,990 | 99.62% |
| 784,805 | 45,884,767 | 99.58% |
| 617,665 | 43,260,502 | 99.45% |
| 643,505 | 45,239,194 | 99.18% |
| 462,787 | 45,638,183 | 98.88% |
| **-** | **45,799,705** | **97.87%** |

**Carteret County, North Carolina**

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

| | Governmental Activities | | | |
|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | Net Premiums Discounts and Adjustments | Certificates of Participation | Direct Placement Installment Loans |
| 2010 | $ 52,330,000 | $ (137,327) | $ 5,735,000 | $ 15,135,783 |
| 2011 | 48,745,000 | (77,132) | 5,155,000 | 18,489,570 |
| 2012 | 45,100,000 | 35,220 | 4,660,000 | 16,099,052 |
| 2013 | 40,605,000 | 3,464,917 | 4,040,000 | 14,339,872 |
| 2014 | 36,545,000 | 3,100,791 | 3,560,000 | 13,365,073 |
| 2015 | 33,475,000 | 2,680,697 | 3,090,000 | 11,709,696 |
| 2016 | 33,820,000 | 2,768,620 | 2,630,000 | 10,031,656 |
| 2017 | 29,410,000 | 2,417,445 | 2,175,000 | 8,382,789 |
| 2018 | 25,725,000 | 2,131,480 | 1,730,000 | 6,850,875 |
| **2019** | **22,100,000** | **1,845,515** | **1,290,000** | **5,411,102** |

* Information not yet available

Notes:
Details regarding the County's outstanding debt can be found in the notes to financial statements.
(1) See Schedule 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
Personal income not available to calculate fiscal years 2018 and 2019.

| Direct Placement Revenue Bonds | Total Primary Government | Per Capita (1) | Percentage of Personal Income (1) |
|---|---|---|---|
| $ - | $ 75,706,872 | $ 1,183 | 2.93% |
| - | 75,830,822 | 1,184 | 2.87% |
| - | 69,241,624 | 1,064 | 2.45% |
| 1,046,000 | 65,626,109 | 1,064 | 2.27% |
| 1,046,000 | 59,576,152 | 862 | 1.97% |
| 1,030,000 | 53,773,649 | 778 | 1.77% |
| 1,014,000 | 51,881,500 | 744 | 1.64% |
| 997,000 | 44,828,426 | 637 | 1.36% |
| 980,000 | 38,692,515 | 548 | * |
| **962,000** | **32,712,745** | **460** | * |

## 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 |
|---|---|---|---|---|---|---|
| 2009 | $ 52,192,673 | $ 19,154,428,262 | 0.27% | 2.02% | 64,107 | $ 814.15 |
| 2011 | 48,667,868 | 19,287,665,218 | 0.25% | 1.84% | 65,050 | 748.16 |
| 2012 | 45,135,220 | 15,072,107,348 | 0.30% | 1.60% | 67,696 | 666.73 |
| 2013 | 44,069,917 | 15,178,413,206 | 0.29% | 1.53% | 68,645 | 642.00 |
| 2014 | 39,645,791 | 15,451,156,552 | 0.26% | 1.31% | 69,092 | 573.81 |
| 2015 | 36,155,697 | 15,365,675,000 | 0.24% | 1.19% | 70,079 | 515.93 |
| 2016 | 36,588,620 | 14,498,901,666 | 0.25% | 1.15% | 69,706 | 524.90 |
| 2017 | 31,827,445 | 14,720,400,000 | 0.22% | 0.97% | 70,401 | 452.09 |
| 2018 | 27,856,480 | 14,892,942,258 | 0.19% | * | 70,620 | 394.46 |
| **2019** | **23,945,515** | **15,095,364,194** | **0.16%** | ***** | **71,084** | **336.86** |

Notes:

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

(1) NC Office of State Planning

*Personal income not available to calculate fiscal years 2018 and 2019

**Carteret County, North Carolina**

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| Assessed values of property | $ 19,154,428,262 | $ 19,287,665,218 | $ 15,072,107,348 | $ 15,178,413,206 |
| Debt limit 8% of assessed value | 1,532,354,261 | 1,543,013,217 | 1,205,768,588 | 1,214,273,056 |
| Gross debt: | | | | |
| Total bonded debt | 58,065,000 | 53,900,000 | 49,760,000 | 44,645,000 |
| Direct placement installment debt | 15,135,783 | 18,489,570 | 16,099,052 | 14,339,872 |
| Net bond premiums and adjustments | (137,327) | (77,132) | 35,220 | 3,464,917 |
| Authorized unissued bonded debt | 9,710,000 | 9,710,000 | 9,710,000 | 9,710,000 |
| **Total amount of debt applicable to debt limit** | 82,773,456 | 82,022,438 | 75,604,272 | 72,159,789 |
| Legal debt margin | $ 1,449,580,805 | $ 1,460,990,779 | $ 1,130,164,316 | $ 1,142,113,267 |
| **Total net debt applicable to the limit as a percentage of debt limit** | 5.40% | 5.32% | 6.27% | 5.94% |

**Schedule 12**

| | 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|---|
| | $ 15,451,156,552 | $ 15,365,675,000 | $ 14,498,901,666 | $ 14,720,400,000 | $ 14,892,942,258 | **$ 15,095,364,194** |
| | 1,236,092,524 | 1,229,254,000 | 1,159,912,133 | 1,177,632,000 | 1,191,435,381 | **1,207,629,136** |
| | 40,105,000 | 36,565,000 | 36,450,000 | 31,585,000 | 27,455,000 | **23,390,000** |
| | 13,365,073 | 11,709,696 | 10,031,656 | 8,382,789 | 6,850,875 | **5,411,102** |
| | 3,100,791 | 2,680,697 | 2,768,620 | 2,417,445 | 2,131,480 | **1,845,515** |
| | 9,710,000 | 9,710,000 | - | - | - | **-** |
| | 66,280,864 | 60,665,393 | 49,250,276 | 42,385,234 | 36,437,355 | **30,646,617** |
| | $ 1,169,811,660 | $ 1,168,588,607 | $ 1,110,661,857 | $ 1,135,246,766 | $ 1,154,998,026 | **$ 1,176,982,519** |
| | 5.36% | 4.94% | 4.25% | 3.60% | 3.06% | **2.54%** |

**Computation of Direct and Overlapping Debt**
**Governmental Activities Debt**
**June 30, 2019**

| | Outstanding Debt | Percent Applicable to County | Amount Applicable to County |
|---|---|---|---|
| **Direct** | | | |
| Carteret County (1) | $ 30,646,617 | 100.00% | $ 30,646,617 |
| **Overlapping** | | | |
| Town of Cedar Point (2) | 2,500,000 | 100.00% | 2,500,000 |
| Town of Newport (2) | 1,908,685 | 100.00% | 1,908,685 |
| Town of Pine Knoll Shores (2) | 2,705,000 | 100.00% | 2,705,000 |
| Subtotal overlapping debt | 7,113,685 | | 7,113,685 |
| Total direct and overlapping debt | $ 37,760,302 | | $ 37,760,302 |

Data Sources:
(1) County's debt records
(2) Municipal finance departments

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

**Carteret County, North Carolina** **Schedule 14**

**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) |
|---|---|---|---|---|---|
| 2010 | 64,107 | $ 2,583,758 | $ 40,304 | 8.39% | 8,273 |
| 2011 | 65,050 | 2,639,299 | 39,174 | 8.35% | 8,491 |
| 2012 | 67,696 | 2,824,360 | 41,761 | 9.30% | 8,336 |
| 2013 | 68,645 | 2,888,870 | 42,214 | 8.48% | 8,307 |
| 2014 | 69,092 | 3,021,043 | 43,903 | 6.50% | 8,254 |
| 2015 | 70,079 | 3,044,352 | 43,442 | 5.76% | 8,445 |
| 2016 | 69,706 | 3,172,812 | 45,517 | 5.67% | 8,141 |
| 2017 | 70,401 | 3,297,436 | 47,871 | 4.83% | 8,072 |
| 2018 | 70,620 | * | * | 4.35% | 8,006 |
| **2019** | **71,084** | * | * | **4.66%** | **7,892** |

Data Sources:
(1) North Carolina Office of State Planning
(2) Bureau of Economic Analysis, U.S. Department of Commerce.  Figures are for the prior calendar year.
(3) North Carolina Department of Commerce Division of Employment Security
(4) Carteret County Board of Education
* Information Unavailable

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

| Employer | 2019 Employment Range | 2019 Rank | 2019 Percentage of Total County Employment | 2010 Employees | 2010 Rank | 2010 Percentage of Total County Employment |
|---|---|---|---|---|---|---|
| Carteret County Public Schools | **1000+** | **1** | **-** | 1,115 | 1 | 3.46% |
| Carteret General Hospital | **1000+** | **2** | **-** | 1,060 | 2 | 3.29% |
| Carteret County | **500-999** | **3** | **-** | 478 | 4 | 1.48% |
| Wal-Mart Associates Inc | **250-499** | **4** | **-** | 420 | 5 | 1.30% |
| Lowes Home Improvements | **250-499** | **5** | **-** | 268 | 8 | 0.83% |
| Carteret Community College | **250-499** | **6** | **-** | - | - | - |
| Big Rock Sports LLC | **250-499** | **7** | **-** | - | - | 0.00% |
| Food Lion | **250-499** | **8** | **-** | 195 | 10 | 0.61% |
| Lowes Foods LLC | **100-249** | **9** | **-** | - | - | - |
| Bally Refrigerated Boxes | **100-249** | **10** | **-** | - | - | - |
| NC Department of Transporation | **-** | **-** | **-** | 494 | 3 | 1.53% |
| NC Natural Resources and Community Development | **-** | **-** | **-** | 346 | 6 | 1.07% |
| US Coast Guard | **-** | **-** | **-** | 273 | 7 | 0.85% |
| Lowes Foods | **-** | **-** | **-** | 205 | 9 | 0.61% |

Source: NC Commerce LEAD Division
2019 Employees are full time

**Carteret County, North Carolina**

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

| | Full-Time Equivalent | | | |
|---|---|---|---|---|
| Function/Program | 2010 | 2011 | 2012 | 2013 |
| General government | 66.40 | 66.60 | 62.85 | 57.85 |
| Public safety | 114.30 | 141.00 | 130.00 | 135.00 |
| Transportation | 2.00 | 2.00 | 2.00 | 3.00 |
| Economic and physical development | 17.00 | 17.00 | 17.00 | 14.00 |
| Environmental protection | 7.00 | 7.00 | 7.00 | 7.00 |
| Human Services | 169.58 | 169.91 | 169.33 | 169.33 |
| Cultural and recreation | 20.92 | 21.49 | 20.07 | 19.07 |
| Water/Sewer (Business activity) | 4.40 | 4.40 | 4.15 | 4.15 |
| **Total** | 401.60 | 429.40 | 412.40 | 409.40 |

Source: County Finance Department

Notes:
This schedule represents number of persons employed as of June 30 of each year.
Full-time personnel work 2,080 hours per year (less vacation and sick leave).
For purposes of this schedule the number of part-time employees has been divided by 2.5 to arrive at the full-time equivalents.

**Schedule 16**

| 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|
| 59.80 | 60.80 | 61.80 | 62.20 | 64.70 | **65.72** |
| 137.00 | 138.00 | 141.00 | 144.00 | 149.00 | **150.00** |
| 3.00 | 4.00 | 4.00 | 4.00 | 5.00 | **6.00** |
| 13.87 | 13.87 | 14.00 | 16.50 | 14.00 | **17.00** |
| 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | **6.50** |
| 168.33 | 170.98 | 177.00 | 184.18 | 185.18 | **185.18** |
| 20.07 | 20.42 | 22.42 | 22.42 | 22.42 | **22.42** |
| 4.83 | 4.83 | 4.70 | 4.80 | 4.80 | **4.78** |
| 413.40 | 419.40 | 431.42 | 444.60 | 451.60 | **457.60** |

**Carteret County, North Carolina**

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

| | Fiscal Year | | |
|---|---|---|---|
| | 2010 | 2011 | 2012 |
| **Function** | | | |
| Sheriff: | | | |
| Physical arrests | 2,363 | 2,270 | 2,288 |
| | | | |
| Environmental Protection: | | | |
| Solid waste convenience sites: | | | |
| Refuse collected (tons / day) | 44.00 | 41.48 | 45.46 |
| Recycled Material (tons / day) | 5.00 | 2.34 | 4.24 |
| Yard Waste (tons / day) | 4.00 | 3.12 | 2.61 |
| | | | |
| Culture and recreation: | | | |
| Park reservations | 5,599 | 5,404 | 5,792 |
| Senior center and community center admissions | 104,501 | 93,504 | 98,616 |
| Public libraries: | | | |
| Admissions | 271,856 | 289,197 | 293,613 |
| Electronic resources users | 201,525 | 237,737 | 365,516 |
| | | | |
| Water: | | | |
| New connections | 60 | 32 | 30 |
| Water mains breaks | - | 3 | 3 |
| Average daily consumption (gallons / day) | 97 | 130 | 150 |

Sources: Various government departments.

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

**Schedule 17**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|---|
| 2,091 | 2,018 | 1,659 | 1,773 | 1,815 | 1,086 | **1,170** |
| 43.74 | 46.25 | 45.23 | 38.36 | 42.17 | 51.65 | **58.04** |
| 4.26 | 5.15 | 3.90 | 2.38 | 4.19 | 4.62 | **2.68** |
| 3.50 | 11.00 | 4.80 | 3.24 | 9.28 | 9.59 | **23.21** |
| 6,099 | 6,462 | 7,888 | 7,192 | 7,508 | 8,220 | **5,916** |
| 124,177 | 110,435 | 103,007 | 117,355 | 128,229 | 112,893 | **92,109** |
| 286,588 | 269,839 | 269,184 | 261,578 | 259,850 | 261,347 | **235,673** |
| 400,407 | 292,250 | 332,243 | 286,530 | 227,773 | 206,564 | **298,768** |
| 35 | 25 | 18 | 15 | 14 | 13 | **14** |
| 2 | 2 | - | - | 1 | 1 | **1** |
| 125 | 127 | 117 | 118 | 119 | 121 | **121** |

**Carteret County, North Carolina**

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| **Function** | | | | |
| Public safety: | | | | |
| Sheriff | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Patrol Units | 24 | 24 | 24 | 24 |
| Environmental protection: | | | | |
| Solid waste convenience sites | 12 | 12 | 12 | 12 |
| Culture and recreation: | | | | |
| Park acreage | 159 | 159 | 163 | 163 |
| Parks | 7 | 7 | 9 | 9 |
| Tennis courts | 5 | 5 | 14 | 14 |
| Community centers | 2 | 2 | 3 | 3 |
| Public libraries | 4 | 4 | 5 | 5 |
| Water: | | | | |
| Water mains (miles) | 48 | 51 | 51 | 51 |
| Maximum daily capacity | 600,000 | 600,000 | 600,000 | 600,000 |

Sources: Various county departments.

`

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

**Schedule 18**

| 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|
| 1 | 1 | 1 | 1 | 1 | **1** |
| 24 | 24 | 24 | 24 | 24 | **24** |
| 12 | 12 | 12 | 12 | 12 | **12** |
| 163 | 163 | 163 | 163 | 163 | **163** |
| 9 | 9 | 9 | 9 | 9 | **9** |
| 14 | 14 | 14 | 14 | 14 | **14** |
| 3 | 3 | 3 | 3 | 3 | **3** |
| 5 | 5 | 5 | 5 | 5 | **5** |
| 51 | 51 | 51 | 51 | 51 | **51** |
| 600,000 | 600,000 | 600,000 | 600,000 | 600,000 | **600,000** |

# Compliance Section

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

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

To the Board of County Commissioners
Carteret County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carteret County, North Carolina, (the County) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 26, 2019. Our report includes a reference to other auditors who audited the financial statements of Carteret County Tourism Development Authority, Beaufort-Morehead City Airport Authority, Carteret County General Hospital Corporation and Carteret County Alcoholic Beverage Control (ABC) Board, as described in our report on the County's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Carteret County General Hospital Corporation and Carteret County ABC Board were not audited in accordance with *Government Auditing Standards.*

**Internal Control over Financial Reporting**
In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as finding 2019-001 that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**County Response to Finding**

Carteret County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

RSM US LLP

Morehead City, North Carolina
November 26, 2019

**Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act**

**Independent Auditor's Report**

To the Board of County Commissioners
Carteret County, North Carolina

**Report on Compliance for Each Major Federal Program**
We have audited Carteret County, North Carolina's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The County's basic financial statements include the operations of Carteret County Tourism Development Authority, Beaufort-Morehead City Airport Authority, Carteret County General Hospital Corporation and Carteret County Alcoholic Beverage Control (ABC) Board, all discretely presented component units of the County. Our audit of compliance, described below, did not include the operations of the Carteret County Tourism Development Authority, Beaufort-Morehead City Airport Authority, Carteret County General Hospital Corporation and the ABC Board because the financial statements of the Carteret County General Hospital Corporation and the ABC Board (audited by other auditors) were not audited in accordance with *Government Auditing Standards*, the Uniform Guidance or the State Single Audit Implementation Act and Beaufort-Morehead City Airport Authority and Carteret County Tourism Development Authority engaged other auditors to perform an audit of compliance.

**Management's Responsibility**
Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**
Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance 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 the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on the Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

**Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe that a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as finding 2019-002, that we consider to be a material weakness.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The County's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of This Report**

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

RSM US LLP

Morehead City, North Carolina
November 26, 2019

**Report on Compliance for Each Major State Program;
Report on Internal Control Over Compliance
in Accordance with the Uniform Guidance and
State Single Audit Implementation Act**

**Independent Auditor's Report**

To the Board of County Commissioners
Carteret County, North Carolina

**Report on Compliance for Each Major State Program**
We have audited Carteret County, North Carolina's (the County) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2019. The County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The County's basic financial statements include the operations of Carteret County Tourism Development Authority, Beaufort-Morehead City Airport Authority, Carteret County General Hospital Corporation and Carteret County Alcoholic Beverage Control (ABC) Board, all discretely presented component units of the County. Our audit of compliance, described below, did not include the operations of the Carteret County Tourism Development Authority, Beaufort-Morehead City Airport Authority, Carteret County General Hospital Corporation and the ABC Board because the financial statements of the Carteret County General Hospital Corporation and the ABC Board (audited by other auditors) were not audited in accordance with *Government Auditing Standards*, applicable sections of the Uniform Guidance or the State Single Audit Implementation Act and Beaufort-Morehead City Airport Authority and Carteret County Tourism Development Authority engaged other auditors to perform an audit of compliance.

**Management's Responsibility**
Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state awards applicable to its State programs.

**Auditor's Responsibility**
Our responsibility is to express an opinion on compliance for each of the County's major State programs based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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 the 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 on compliance for each major State program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on the Major State Program**
In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2019.

**Report on Internal Control Over Compliance**
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, 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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe that a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as finding 2019-003, that we consider to be a material weakness.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The County's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

RSM US LLP

Morehead City, North Carolina
November 26, 2019

**Carteret County, North Carolina**

**Schedule of Findings and Questioned Costs**
**Year Ended June 30, 2019**

## I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

| | | | | |
|---|---|---|---|---|
| Material weakness(es) identified? | X | Yes | | No |
| Significant deficiency(ies) identified? | | Yes | X | None reported |
| Noncompliance material to financial statements noted? | | Yes | X | No |

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

| Program Name | CFDA |
|---|---|
| 1571 Administrative Costs - Crosscutting Requirements: | |
| Supplemental Nutrition Assistance Program | 10.561 |
| Subsidized Child Care Cluster | 93.575 |
| Medical Assistance | 93.778 |
| Temporary Assistance for Needy Families | 93.558 |
| Children's Health Insurance Program | 93.767 |
| IV-D Child Support | 93.563 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 |

Dollar threshold used to distinguish between type A and type B programs: $750,000

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

(Continued)

**Carteret County, North Carolina**

**Schedule of Findings and Questioned Costs (Continued)**
**Year Ended June 30, 2019**

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

State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

| Program Name | Grant Number |
|---|---|
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 |
| 1571 Administrative Costs - Crosscutting Requirements | N/A |
| Division of Water Resources-Bogue Banks Master Beach Renourishment Project | N/A |

(Continued)

## II - Financial Statement Findings

### Material Weakness in Internal Control- FEMA Revenue Adjustment
### Finding 2019-001

**Criteria:** Government Accounting Standards Board (GASB) Codification Section N50 states that recipients of voluntary non-exchange transaction grants should recognize receivables and revenues when all applicable eligibility requirements have been met. Per the Office of Management and Budget (OMB) Compliance Supplement 210- 4-97.036-12, for eligible expenses to be incurred, FEMA must approve the non-federal entity's Project Worksheet (PW). GASB Codification Section 1600 states governmental funds should be presented using the current resources measurement focus and modified accrual basis of accounting. Per the County's revenue recognition policy, all governmental revenues are considered available if received within 90 days of year end.

**Condition and Context:** The County recorded $6,351,469 of FEMA Disaster Grants - Public Assistance grant revenue and federal expenditures incurred during the fiscal year related to Hurricane Florence prior to receiving the appropriate "Notice of Obligation" from FEMA for the applicable PWs. The Notice of Obligation is FEMA's official approval of a PW. Additionally, the County did not appropriately defer $2,719,648 of FEMA grant revenue not received within 90 days of year end. Furthermore, the balances reported in the Schedule of Expenditures of Federal and State Awards (SEFSA) are required to be reconciled to the basic financial statements prepared in accordance with generally accepted accounting principles in the United States (US GAAP). Therefore, the balances reported in the SEFSA were also overstated by $6,351,469.

**Effect:** Intergovernmental revenue was overstated by $6,351,469, accounts receivable was overstated by $3,631,821 and deferred revenue was understated by $2,719,648 in the General Fund. Federal and State expenditures on the Schedule of Expenditures of Federal and State Awards for the FEMA Disaster Grants - Public Assistance program were overstated by $4,763,602 and $1,587,867, respectively.

**Cause:** Insufficient review of the complex and unique revenue recognition requirements of FEMA Disaster Assistance Grants.

**Recommendation:** We recommend the County perform a thorough review of the revenue recognition and federal expenditure recognition requirements for all new grants received each year and additionally provide training to appropriate staff to aid in proper identification and recognition of federal and State grant revenue and expenditure amounts.

**Management's Response:** See corrective action plan.

## III - Findings and Questioned Costs for Federal Awards

### Material Weakness in Internal Control Over Compliance - Medical Assistance (MA)
### Finding 2019-002

**US Department of Health and Human Services**
Passed through the NC Department of Health and Human Services (NC DHHS)
Program Name: Medical Assistance Program (MA)
CFDA # 93.778

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

**Condition and Context:** Of the 77 claims tested we noted the following: 10 cases which included incorrect countable and/or non-countable income resulting in incorrect budget calculations; 2 cases which included incorrect tax filing status which is required under the Modified Adjusted Gross Income (MAGI) for proper eligibility determinations for Family and Children's' Medicaid; 2 cases where agency caseworkers failed to react timely to a change in client's situation; 2 cases which included incorrect countable resources; 2 cases in which the local Carteret County DSS Agency internal control required Family & Children's' Medicaid manual checklist and budget was not completed and present in the case file documentation. This is not a state requirement but simply a local agency policy used to ensure accuracy and proper input into NCFAST. All are considered procedural agency internal control deficiencies which did not affect the overall eligibility of the cases.

**Effect:** Potential for ineligible applicant to receive benefits.

**Cause:** Administrative oversight.

**Questioned Costs:** None noted.

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

**Management's Response:** See corrective action plan.

## IV - Findings and Questioned Costs for State Awards

### Material Weakness in Internal Control Over Compliance - Medical Assistance (MA)
### Finding 2019-003

**US Department of Health and Human Services**
Passed through the NC Department of Health and Human Services (NC DHHS)
Program Name: Medical Assistance Program (MA)
CFDA # 93.778

See Section III. Federal Award Findings and Questioned Costs, Finding 2019-002

**Questioned Costs:** None

**Management's Response:** See corrective action plan.

# CARTERET COUNTY FINANCE

**Denise H. Meshaw, CPA**
Assistant County Manager
Finance Department

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**Corrective Action Plan**

Material Weakness in Internal Control – FEMA Revenue Adjustment
Finding 2019-001

Carteret County will review revenue and expenditure recognition requirements for new federal and state grants. Federal and State grant funding continues to become more complex, and as a result, the County staff will continue to seek specific training on grant programs received. When specific grant program training and guidance is not available, the County may hire consultants to provide specific and detailed expertise.

Tommy Burns
County Manager

Dee Meshaw
Assistant County Manager

CARTERET COUNTY DEPARTMENT OF HUMAN SERVICES

**Cindy P. Holman**
Consolidated Human Services Director
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**Clinton W. Lewis**
DSS Director
Consolidated Human Services Deputy Director
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**Stephanie M. Cannon, MPA**
Health Director
Consolidated Human Services Deputy Director
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**Corrective Action Plan (Continued)**

**Material Weakness in Internal Control Over Compliance – Medical Assistance (MA)**

**Findings 2019-002 and 2019-003**

Following, each area is stated with a corresponding training date to address the deficiencies:

| | Deficiency | Training Date |
|---|---|---|
| 1 | *10 cases which included incorrect countable and/or non-countable income resulting in incorrect budget calculations* | Budget Training<br>• November 21, 2019<br>• December 12, 2019 |
| 2 | *2 cases which included incorrect tax filing status which is required under the Modified Adjusted Gross Income (MAGI) for proper eligibility determinati*ons for Family and Childrens' Medicaid | Tax Filing Status Training<br>• December 12, 2019 |
| 3 | *2 cases where agency caseworkers failed to react timely to a change in client's situation* | Timely Reaction to Client Changes Training<br>• December 12, 2019 |
| 4 | *2 cases which included incorrect countable resources* | Countable Resource Training<br>• September 30, 2019<br>• October 17, 2019<br>• December 12, 2019 |
| 5 | *2 cases in which the local Carteret County DSS Agency internal control required Family & Childrens' Medicaid manual checklist and budget was not completed and present in the case file documentation* | Agency Internal Control Training<br>• December 12, 2019 |

As indicated above, several trainings have been completed and all will be completed by December 12, 2019.

Clinton W. Lewis
DSS Director



Our People
Our Purpose

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Tel (252) 728-3181 / Main Fax (252) 648-7462 / Legal Unit Fax (252) 648-7463

*Public Health Department* — 3820-A Bridges Street • Morehead City, NC 28557
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**Carteret County, North Carolina**

**Summary Schedule of Prior Audit Findings**
**Year Ended June 30, 2019**

None reported.

## Schedule of Expenditures of Federal and State Awards
## Year Ended June 30, 2019

| | Federal CFDA Number | State/ Pass-through Grantor's Number | Expenditures Federal | Expenditures State | Expenditures Local |
|---|---|---|---|---|---|
| **Federal Assistance** | | | | | |
| **US Department of Agriculture:** | | | | | |
| **Food and Nutrition Service** | | | | | |
| Passed through NC Department of Agriculture: | | | | | |
| Administered by County Finance Department | | | | | |
| Soil and water conservation | 10.550 | | $ 22,489 | $ - | $ - |
| 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 | | 262,825 | - | 6,325 |
| 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 | | | | | |
| Food and Nutrition Services Cluster: | | | | | |
| Food Stamp Admin | 10.561 | | 499,777 | 65,251 | 434,526 |
| Food Stamp Fraud Admin | 10.561 | | 40,126 | - | 40,126 |
| **Total Food and Nutrition Services Cluster:** | | | 539,903 | 65,251 | 474,652 |
| **Total US Department of Agriculture** | | | 825,217 | 65,251 | 480,977 |
| **US Department of Commerce:** | | | | | |
| Passed through NC Department of Environment & Natural Resources | | | | | |
| Division of Water Quality | | | | | |
| Coastal Zone Management Awards-Minor Permit/County Aid | 11.419 | | 6,165 | - | - |
| **US Department of Interior:** | | | | | |
| Direct Program: | | | | | |
| Administered by County Finance Department: | | | | | |
| National Forest, Public Schools | 15.225 | | 46,071 | - | - |
| **US Department of Transportation:** | | | | | |
| Passed through NC Department of Transportation: | | | | | |
| Administered by County CCATS Department: | | | | | |
| Rural Operating Assistance Including Elderly and Disabled: | | | | | |
| Administration Grant | 20.509 | | 172,264 | 10,766 | 32,299 |
| Capital Grant | 20.509 | | 256,205 | 32,026 | 32,026 |
| Elderly Individuals and Individual with Disablities | 20.513 | | 125,000 | - | 125,000 |
| FEMA Recovery 19-FE-054 | 20.527 | | 15,517 | - | - |
| **Total US Department of Transportation** | | | 568,986 | 42,792 | 189,325 |

(Continued)

## Schedule of Expenditures of Federal and State Awards (Continued)
## Year Ended June 30, 2019

| | Federal CFDA Number | State/ Pass-through Grantor's Number | Expenditures Federal | State | Local |
|---|---|---|---|---|---|
| **US Department of Justice** | | | | | |
| Administered by County Rape Crisis Department | | | | | |
| Basic SA Services | 16.575 | | 41,956 | - | 10,489 |
| Bi-Lingual Victim Advocate/ Interpreter | 16.575 | | 24,953 | - | 6,238 |
| **Total US Department of Justice** | | | 66,909 | - | 16,727 |
| **US Department of Health and Human Services:** | | | | | |
| Administration on Aging | | | | | |
| Passed through NC Department of Health and Human Services: | | | | | |
| NC Division of Aging and Adult Services, Eastern Carolina Council - Aging Cluster: | | | | | |
| HCCBG In-Home Support Services Title III | 93.044 | | 94,757 | 5,574 | 11,148 |
| HCCBG Preventive Health | 93.043 | | 13,866 | 816 | 1,631 |
| HCCBG Congregate Nutrition Title III C1 | 93.045 | | 59,403 | 3,494 | 6,989 |
| HCCBG Home Delivered Meals Title III C2 | 93.045 | | 21,468 | 1,263 | 2,526 |
| NSIP-Nutrition | 93.053 | | 10,750 | - | - |
| **Total Aging Cluster** | | | 200,244 | 11,147 | 22,294 |
| Passed through NC Department of Health and Human Services: | | | | | |
| NC Division of Aging and Adult Services, Eastern Carolina Council: | | | | | |
| HCCBG In-Home Support Services SSBG | 93.667 | | 52,797 | 1,508 | 6,034 |
| Administration for Children and Families | | | | | |
| Passed through NC Department of Health and Human Services: | | | | | |
| Division of Social Services: | | | | | |
| Administered by Carteret County Department of Social Services: | | | | | |
| Temporary Assistance for Needy Families (TANF): | | | | | |
| Work First Administration | 93.558 | | 131,218 | - | 127,597 |
| Work First Service | 93.558 | | 590,527 | - | 489,470 |
| **Total TANF** | | | 721,745 | - | 617,067 |
| Family Preservation | 93.556 | | 41,732 | - | - |
| AFDC Payments & Penalties | 93.560 | | (79) | (22) | (22) |

(Continued)

## Schedule of Expenditures of Federal and State Awards (Continued)
## Year Ended June 30, 2019

| | Federal CFDA Number | State/ Pass-through Grantor's Number | Expenditures Federal | State | Local |
|---|---|---|---|---|---|
| Passed through NC Department of Health and Human Services: | | | | | |
| Administered by Carteret County Department of Social Services: | | | | | |
| IV-D Administration | 93.563 | | $ 535,545 | $ - | $ 275,887 |
| IV-D Offset Fees ESC | 93.563 | | 32 | - | 16 |
| IV-D Offset Fees Federal | 93.563 | | 1,740 | - | 896 |
| | | | 537,317 | - | 276,799 |
| 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 | | 200,500 | - | - |
| Administration | 93.568 | | 39,369 | - | - |
| Crisis Intervention payments | 93.568 | | 91,635 | - | 9,165 |
| | | | 331,504 | - | 9,165 |
| Passed through NC Department of Health and Human Services: | | | | | |
| Administered by Carteret County Department of Social Services: | | | | | |
| Division of Child Development | | | | | |
| Subsidized Child Care Cluster | | | | | |
| Child Care Development Fund Cluster | | | | | |
| Division of Social Services | | | | | |
| Child Care Development Fund-Administration | 93.596 | | 71,549 | - | - |
| Total Child Care Fund Cluster | | | 71,549 | - | - |
| **Total Subsidized Child Care Cluster** | | | 71,549 | - | - |
| 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: | | | | | |
| Special | 93.645 | | 17,210 | - | 5,737 |
| Foster Care and Adoption Cluster: | | | | | |
| Title IV-E Foster Care: | | | | | |
| IV E CPS | 93.658 | | 86,545 | 26,423 | 60,121 |
| IV-E Optional Adopt TRN 50% | 93.659 | | 4,178 | - | 4,178 |
| IV-E Family Foster Care MAX | 93.658 | | 3,059 | - | 1,493 |
| Foster Care payments | 93.658 | | 158,195 | 40,737 | 36,372 |
| IV-E Foster Care /OFF TRN | 93.658 | | 232,758 | - | 232,758 |
| IV-E Foster Care TRN | 93.658 | | 6,960 | - | 2,320 |
| IV-E Foster Care & Extended Max | 93.658 | | 4,776 | 1,168 | 1,168 |
| IV-E Admin County Paid to CCI | 93.658 | | 50,606 | 25,303 | 25,303 |
| IV-E Admin Foster Care | 93.658 | | 27 | - | 27 |
| IV-E Adoption / Off Trn | 93.659 | | 8,105 | - | 8,105 |
| IV-E adoption subsidy and vendor | 93.659 | | 113,664 | - | 114,079 |
| IV-E Adopt | N/A | | 258 | - | - |
| Foster Care | N/A | | 42,140 | - | - |
| **Total Foster Care and Adoption Cluster** | | | 711,271 | 93,631 | 485,924 |

(Continued)

## Schedule of Expenditures of Federal and State Awards (Continued)
## Year Ended June 30, 2019

| | Federal CFDA Number | State/ Pass-through Grantor's Number | Expenditures Federal | State | Local |
|---|---|---|---|---|---|
| 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 | | $ 6,323 | $ - | $ 903 |
| In-home Services over 60 | 93.667 | | 441 | - | 63 |
| In-home Services - SSBG other services | 93.667 | | 173,221 | - | 57,740 |
| CPS TANF to SSBG | 93.667 | | 45,863 | - | - |
| | | | 225,848 | - | 58,706 |
| Passed through NC Department of Health and Human Services: | | | | | |
| Administered by County Department of Social Services: | | | | | |
| Independent Living Transitional | 93.674 | | 1,493 | - | - |
| Links | 93.674 | | 8,376 | 2,094 | - |
| | | | 9,869 | 2,094 | - |
| Health Care Financing Administration | | | | | |
| Passed through NC Department of Health and Human Services: | | | | | |
| Division of Medical Assistance: | | | | | |
| Administered by Carteret County DSS: | | | | | |
| Medical Assistance Program | | | | | |
| MA Expansion (MAC) | 93.778 | | 129,745 | - | 129,745 |
| ADT CR HM CS Mgt/Spec | 93.778 | | 23,574 | 6,804 | 16,770 |
| State County Special Assistance | 93.778 | | 30,132 | - | 10,044 |
| Division of Social Services | | | | | |
| Administered by Carteret County DSS: | | | | | |
| Medical Assistance Administration | 93.778 | | 1,357,753 | - | 453,834 |
| Transportation Administration | 93.778 | | 135,048 | - | 135,048 |
| | | | 1,676,252 | 6,804 | 745,441 |
| Division of Social Services | | | | | |
| Administered by Carteret County DSS: | | | | | |
| State Children's Insurance Program - NC Health Choice | 93.767 | | 60,460 | - | - |
| | | | 60,460 | - | - |
| Centers for Disease Control and Prevention | | | | | |
| Passed through NC Department of Health and Human Services: | | | | | |
| Centers for Medicare and Medicaid Services | | | | | |
| Division of Medical Assistance | | | | | |
| Medical Assistance Program - Cost Settlement | 93.778 | | 304,512 | - | - |
| | | | 304,512 | - | - |
| Administered by Carteret County Health Department | | | | | |
| Preparedness (PHEP) Aligned Cooperative Agreements & PHEP Ebola | 93.074 | | 28,436 | - | 19,524 |
| North Carolina's Tuberculosis Elimination and Laboratory Project | 93.116 | | 50 | - | 40,385 |
| Prevent Disease, Disability and Death From Vaccine Prevention | 93.268 | | 14,824 | - | 100,190 |
| Preventive Health & Human Servcies Block Grant funded solely with Prevention & Pulbic Health Funds (PPHF) | 93.758 | | 46,159 | - | 82,987 |
| Prescription Drug Overdose (PDO) Prevention | 93.136 | | - | - | 747 |
| Viral Hepatitis Prevention and Control | 93.270 | | 5,000 | - | 2,749 |
| | | | 94,469 | - | 246,582 |
| Health Resources and Services Administration | | | | | |
| Passed through NC Department of Health and Human Services: | | | | | |
| Division of Public Health: | | | | | |
| Administered by Carteret County Health Department | | | | | |
| State Based Comprehensive B & CC Early Detection Programs | 93.898 | | 12,750 | - | 27,466 |
| Maternal & Child Health Services Block Grant | 93.994 | | 59,195 | - | 574,970 |
| | | | 71,945 | - | 602,436 |

(Continued)

## Schedule of Expenditures of Federal and State Awards (Continued)
## Year Ended June 30, 2019

| | Federal CFDA Number | State/ Pass-through Grantor's Number | Expenditures Federal | State | Local |
|---|---|---|---|---|---|
| Office of Population Affairs | | | | | |
| Passed through NC Department of Health and Human Services: | | | | | |
| Office of Population Affairs | | | | | |
| Family Planning Service | 93.217 | | $ 95,004 | $ - | $ 238,683 |
| Administration for Community Living | | | | | |
| Passed through NC Department of Insurance | | | | | |
| Administered by Carteret County Aging | | | | | |
| Medicare Improvements for Patients and Providers Act "MIPPA" | 93.071 | 14AANCMSHI | 5,631 | - | - |
| Seniors' Health Insurance Information Program | 93.324 | | 4,982 | - | - |
| | | | 10,613 | - | - |
| **Total US Department of Health and Human Services** | | | 5,234,262 | 115,162 | 3,314,846 |
| **US Department of Homeland Security** | | | | | |
| Passed through NC Department of Public Safety | | | | | |
| Division of Emergency Management | | | | | |
| Administered by Carteret County Emergency Management Department | | | | | |
| Emergency Management Performance Grant Program "EMPG" | 97.042 | EMA-2016-EP-00002-S01 | 37,636 | - | - |
| FEMA Disaster Grant Public Assistance | 97.036 | | 7,164,199 | 2,143,842 | - |
| **Total US Department of Homeland Security** | | | 7,201,835 | 2,143,842 | - |
| **State Assistance** | | | | | |
| **NC Department of Health and Human Services:** | | | | | |
| Division of Social Services: | | | | | |
| Administered by County Department of Social Services: | | | | | |
| Energy Assistance, Private Grants | | | - | 8,575 | - |
| County Funded Programs | | | - | - | 2,123,481 |
| Non-Allocating County Cost | | | - | - | 252,578 |
| St Child Welfare/ CPS/ CS LD | | | - | 27,927 | - |
| SAA/SAD HB 1030 | | | - | - | 18,802 |
| Extended FC/MAC Non IV-E | | | - | 3,194 | - |
| Work First Non Reimbursable | | | - | - | 439,716 |
| AFDC Incent / Prog Integrity | | | - | 1,147 | - |
| CWS Adopt Subsidy & Vendor | | | - | - | 67,732 |
| SC/SA Domiciliary Care Payment | | | - | - | 320,840 |
| SFHF Maximization | | | - | 44,651 | 44,651 |
| CSE Disater Non Reimbursable | | | - | - | 20,056 |
| State Foster Home | | | - | 78,352 | 78,352 |
| | | | - | 163,846 | 3,366,208 |

(Continued)

## Schedule of Expenditures of Federal and State Awards (Continued)
## Year Ended June 30, 2019

| | Federal CFDA Number | State/ Pass-through Grantor's Number | Expenditures Federal | Expenditures State | Expenditures Local |
|---|---|---|---|---|---|
| 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 | | | $ - | $ 11,018 | $ 1,224 |
| HCCBG - In Home Support | | | - | 156,123 | 17,347 |
| HCCBG - Home Delivered Meals | | | - | 14,043 | 1,560 |
| | | | - | 181,184 | 20,131 |
| Division of Public Health | | | | | |
| Administered by the County Health Department | | | | | |
| Other Receipts/ State Supported Expenditures | | | | | |
| Food and Lodging Fees | | | - | 28,728 | - |
| General Aid to County | | | - | 80,166 | 157,313 |
| Communicable Disease | | | - | 1,756 | 53,053 |
| Breast and Cervidal Cancer Program | | | - | 14,025 | - |
| Child Health | | | - | 9,367 | - |
| Maternal Health (HMHC) | | | - | 39,869 | - |
| Women's Health Service Fund | | | - | 15,788 | - |
| HIV/STD State | | | - | 500 | - |
| HIV/ STD Prevention and Care | | | - | 1,488 | - |
| Tuberculosis | | | - | 12,493 | - |
| Zika Virus Mosquito Control | | | - | 16,000 | - |
| Mosquito Abatement (Hurricane Florence) | | | - | 156,075 | - |
| School Nurse Funding Initiative | | | - | 50,000 | - |
| | | | - | 426,255 | 210,366 |
| **Total NC Department of Health and Human Services** | | | - | 771,285 | 3,596,705 |
| **NC Department of Environmental Quality:** | | | | | |
| Natural Resources Division: | | | | | |
| Passed through County Finance Office: | | | | | |
| White Goods Disposal | | | - | 28,833 | - |
| Scrap Tire Disposal | | | - | 97,691 | - |
| | | | - | 126,524 | - |
| Environmental Assistance and Customer Service Division: | | | | | |
| Administered by County Public Works Department: | | | | | |
| Downeast Electronics Recycling Program | | 7596 | - | 3,381 | 569 |
| Division of Coastal Management | | | | | |
| Administered by the County Planning Department | | | | | |
| NC Public Beach and Coast Waterfront Access Program | | 6732 | - | 58,841 | 19,614 |
| Division of Water Infrastructure | | | | | |
| Administered by County General Services Office | | | | | |
| Merger/Regionalization Feasibility Study | | | - | 21,180 | - |
| Division of Water Resources: | | | | | |
| Administered by County Shore Protection Office: | | | | | |
| Waterway and Dredging Projects | | | - | 281,909 | 140,934 |
| Bogue Banks Master Beach Renourishment Project | | | - | 5,000,000 | 12,029,818 |
| Post-Florenece Topographic and Hydrographic Surveying | | | - | 126,800 | - |
| Bogue Banks Coastal Storm Damage Reduction Project | | | - | 173,487 | 173,487 |
| | | | - | 5,582,196 | 12,344,239 |
| **Total NC Department of Environmental Quality** | | | - | 5,792,122 | 12,364,422 |

(Continued)

## Schedule of Expenditures of Federal and State Awards (Continued)
## Year Ended June 30, 2019

| | Federal CFDA Number | State/ Pass-through Grantor's Number | Expenditures Federal | State | Local |
|---|---|---|---|---|---|
| **NC Department of Public Safety:** | | | | | |
| Division of Emergency Management | | | | | |
| Administered by County Finance Department: | | | | | |
| Services for Court Referrals | | | | | |
| Boys and Girls Club program | | | - | 62,449 | - |
| Easter Seals Home Based Services - Building Bridges | | | - | 47,236 | 50,148 |
| Juvenile Crime Prevention | | | - | 5,336 | 225 |
| Teen Court | | | - | 50,455 | - |
| | | | - | 165,476 | 50,373 |
| **Total NC Department of Public Safety** | | | - | 165,476 | 50,373 |
| **NC Department of Military and Veteran Affairs** | | | | | |
| Office of Fiscal Management | | | | | |
| Administered by the County Veterans Services | | | | | |
| Veteran Services | | | - | 2,216 | 377,963 |
| **Total NC Department Military and Veteran Affairs** | | | - | 2,216 | 377,963 |
| **NC Department of Administration:** | | | | | |
| Division of NC-CFW | | | | | |
| Administered by the County Rape Crisis Department | | | | | |
| Sexual Assault Grant Rape Crisis | | | - | 50,116 | 10,023 |
| **Total NC Department of Administration** | | | - | 50,116 | 10,023 |
| **NC Department of Commerce** | | | | | |
| Rural Economic Development Division | | | | | |
| Administered by the County Economic Development Department | | | | | |
| Geodynamics/Project Sloan | | | - | 40,000 | - |
| **NC Department of Public Instruction:** | | | | | |
| Public School Building Capital Fund | | | | | |
| Administered by the County Finance Department | | | | | |
| Lottery Proceeds Allocation | | | - | 600,000 | - |
| **NC Department of Transportation** | | | | | |
| Administered by the Carteret County General Services Department | | | | | |
| North River VFD Paving | | DOT-18 | - | 16,805 | - |
| Administered by the Carteret County Transportation Department | | | | | |
| FY18 Con CPT Coordination Operating Grant | | 19-CO-054 | - | 138,391 | 138,391 |
| DOT ROAP RGP Grant | | DOT-17CL | - | 96,159 | 9,616 |
| DOT ROAP Employment Grant | | DOT-17CL | - | 17,827 | - |
| DOT Elderly and Disabled | | DOT-17CL | - | 80,393 | - |
| **Total NC Department of Transportation** | | | - | 349,575 | 148,007 |
| **Total Federal Expenditures** | | | $ 13,949,445 | | |
| **Total State Expenditures** | | | | $ 10,137,837 | |
| **Total Local Expenditures** | | | | | $ 20,549,368 |

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

## Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (the "Schedule") includes the federal and State award activity of Carteret County, North Carolina, primary government, under programs of the federal and State government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Carteret County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Carteret County.

## Note 2. Summary of Significant Accounting Policies

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

In accordance with guidance issued by the United States Department of Agriculture (USDA), Food and Nutrition Service Division, direct benefits payments for the Supplemental Nutrition Assistance Program (SNAP), formerly the Food Stamp Program, of $10,671,310 have not been reported as expenditures in the basic financial statements or in the Schedule.

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

## Note 3. Relationship to Fund Financial Statements

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

## Note 4. Loans Outstanding

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

The following is a summary of changes in the County's long-term outstanding loan balances of the USDA Water Revenue Bond and the NC Department of Environment and Natural Resources (NCDENR) Drinking Water State Revolving Fund for the fiscal year ended June 30, 2019:

| | Beginning Balance June 30, 2018 | **Additions** | **Retirements** | **Ending Balance June 30, 2019** |
|---|---|---|---|---|
| Revenue Bond | $ 980,000 | **$ -** | **$ 18,000** | **$ 962,000** |
| Installment purchase obligations | 1,275,160 | **-** | **171,032** | **1,104,128** |
| | $ 2,255,160 | $ - | **$ 189,032** | **$ 2,066,128** |

## Note 5. Cluster of Programs

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

## Note 6. Indirect Costs

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