

Carteret County, North Carolina

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

Prepared by the Finance Department
Dee Meshaw, Assistant County Manager



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Map of Carteret County, North Carolina



CARTERET COUNTY FINANCE

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Nov 21 2022

December 13, 2021

To the Citizens of Carteret County:

State law requires that all general-purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the County of Carteret (the "County") for the fiscal year ended June 30, 2021.

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

The County's financial statements have been audited by PBMares, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2021 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, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the County

Carteret County, incorporated in 1722, is a growing county located on the central coastline of North Carolina with approximately 70,000 residents living in or around municipalities and rural “Down East” maritime communities. Carteret County contains 526 square miles of land area and a coastline nearly 80 miles long. The County is bordered on the north by the Pamlico Sound and on the east and south by the Atlantic Ocean. Eleven municipalities are located within the County, with Morehead City being the largest. Beaufort, the third oldest town in North Carolina, serves as the County seat.

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

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

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

Factors Affecting Financial Condition

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

Local Economy

The County economy continues to improve from COVID-19. The emergency measures, restrictions, and closures mandated by North Carolina's governor on businesses, tourism, and education had a negative impact on the local economy. Carteret County annual unemployment average was 4.85% compared to 5.58% in the prior fiscal year, and those rates are slightly lower than the state's average unemployment rate of 6.12%.

The tourism industry continues to perform well with 2020 calendar year's tourism visitor spending \$487.3 million. Due to COVID-19, visitor spending in 2020 was 3.4% less than 2019, and the state average decrease was 31.7%. Even though the County's visitor spending decreased, the County ranks tenth in the state for visitor spending compared to thirteenth in 2019. In addition, the county continues to be diverse with manufacturing, distribution, research, construction and marine trades.

Industrial Parks

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

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

Morehead City State Port

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

Marine Science

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

Retail

Retail continues to recover from COVID -19 impacts in Carteret County. Retailers in home improvements and lawn and gardening are performing well following the national trend at this time.

The following table lists the 10 largest employers in the County in 2021.

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

Source: NC Commerce LEAD Division
 2021 Employees are full time

During the last ten years, the County's expenses have increased with the most emphasis on public safety, education, and general government. These areas have increased 45.07% in public safety, 13.89% in education, and 87.72% in general government operating expenses. As a result of education funding, Carteret County Schools consistently ranks in the top fifteen school systems in local funding ranking in the state. In public safety, funding increases have resulted in greater levels of services with first responders such as paramedics, the Sheriff's Department and 911 telephone system enhancements. The funding increases have provided resources for more staff and staff training, as well as needed equipment. General government increases are due to increased operating cost in the tax department for increased positions, improved tax technology and real property appraisal expenses for revaluation. The Technology Department has increased due to increased staffing, improving technology for county departments, and cybersecurity. Cultural and recreation funding increase is 26.5% from 10 years ago. The County continues to make investments and improvements in parks and water accesses. Beach nourishment expenses are approximately \$30 million more than 10 years ago. This significant increase is due to completing Beach Nourishment Phase III Project in FY21.

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, 2022 totals \$135,675,520 with a General Fund tax rate of \$.33 per \$100 of assessed value, based on a total valuation of \$16.72 billion. The County's assessed value growth is 1.06% or \$175.8 million more than the FY21 budgeted assessed values. The County anticipates modest growth in its tax base going forward. For the County's operating budget for the fiscal year ending June 30, 2023, it is anticipated that the tax rate would need to be between \$.33 and \$.35 per \$100 of the current assessed value to maintain the current level of service.

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

Major Initiatives

The County has several initiatives for fiscal year 2022. On November 3, 2020, the voters approved \$42 million school referendum for public school building and facilities expansion and improvements. The County anticipates issuing a portion of the \$42 million in general obligation bonds, and thus debt service is budgeted and planned in FY22. The FY22 budget continues to fund pay as you go capital and capital improvements for public schools, the community college, and county buildings and facilities.

Public safety, human services, cultural and recreational, and technology are continued Board priorities. The Sheriff's Division budget is increased for new positions and equipment. Human services funding is expanded in the areas of public health, social services, and mental health. County library funding is increased to expand hours at Bogue Banks and Downeast Libraries. The Board continues to provide funding for information technology, economic development, and parks and recreation increased demands and needs. The county continues its commitment to waterway dredging.

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

In fiscal year 2013, the County completed its \$3.51 million water system improvement project. In fiscal year 2022, the County continues to fund pay as you go capital improvements and maintenance to improve efficiency in operations.

Award and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Carteret County for its Annual Comprehensive Financial Report for the year ended June 30, 2019. This was the eighteenth consecutive year that Carteret County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has not received the Certificate of Achievement Program results for the year ended June 30, 2020. We believe that our prior year and current reports continue to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2021. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

In summary, this Annual Comprehensive Financial Report provides a source of information to citizens, the Board of Commissions, other governmental agencies, and investors and creditors, all of whom rely upon it for decision making and the opportunity to learn more about Carteret County's financial condition.

Much appreciation is expressed to the Finance Department's staff and PBMares, LLP without whose dedicated assistance this report could not have been produced. Gratitude goes to the Board of Commissioners for their continued interest and support throughout the past year.

Sincerely,
Dee Meshaw
Dee H. Meshaw
Assistant County Manager

Carteret County, North Carolina

List of Principal Officials
June 30, 2021

Board of Commissioners

Ed Wheatly
Chairman
Beaufort, North Carolina

Mark Mansfield
Vice Chairman
Morehead City, North Carolina

Bob Cavanaugh
Morehead City, North Carolina

Chris Chadwick
Stacy, North Carolina

Robin Comer
Stella, North Carolina

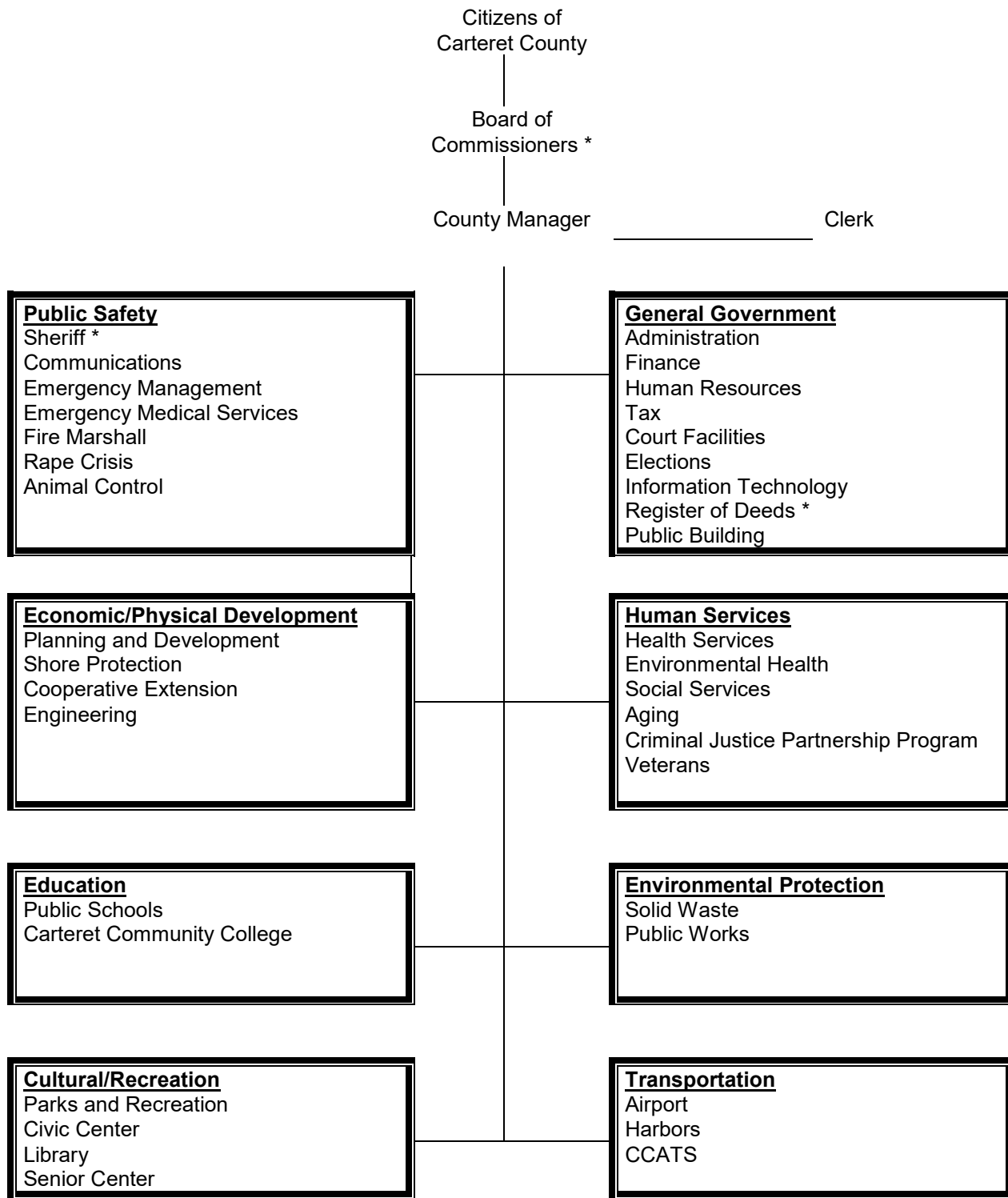
Jimmy Farrington
Emerald Isle, North Carolina

Chuck Shinn
Newport, North Carolina

County Officials

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

**Carteret County, North Carolina
 Organizational Chart**



* Elected Officials

Map of Carteret County, North Carolina



<u>Carteret County</u>	
Population	67,690
Area	526 sq. miles
Date Est.	1722
County Seat	Beaufort

Financial Section

Independent Auditor's Report

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

Basic Financial Statements

Notes to Financial Statements

**Required Supplementary Information
(Unaudited)**





Independent Auditor's Report

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

Report on the 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, the aggregate remaining fund information, and the budgetary comparison of the General Fund and Occupancy Tax Fund of Carteret County, North Carolina (the County) as of and for the year ended June 30, 2021, 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 Carteret County-Beaufort City Airport Authority, Carteret County Alcoholic Beverage Control (ABC) Board or Carteret County General Hospital Corporation, which collectively represent 100% of the assets, net position and revenues of the aggregate discretely presented component units of the County. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Carteret County Tourism Development Authority, Carteret County-Beaufort Airport Authority, Carteret County ABC Board and Carteret County General Hospital Corporation, is based solely on the reports of the other auditors. 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, the aggregate remaining fund information, and the budgetary comparison of the General Fund and Occupancy Tax Fund of Carteret County, North Carolina as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, effective July 1, 2020, the County adopted new accounting guidance promulgated in GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 15 through 26, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Local Governmental Employees' Retirement System Schedules of Proportionate Share of the Net Pension Liability (Asset) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedules of Proportionate Share of the Net Pension Liability (Asset) and County Contributions and the Other Postemployment Benefits Schedule of Changes in Total OPEB Liability, on pages 100 through 113 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, 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 December 13, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PBMares, LLP

Morehead City, North Carolina
December 13, 2021



Carteret County, North Carolina

**Management's Discussion and Analysis (Unaudited)
June 30, 2021**

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, 2021. 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 \$86,984,399 (*net position*).
- The government's total net position increased by \$6,075,030. The increase is primarily due to sales tax revenues exceeding the budget approximately \$3.6 million, intergovernmental revenues greater than anticipated and expenditures were less than expected.
- As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$86,552,688, after a net increase in fund balance of \$5,853,104. Approximately 63.56 percent of this total amount or \$55,012,069 is restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$34,670,762 or 40.08 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 \$250,474. The County retired debt principal 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 eighth 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.

Carteret County, North Carolina

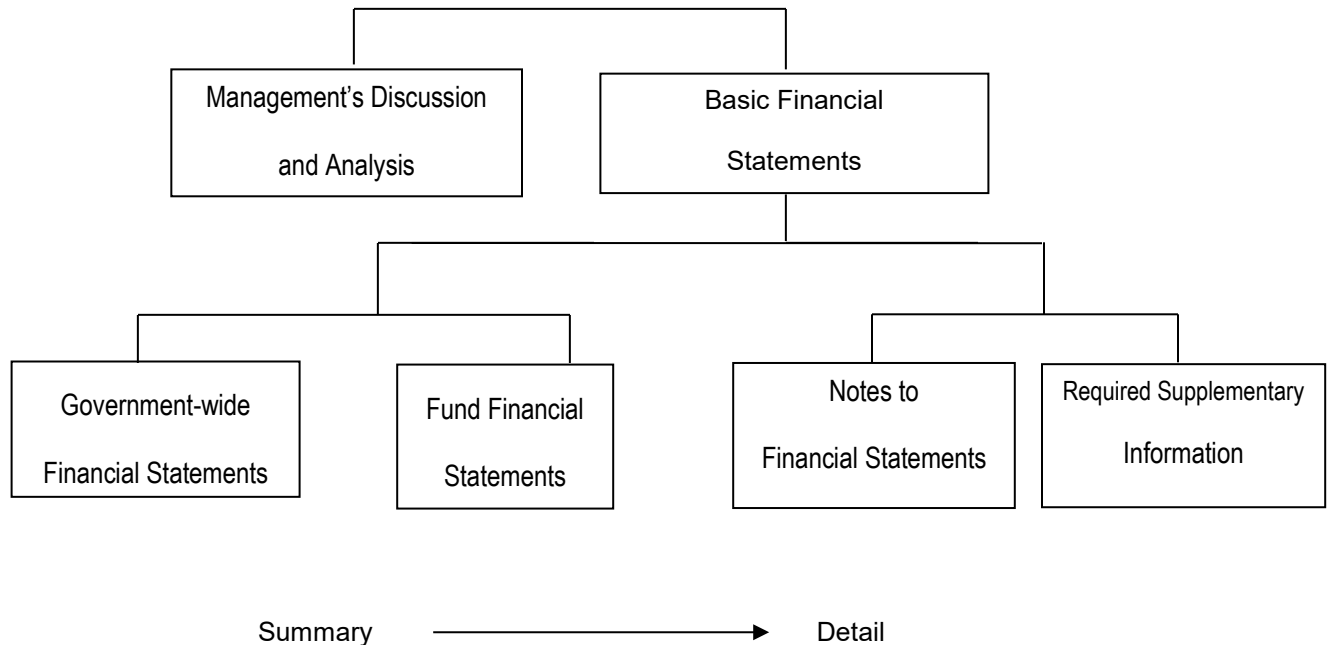
Management's Discussion and Analysis (Unaudited)
 June 30, 2021

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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.

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Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. The governmental fund financial statements are on pages 32 - 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 two fiduciary funds which are custodial funds. The fiduciary fund financial statements are on pages 45-46 of this report.

Notes to Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are on pages 47 - 97 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 100 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 \$86,984,399 as of June 30, 2021. The County's net position increased by \$6,075,030 for the fiscal year ended June 30, 2021. Net position is reported in three categories: net investment in capital assets of \$29,309,374, restricted net position of \$37,815,978, and unrestricted net position of \$19,859,047.

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

Another category of net position is restricted net position. This represents resources that are subject to external restriction on how they may be used. The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligation to citizens and creditors. At June 30, 2021, the unrestricted net position of governmental activities reported \$18,538,299. Of the County's net position, \$37,815,978 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 \$20.35 million of the outstanding debt on the County's financial statements was related to assets included in the school system's financial statements. However, as the majority of this school system related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

The County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 104,811,366	\$ 95,732,962	\$ 2,102,461	\$ 1,455,955	\$ 106,913,827	\$ 97,188,917
Capital assets	25,237,224	25,032,364	5,759,214	6,123,484	30,996,438	31,155,848
Total assets	130,048,590	120,765,326	7,861,675	7,579,439	137,910,265	128,344,765
Total deferred outflows of resources	8,551,365	6,876,849	75,385	58,645	8,626,750	6,935,494
Long-term liabilities outstanding	44,393,659	44,490,035	1,914,819	2,068,917	46,308,478	46,558,952
Other liabilities	12,299,292	7,286,424	627,027	225,034	12,926,319	7,511,458
Total liabilities	56,692,951	51,776,459	2,541,846	2,293,951	59,234,797	54,070,410
Total deferred inflows of resources	315,503	423,044	2,316	3,790	317,819	426,834
Net position:						
Net investment in capital assets	25,237,224	24,982,364	4,072,150	4,246,388	29,309,374	29,228,752
Restricted	37,815,978	42,439,846	-	-	37,815,978	42,439,846
Unrestricted (deficit)	18,538,299	8,020,462	1,320,748	1,093,955	19,859,047	9,114,417
Total net position	\$ 81,591,501	\$ 75,442,672	\$ 5,392,898	\$ 5,340,343	\$ 86,984,399	\$ 80,783,015

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Governmental activities: Governmental activities increased the County's net position by \$6,022,475 from fiscal year 2021. Key elements that net to this increase are as follows:

- Property taxes revenue collection rate increased slightly to 98.38% from FY20 collection rate. This increased collection rate contributed to additional revenues.
- Sales taxes increased 16.57% or approximately \$3.16 million. Sales tax revenue growth began with July 2020 sales, and continued throughout the fiscal year. Due to COVID-19 and the unknown economic impacts, sales tax revenue was budgeted very conservatively, and as a result, actual revenue exceeded the budget and positively impacted net position.
- Charges for services net increase was approximately \$1.74 million or 21.35%. The increase in Register of Deeds fees exceeded revenue estimates and accounted for most of the increase. Facility rental fees, such as civic center rental fees, decreased 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, and as a result, had a positive impact on net position.

Business-type activities: Business-type activities increased net position by \$52,555. Revenues were slightly more than projected and expenses, such as maintenance, contracted services, supplies, and chemicals were less than projected and contributed to the increase in net position.

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The County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 9,863,496	\$ 8,128,261	\$ 737,858	\$ 693,744	\$ 10,601,354	\$ 8,822,005
Operating grants and contributions	40,086,334	64,474,699	-	-	40,086,334	64,474,699
Capital grants and contributions	623,747	4,154,597	-	-	623,747	4,154,597
General revenues:						
Property taxes	62,590,060	54,313,866	-	-	62,590,060	54,313,866
Other taxes	33,729,100	26,378,095	-	-	33,729,100	26,378,095
Other	1,895,328	3,994,563	689	16,412	1,896,017	4,010,975
Total revenues	148,788,065	161,444,081	738,547	710,156	149,526,612	162,154,237
Expenses:						
General government	10,841,137	9,600,044	-	-	10,841,137	9,600,044
Public safety	25,244,004	25,184,103	-	-	25,244,004	25,184,103
Transportation	5,361,325	3,545,761	-	-	5,361,325	3,545,761
Economic and physical development	40,467,487	35,662,784	-	-	40,467,487	35,662,784
Environmental protection	4,824,986	4,381,762	-	-	4,824,986	4,381,762
Human services	19,965,556	17,824,420	-	-	19,965,556	17,824,420
Cultural and recreation	4,181,010	4,102,082	-	-	4,181,010	4,102,082
Education	30,751,818	32,392,870	-	-	30,751,818	32,392,870
Interest on long-term debt	723,267	912,665	-	-	723,267	912,665
Water	-	-	1,090,992	1,186,034	1,090,992	1,186,034
Total expenses	142,360,590	133,606,491	1,090,992	1,186,034	143,451,582	134,792,525
Increase (decrease) in net position before transfers	6,427,475	27,837,590	(352,445)	(475,878)	6,075,030	27,361,712
Transfers	(405,000)	(420,000)	405,000	420,000	-	-
Increase (decrease) in net position	6,022,475	27,417,590	52,555	(55,878)	6,075,030	27,361,712
Net position, beginning as previously reported	75,442,672	48,025,082	5,340,343	5,396,221	80,783,015	53,421,303
Prior period restatement, change in accounting principle	126,354	-	-	-	126,354	-
Net position, beginning as restated	75,569,026	48,025,082	5,340,343	5,396,221	80,909,369	53,421,303
Net position, June 30	\$ 81,591,501	\$ 75,442,672	\$ 5,392,898	\$ 5,340,343	\$ 86,984,399	\$ 80,783,015

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 \$34,670,762, while total fund balance reached \$69,188,466. 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

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fund balance of 40.08 percent of general fund expenditures, while total fund balance represents 79.99 percent of that same amount. The County's unassigned fund balance increased \$7,832,181. The increase in unassigned fund balance is mostly due to increased revenues and FEMA reimbursements received FY21 for hurricane expenditures incurred in FY19. When the budget was adopted, fund balance was planned as the funding source for many capital projects and improvements for public schools, community college, and county. Many revenue categories exceeded budgeted amounts such as sales tax, approximately \$2.74 million, permits, fees, approximately \$31.89 million and intergovernmental, approximately 1.58 million. In addition to revenues exceeding the budget, function level expenditures were less than the budget amount by approximately \$9.27 million. Human services, public safety, and general government functions had the greatest amounts coming in under budget.

At June 30, 2021, the governmental funds of the County reported a combined fund balance of \$86,552,688, a \$5,853,104 increase from last year. The discussion above regarding the General Fund unassigned fund balance increase is the basis for the increase in the governmental funds combined fund balance.

General Fund Budgetary Highlights

During fiscal year 2021, the County's financial picture was good. The County's real property valuation was effective FY21. Overall, property values increased \$1.35 billion or 8.92%. The General Fund revenue neutral rate was \$.30 per \$100 of assessed values, and the adopted General Fund tax rate was \$.33 cents. This was the first tax rate increase in four years. General Fund revenues were more than budgeted by \$6.34 million. Revenues exceeded the budget in the following areas: ad valorem taxes \$.51 million, sales taxes \$2.73 million, permits and fees \$1.89 million, and intergovernmental \$1.58 million. The remaining (\$.39) million, is the net amount of sales and services and interest revenues less than the budgeted amounts offset by miscellaneous revenue exceeding the budgeted amount. As a result, the County finished the year in positive, sound financial condition.

The County revised the budget on several occasions. Generally, budget amendments fall into one of four categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; 3) increases in appropriations that become necessary to maintain services; and 4) to increase debt service for refunding existing debt. Total amendments to the General Fund increased estimated revenues by \$3,642,723 and expenditure appropriations by \$6,963,816. The appropriations increase was mostly due to maintenance and capital projects not completed in fiscal year 2020. Expenditures were increased in all functions of government.

The County's expenditures were less than the budgeted amount by \$9.27 million, and most of the savings were in the human services programs of \$3.54 million, public safety programs of \$1.68 million, \$1.53 million general government, as well as \$2.52 million in economic and physical development, transportation, environmental protection, debt service, and culture and recreation.

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Occupancy Tax Fund. This fund is used to account for the six percent tax collected on hotel, motel condominium room rentals within the County and the subsequent distribution of the tax to the Tourism Development Authority (TDA) and the County General Fund for beach nourishment. Total revenues were \$11,454,921, approximately \$4.19 million or 57.29% more than fiscal year 2020. Fund expenses for the TDA were \$5,663,270, and transfers to the General Fund for beach nourishment and administrative costs were \$5,787,780. The County revised the budget on several occasions increasing revenue \$3.3 million due to occupancy tax revenue greater than estimated. Expenditures were increased \$1.63 million for TDA expenditures that were a result of the increased occupancy tax revenue.

American Rescue Plan Act (ARPA) Fund. This fund accounts for the federal funds allocated to the County through the American Rescue Plan Act of 2021. During fiscal year 2021, the County received \$6,749,030. At the end of the fiscal year, the County had not appropriated any of these funds. Management is reviewing eligible uses of the funds and the best utilization of the funds.

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 \$3,499,102, a \$606,219 increase from fiscal year 2020. The increase was due to dredging and park projects that were not completed. The County revised the budget on several occasions increasing revenue \$24.38 million and increasing expenses \$40.34 million. Revenues were increased for intergovernmental revenue for the Phase III Beach Nourishment project, waterway dredging and maintenance, and park projects including water access improvements. Expenditures were increased \$34.68 million for beach nourishment, \$5.27 million waterway maintenance and dredging, and \$.39 million park projects.

Proprietary Funds. The County's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Total net position was \$5,392,898, a \$52,555 increase from the previous year. Unrestricted net position of the Water Fund at the end of the fiscal year was \$1,320,748, a \$226,793 increase. Expenses were less than projected, and combined with the transfer in from the Water Taxing District Special Revenue Fund, net position increased. As in previous years, the Water Fund is not self-supporting and relies on the water taxing district revenues to transfer into the fund. In fiscal year 2021, \$405,000 was transferred from the water taxing district, \$15,000 less than the previous year.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$30,996,438 (net of accumulated depreciation). These assets include land, buildings, automotive equipment, office and other equipment, and water plant and lines.

Major capital asset transactions during the year include:

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

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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	
	2021	2020	2021	2020	2021	2020
Land	\$ 9,456,649	\$ 9,456,649	\$ 222,608	\$ 222,608	\$ 9,679,257	\$ 9,679,257
Buildings	6,733,533	7,478,233	871,254	941,896	7,604,787	8,420,129
Water lines	-	-	4,652,568	4,930,116	4,652,568	4,930,116
Vehicles	1,898,005	1,869,690	11,368	18,948	1,909,373	1,888,638
Equipment	791,170	894,324	1,416	9,916	792,586	904,240
Other improvements	4,215,578	3,995,456	-	-	4,215,578	3,995,456
Leasehold improvements	1,174,891	1,304,412	-	-	1,174,891	1,304,412
Construction in progress	967,398	33,600	-	-	967,398	33,600
Total	\$ 25,237,224	\$ 25,032,364	\$ 5,759,214	\$ 6,123,484	\$ 30,996,438	\$ 31,155,848

General Obligation, Capital Leases and Installment Notes Payable

Long-Term Debt. As of June 30, 2021, the County had total general obligation bonded debt outstanding of \$16,350,000, 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	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 16,350,000	\$ 19,135,000	\$ -	\$ -	\$ 16,350,000	\$ 19,135,000
Certificate of participation	425,000	855,000	-	-	425,000	855,000
Revenue bond	-	-	925,000	944,000	925,000	944,000
Bond premiums	1,312,567	1,559,550	-	-	1,312,567	1,559,550
Installment note payable	3,570,074	4,135,588	762,064	933,096	4,332,138	5,068,684
Compensated absences	1,733,627	1,631,093	19,904	19,346	1,753,531	1,650,439
Net pension liability (LGERS)	9,938,648	8,121,822	110,541	90,334	10,049,189	8,212,156
Total pension liability (LEOSSA)	2,150,843	1,528,461	-	-	2,150,843	1,528,461
Net OPEB obligation	8,912,900	7,523,521	97,310	82,141	9,010,210	7,605,662
Total long-term debt	\$ 44,393,659	\$ 44,490,035	\$ 1,914,819	\$ 2,068,917	\$ 46,308,478	\$ 46,558,952

The County's total debt decreased \$250,474 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, 2021, for the County is \$1,255,433,220.

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Additional information regarding the County's long-term debt can be found in Note 9 on pages 68 - 73 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, 2021, the unemployment rate for the County averaged 4.85%, compared to the 5.58% for fiscal year 2020. These rates are slightly lower than the state's average unemployment rate of 6.12% for fiscal year 2021. The County is seeing modest residential and commercial development. In addition, the County is realizing increases in sales tax revenues. This growth in development combined with other revenue increases, has allowed the County to continue meeting its capital needs and demands for services with the no property tax increase in the fiscal year ending June 30, 2022. The County adopted an ad valorem tax rate of \$.33 cents per \$100 assessed value in fiscal year 2022.

During the fiscal year, the state and the nation were affected by the spread of COVID-19. In June 2020, when the County adopted its FY21 budget, the County was realizing negative impacts of COVID-19 with revenue regression in sales taxes, occupancy taxes, facility rental fees, and parks and recreation fees. In addition, unemployment rates increased, and businesses were negatively impacted. As a result, the FY21 budget was prepared conservatively while balancing the needs of the County. The budget funded capital, large maintenance, and setting aside funds for future debt service of capital construction and improvements; however, the budget was designed to defer many of these items if revenues did not improve. Fortunately, FY21 realized strong revenue growth in sales taxes, fees, and occupancy taxes. In addition, the property tax collection rate improved in FY21, another positive indicator.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The County has approved a \$105.90 million general fund budget for fiscal year 2022, which represents a \$9.66 million or 8.36% decrease from fiscal year 2021 amended budget. The net decrease in the budget is primarily due to approximately \$13.86 million restricted funds budgeted for the beach nourishment phase III project that is not budgeted in FY22. The approved budget increased funding in the following areas: education operating expenditures, public safety for the Sheriff's Division and consolidated communications, economic development, and parks and libraries. In addition, the Board appropriated funding for staff meritorious performance pay increases.

In the budget, the County's Board of Commissioners maintained the General Fund 33 cent ad valorem property tax rate per \$100 assessed valuation. Current year tax revenues are projected to generate \$54.07 million. Due to growth in sales tax revenue, the County budgeted a 5.38% increase from FY21 budgeted revenue that generates \$17.35 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 2022 General Fund budgets \$2.40 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 \$15.57 million of the \$15.69 million eligible expenses submitted by the County. Of the \$15.57 million approved, the County recorded the following revenues: \$9.31 million FY19, \$2.72 million FY20, \$2.23 million FY21, leaving a remaining balance of \$1.31 million. The County anticipates receiving the \$1.31 million balance during FY22.

As in previous years, Education is the largest service area in terms of its portion of total expenditures. Capital and operating education expenditures total \$30.45 million or 28.75% of the fiscal year 2022 budget. This area includes funding for the public school system and the Carteret County Community College.

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June 30, 2021**

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 FY22, the Water Fund adopted budget is \$1,260,500 for operations, debt service, equipment, and contingency. The adopted budget increased funding \$52,890 (5.82%) for operating expenses. FY22 annual debt service is \$236,080.

The adopted Water Fund budgets \$1,238,800 user fee revenue, \$558,100 increase from FY21, and the Board increased user rates 95%. User rates had not been increased in four years. The Board's philosophy was the system should not rely on transfers from the Water Taxing District Special Revenue Fund. As a result, no property tax was levied in the taxing district, and as a result, not transfer to the Water Fund. During fiscal year 2021, the Board of Commissioners received bids through the upset bid process from private water providers to purchase the County's water system. After the upset bid process concluded, the County Commissioners accepted the \$9.5 million purchase contract on October 18, 2021. Required due diligence and approval of the NC Utilities Commission must occur for the system sale to be complete. It is estimated it will take a year to complete the entire process.

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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 10,783,621	\$ 1,980,691	\$ 12,764,312
Investments	67,748,145	-	67,748,145
Receivables (net)	19,075,995	77,838	19,153,833
Due from component unit	401,753	-	401,753
Inventories	-	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	4,674,558	43,932	4,718,490
Investments	1,887,773	-	1,887,773
Net pension asset	239,521	-	239,521
Other assets	-	-	-
Capital assets:			
Land, improvements, and construction in progress	10,424,047	222,608	10,646,655
Other capital assets, net of depreciation	14,813,177	5,536,606	20,349,783
Total capital assets	25,237,224	5,759,214	30,996,438
Total assets	130,048,590	7,861,675	137,910,265
Deferred Outflows of Resources	8,551,365	75,385	8,626,750
Liabilities			
Accounts payable and accrued expenses	5,368,956	505,975	5,874,931
Accrued interest payable	183,178	5,287	188,465
Customer deposits	-	115,765	115,765
Due to primary government	-	-	-
Unearned revenue	6,747,158	-	6,747,158
Long-term liabilities:			
Due within one year	6,916,164	199,897	7,116,061
Due in more than one year	37,477,495	1,714,922	39,192,417
Total long-term liabilities	44,393,659	1,914,819	46,308,478
Total liabilities	56,692,951	2,541,846	59,234,797
Deferred Inflows of Resources	315,503	2,316	317,819
Net Position			
Net investment in capital assets	25,237,224	4,072,150	29,309,374
Restricted for:			
Public Safety	6,048,932	-	6,048,932
Economic Development	19,006,557	-	19,006,557
Cultural and Recreation	33,898	-	33,898
Register of Deeds	221,977	-	221,977
Transportation Services	174,965	-	174,965
Human Services	756,616	-	756,616
Stabilization by State Statute	11,573,033	-	11,573,033
Other purposes	-	-	-
Unrestricted	18,538,299	1,320,748	19,859,047
Total net position	\$ 81,591,501	\$ 5,392,898	\$ 86,984,399

See Notes to Financial Statements.

Component Units				
	Carteret County		Carteret County	
Carteret County	Tourism	General		
Beaufort	Development	Hospital	Carteret County	
Airport Authority	Authority	Corporation	ABC Board	
\$ 348,366	\$ 1,622,169	\$ 56,399,529	\$ 2,303,077	
-	1,214,051	159,320,487	-	
11,913	1,641,312	28,883,774	-	
-	-	-	-	
-	-	4,420,726	1,753,432	
1,108	-	3,045,975	1,633	
1,176,184	-	3,711,278	-	
-	-	-	-	
-	-	-	-	
-	-	5,000	-	
2,351,146	-	9,590,689	1,337,000	
14,819,899	294,963	70,695,305	3,572,985	
17,171,045	294,963	80,285,994	4,909,985	
18,708,616	4,772,495	336,072,763	8,968,127	
-	-	-	208,900	
56,389	35,636	19,161,135	2,303,432	
-	-	-	-	
-	-	-	-	
-	-	-	401,753	
26,077	-	15,008,584	-	
168,477	8,652	532,108	280,683	
450,000	25,954	585,434	891,506	
618,477	34,606	1,117,542	1,172,189	
700,943	70,242	35,287,261	3,877,374	
-	-	10,311,686	-	
16,552,568	294,963	79,168,452	4,029,388	
-	-	-	350,206	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
11,913	1,641,312	-	-	
-	-	8,145,782	646,263	
1,443,192	2,765,978	203,159,582	273,796	
\$ 18,007,673	\$ 4,702,253	\$ 290,473,816	\$ 5,299,653	

Carteret County, North Carolina

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,841,137	\$ 3,303,306	\$ 310,433	\$ -
Public safety	25,244,004	581,923	1,206,077	-
Transportation	5,361,325	98,560	4,330,229	58,747
Economic and physical development	40,467,487	1,154,846	18,846,363	-
Environmental protection	4,824,986	3,478,132	545,377	565,000
Human services	19,965,556	1,125,766	13,470,186	-
Cultural and recreation	4,181,010	120,963	121,048	-
Education	30,751,818	-	35,781	-
Interest on long-term debt	723,267	-	1,220,840	-
Total governmental activities	142,360,590	9,863,496	40,086,334	623,747
Business-type activities:				
Water	1,090,992	737,858	-	-
Total primary government	\$ 143,451,582	\$ 10,601,354	\$ 40,086,334	\$ 623,747
Component units:				
Airport Authority	\$ 875,465	\$ 211,120	\$ 182,000	\$ 512,333
Tourism Development Authority	3,406,265	5,663,270	142,857	-
Hospital	154,250,573	169,127,576	1,176,963	-
ABC Board	16,406,334	16,802,825	-	-
Total component units	\$ 174,938,637	\$ 191,804,791	\$ 1,501,820	\$ 512,333

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, as previously reported
- Prior period restatement - change in accounting principle
- Net position, beginning, as restated
- Net position, ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Carteret County			
			Carteret County Beaufort Airport Authority	Tourism Development Authority	Carteret County General Hospital Corporation	Carteret County ABC Board
\$ (7,227,398)	\$ -	\$ (7,227,398)				
(23,456,004)	-	(23,456,004)				
(873,789)	-	(873,789)				
(20,466,278)	-	(20,466,278)				
(236,477)	-	(236,477)				
(5,369,604)	-	(5,369,604)				
(3,938,999)	-	(3,938,999)				
(30,716,037)	-	(30,716,037)				
497,573	-	497,573				
(91,787,013)	-	(91,787,013)				
-	(353,134)	(353,134)				
(91,787,013)	(353,134)	(92,140,147)				
			\$ 29,988	\$ -	\$ -	\$ -
			-	2,399,862	-	-
			-	-	16,053,966	-
			-	-	-	396,491
			29,988	2,399,862	16,053,966	396,491
62,590,060	-	62,590,060	-	-	-	-
22,220,692	-	22,220,692	-	-	-	-
11,454,900	-	11,454,900	-	-	-	-
53,508	-	53,508	-	-	-	-
1,620,055	-	1,620,055	-	-	-	-
97,429	689	98,118	4,747	757	6,097,500	-
177,844	-	177,844	1,055,649	-	-	3,950
98,214,488	689	98,215,177	1,060,396	757	6,097,500	3,950
(405,000)	405,000	-	-	-	-	-
97,809,488	405,689	98,215,177	1,060,396	757	6,097,500	3,950
6,022,475	52,555	6,075,030	1,090,384	2,400,619	22,151,466	400,441
75,442,672	5,340,343	80,783,015	16,917,289	2,301,634	268,322,350	4,899,212
126,354	-	126,354	-	-	-	-
75,569,026	5,340,343	80,909,369	16,917,289	2,301,634	268,322,350	4,899,212
\$ 81,591,501	\$ 5,392,898	\$ 86,984,399	\$ 18,007,673	\$ 4,702,253	\$ 290,473,816	\$ 5,299,653

Carteret County, North Carolina

Balance Sheet - Governmental Funds
 June 30, 2021

	Major Funds		
	General	Occupancy Tax Fund	American Rescue Plan Act Fund
Assets			
Cash and investments	\$ 58,641,620	\$ -	\$ 6,749,030
Receivables, net	14,200,980	2,190,532	-
Restricted cash and investments	2,093,626	-	-
Due from other funds	1,444,490	-	-
Due from component unit	401,753	-	-
Advance to other funds	32,000	-	-
Total assets	\$ 76,814,469	\$ 2,190,532	\$ 6,749,030
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,056,094	\$ 1,641,360	\$ -
Due to other funds	-	537,025	-
Advance due to other funds	-	-	-
Unearned revenue	-	-	6,747,158
Total liabilities	3,056,094	2,178,385	6,747,158
Deferred Inflows of Resources	4,569,909	-	-
Fund balances:			
Restricted:			
Register of Deeds	221,977	-	-
Recreation Districts	33,898	-	-
Beach Nourishment	17,714,605	-	-
Stabilization by State Statute	11,573,033	-	-
Sheriff's fund	541,534	-	-
Transportation programs	174,965	-	-
Health and mental health services programs	754,744	-	1,872
Public safety	-	-	-
Rescue protection	-	-	-
Fire protection	-	-	-
Economic development	962,948	2,190,532	-
Committed:			
Taylor Extended Care	-	-	-
School capital	-	-	-
Assigned:			
Subsequent year's expenditures	2,400,000	-	-
County library	140,000	-	-
County capital	-	-	-
Unassigned	34,670,762	(2,178,385)	-
Total fund balances	69,188,466	12,147	1,872
Total liabilities, deferred inflows of resources and fund balances	\$ 76,814,469	\$ 2,190,532	\$ 6,749,030

See Notes to Financial Statements.

County Capital Improvements Fund	Total Non-Major Funds	Total Governmental Funds
\$ 2,357,687	\$ 10,783,429	\$ 78,531,766
384,350	1,555,235	18,331,097
1,300,000	3,168,705	6,562,331
-	-	1,444,490
-	-	401,753
-	-	32,000
\$ 4,042,037	\$ 15,507,369	\$ 105,303,437

\$ 542,935	\$ 128,567	\$ 5,368,956
-	907,465	1,444,490
-	32,000	32,000
-	-	6,747,158
542,935	1,068,032	13,592,604
-	588,236	5,158,145

-	-	221,977
-	-	33,898
-	-	17,714,605
-	-	11,573,033
-	-	541,534
-	-	174,965
-	131,001	887,617
-	1,444,797	1,444,797
-	1,550,281	1,550,281
-	2,512,320	2,512,320
-	329,004	3,482,484
49,177	-	49,177
-	204,775	204,775
-	-	2,400,000
-	-	140,000
3,449,925	8,630,681	12,080,606
-	(951,758)	31,540,619
3,499,102	13,851,101	86,552,688
\$ 4,042,037	\$ 15,507,369	\$ 105,303,437



Carteret County, North Carolina

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
 June 30, 2021**

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

Total fund balances for governmental funds	\$ 86,552,688
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the funds	25,237,224
Net pension asset	239,521
Deferred outflows of resources related to pensions are not reported in the fund statements	6,476,131
Deferred outflows of resources related to OPEB are not reported in the fund statements	979,589
Deferred outflows of resources related to advance refunding bond issue	1,095,645
Deferred inflows of resources in the fund statements for taxes, FEMA, and special assessments receivable	5,094,426
Deferred inflows of resources related to pensions	(211,087)
Deferred inflows of resources related to OPEB	(40,697)
Accrued interest receivable not included in the fund statements	744,898
Accrued interest payable on long-term debt is not a current financial obligation and, therefore, is not in the funds	(183,178)
Long-term liabilities, including bonds payable, are not due and payable in the current period; therefore are not reported in the funds	<u>(44,393,659)</u>
Net position of governmental activities	<u>\$ 81,591,501</u>

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2021

	Major Funds		
	General	Occupancy Tax Fund	American Rescue Plan Act Fund
Revenues			
Ad valorem taxes	\$ 55,125,588	\$ -	\$ -
Other taxes	19,243,863	11,454,900	-
Permits and fees	5,598,568	-	-
Intergovernmental	18,936,241	-	-
Sales and services	4,028,111	-	-
Interest	88,706	21	1,872
Miscellaneous	359,360	-	-
Total revenues	103,380,437	11,454,921	1,872
Expenditures			
Current:			
General government	10,029,593	-	-
Public safety	14,420,497	-	-
Transportation	2,334,189	-	-
Environmental protection	4,729,163	-	-
Economic and physical development	2,086,917	5,663,270	-
Human services	17,202,706	-	-
Culture and recreation	3,509,051	-	-
Education	27,612,111	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	3,780,514	-	-
Interest and fees	790,322	-	-
Total expenditures	86,495,063	5,663,270	-
Excess (deficiency) of revenues over (under) expenditures	16,885,374	5,791,651	1,872
Other financing sources (uses)			
Transfers in	6,508,170	-	-
Transfers out	(19,770,938)	(5,787,780)	-
Total other financing (uses) sources	(13,262,768)	(5,787,780)	-
Net change in fund balances	3,622,606	3,871	1,872
Fund balances			
Beginning, as previously reported	65,565,860	8,276	-
Prior period restatement - change in accounting principle	-	-	-
Beginning, as restated	65,565,860	8,276	-
Ending	\$ 69,188,466	\$ 12,147	\$ 1,872

See Notes to Financial Statements.

County Capital Improvement Fund	Total Non-Major Funds	Total Governmental Funds
\$ -	\$ 7,990,500	\$ 63,116,088
-	3,030,337	33,729,100
-	111,817	5,710,385
21,759,827	2,881,379	43,577,447
-	191,000	4,219,111
1,394	5,436	97,429
-	-	359,360
21,761,221	14,210,469	150,808,920
-	111,817	10,141,410
-	10,042,996	24,463,493
-	-	2,334,189
-	-	4,729,163
-	1,409	7,751,596
-	1,865,172	19,067,878
-	-	3,509,051
-	-	27,612,111
36,340,232	4,030,857	40,371,089
-	-	3,780,514
-	-	790,322
36,340,232	16,052,251	144,550,816
(14,579,011)	(1,841,782)	6,258,104
15,185,230	4,585,708	26,279,108
-	(1,125,390)	(26,684,108)
15,185,230	3,460,318	(405,000)
606,219	1,618,536	5,853,104
2,892,883	12,106,211	80,573,230
-	126,354	126,354
2,892,883	12,232,565	80,699,584
\$ 3,499,102	\$ 13,851,101	\$ 86,552,688

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, 2021**

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

Net changes in fund balances - total governmental funds	\$ 5,853,104
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 capital outlays exceeded depreciation in the current period.	201,701
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is a decrease to net position.	3,159
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	2,285,742
OPEB benefit payments and administration cost in the current fiscal year are not included in the Statement of Activities	262,370
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(2,024,014)
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	(559,587)
Total changes in net position of governmental activities	\$ 6,022,475

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues				
Ad valorem taxes	\$ 54,613,000	\$ 54,613,000	\$ 55,125,588	\$ 512,588
Other taxes	16,443,000	16,506,670	19,243,863	2,737,193
Permits and fees	3,535,900	3,707,900	5,598,568	1,890,668
Intergovernmental	13,947,860	17,352,038	18,936,241	1,584,203
Sales and services	4,329,850	4,325,850	4,028,111	(297,739)
Interest	450,000	450,000	88,706	(361,294)
Miscellaneous	81,000	87,875	359,360	271,485
Total revenues	93,400,610	97,043,333	103,380,437	6,337,104
Expenditures				
Current:				
General government	10,126,285	11,557,969	10,029,593	1,528,376
Public safety	15,507,795	16,099,515	14,420,497	1,679,018
Transportation	1,667,390	2,874,478	2,334,189	540,289
Environmental protection	4,365,740	5,181,585	4,729,163	452,422
Economic and physical development	2,358,810	2,633,510	2,086,917	546,593
Human services	18,793,015	20,746,202	17,202,706	3,543,496
Culture and recreation	4,001,460	4,133,386	3,509,051	624,335
Education	27,247,400	27,805,066	27,612,111	192,955
Debt service:				
Principal retirement	3,892,100	3,892,100	3,780,514	111,586
Interest and fees	840,000	840,000	790,322	49,678
Total expenditures	88,799,995	95,763,811	86,495,063	9,268,748
Revenues over expenditures	4,600,615	1,279,522	16,885,374	15,605,852
Other financing sources (uses)				
Transfers in	4,024,750	6,411,640	6,508,170	96,530
Transfers out	(5,445,000)	(19,770,938)	(19,770,938)	-
Contingency reserves	(4,950,365)	(1,303,486)	-	1,303,486
Appropriated fund balance	1,770,000	13,383,262	-	(13,383,262)
Total other financing sources (uses)	(4,600,615)	(1,279,522)	(13,262,768)	(11,983,246)
Net change in fund balance	\$ -	\$ -	3,622,606	\$ 3,622,606
Fund balances				
Beginning			65,565,860	
Ending			<u>\$ 69,188,466</u>	

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - Occupancy Tax Fund
 Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Other taxes:				
Occupancy taxes	\$ 7,950,000	\$ 11,250,000	\$ 11,445,566	\$ 195,566
Occupancy taxes, penalties and interest	10,000	10,000	9,334	(666)
Interest	-	-	21	21
Total revenues	7,960,000	11,260,000	11,454,921	194,921
Expenditures				
Economic and physical development:				
Tourism:				
Tourism Development Authority	3,935,250	5,568,750	5,663,270	(94,520)
Total expenditures	3,935,250	5,568,750	5,663,270	(94,520)
Revenues over expenditures	4,024,750	5,691,250	5,791,651	100,401
Other financing uses				
Transfers out	(4,024,750)	(5,691,250)	(5,787,780)	(96,530)
Total other financing uses	(4,024,750)	(5,691,250)	(5,787,780)	(96,530)
Net change in fund balance	\$ -	\$ -	3,871	\$ 3,871
Fund balances				
Beginning			8,276	
Ending			<u>\$ 12,147</u>	

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Fund Net Position - Proprietary Fund
 June 30, 2021

	Water Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 1,980,691
Receivables, net	77,838
Restricted cash and cash equivalents	43,932
Total current assets	<u>2,102,461</u>
Noncurrent assets	
Capital assets:	
Land, improvements, and construction in progress	222,608
Other capital assets, net of depreciation	5,536,606
Total capital assets	<u>5,759,214</u>
Total noncurrent assets	<u>5,759,214</u>
Total assets	<u>7,861,675</u>
Deferred outflows of resources	<u>75,385</u>
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	505,975
Customer deposits	115,765
Accrued interest payable	5,287
Current portion of long-term liabilities	199,897
Total current liabilities	<u>826,924</u>
Noncurrent liabilities	
Installment loan payable and long-term liabilities	1,507,071
Net pension liability	110,541
Total OPEB liability	97,310
Total noncurrent liabilities	<u>1,714,922</u>
Total liabilities	<u>2,541,846</u>
Deferred inflows of resources	<u>2,316</u>
Net Position	
Net investment in capital assets	4,072,150
Unrestricted	1,320,748
Total net position	<u>\$ 5,392,898</u>

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, 2021

	Water Fund
Operating revenues	
Charges for services	\$ 733,693
Other operating revenues	4,165
Total operating revenues	<u>737,858</u>
Operating expenses	
Water plant operations	677,742
Depreciation	364,270
Total operating expenses	<u>1,042,012</u>
Operating loss	<u>(304,154)</u>
Nonoperating revenues (expenses)	
Interest revenue	689
Interest expense	(48,980)
Total nonoperating revenues (expenses)	<u>(48,291)</u>
Loss before contributions and transfers	<u>(352,445)</u>
Transfers in	405,000
Change in net position	<u>52,555</u>
Total net position	
Beginning	5,340,343
Ending	<u>\$ 5,392,898</u>

See Notes to Financial Statements.

Carteret County, North Carolina

**Statement of Cash Flows - Proprietary Fund
 Year Ended June 30, 2021**

	Water Fund
Cash flows from operating activities	
Cash received from customers	\$ 726,023
Cash paid for goods and services	(386,331)
Cash paid to employees for services	(351,858)
Customer deposits received	6,015
Other operating revenues	4,165
Net cash used in operating activities	<u>(1,986)</u>
Cash flows from noncapital financing	
Transfers in	405,000
Net cash provided by noncapital financing	<u>405,000</u>
Cash flows from capital and related financing activities	
Principal paid on installment debt	(190,032)
Interest paid on installment debt	(49,835)
Bid deposit on potential sale of water system	475,000
Net cash provided by capital and related financing activities	<u>235,133</u>
Cash flows provided by investing activities	
Interest on investments	689
Net increase in cash and cash equivalents	<u>638,836</u>
Cash and cash equivalents:	
Beginning	1,385,787
Ending (including restricted of \$43,932)	<u>\$ 2,024,623</u>

(Continued)

Carteret County, North Carolina

Statement of Cash Flows - Proprietary Fund (Continued)
Year Ended June 30, 2021

	Water Fund
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (304,154)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	364,270
Changes in assets, liabilities, and deferred outflows and inflows of resources:	
Increase in accounts receivable	(7,670)
Decrease in accounts payable and accrued liabilities	(78,167)
Increase in customer deposits	6,015
Increase in accrued vacation pay	558
Increase in deferred outflows of resources - pensions	(8,666)
Increase in deferred outflows of resources - OPEB	(8,074)
Increase in net pension liability	20,207
Increase in total OPEB liability	15,169
Increase in deferred inflows of resources - pensions	1,650
Decrease in deferred inflows of resources - OPEB	(3,124)
Net cash used in operating activities	\$ (1,986)

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Fiduciary Net Position - Fiduciary Funds
 June 30, 2021

	Total Custodial Funds
Assets	
Cash and cash equivalents	\$ 72,521
Taxes receivable for other governments, net	114,044
Total assets	<u>\$ 186,565</u>
Liabilities	
Due to other governments	153,338
	<u>153,338</u>
Net Position	
Restricted for individuals, organizations and other governments	33,227
Total net position	<u>\$ 33,227</u>

See Notes to Financial Statements.

Carteret County, North Carolina

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended June 30, 2021

	Total Custodial Funds
Additions	
Ad valorem taxes collected for other governments	\$ 14,580,965
Collections on behalf of inmates	340,658
Total Additions	<u>14,921,623</u>
Deductions	
Tax distributions to other governments	14,586,457
Payments on behalf of inmates	341,739
Total Deductions	<u>14,928,196</u>
Net (decrease) increase in fiduciary net position	<u>(6,573)</u>
Net position, beginning, as previously reported	-
Prior period restatement - change in accounting principle	39,800
Net position, beginning, as restated	<u>39,800</u>
Net position, ending	<u>\$ 33,227</u>

See Notes to Financial Statements.

Notes to Financial Statements

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

Carteret County, North Carolina

Notes to 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.

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

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

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

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

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

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

Carteret County, North Carolina

Notes to Financial Statements

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.

Carteret County, North Carolina

Notes to Financial Statements

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

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

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

The County reports the following major governmental funds:

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

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

American Rescue Plan Act (ARPA) Fund: This special revenue fund is used to account for federal coronavirus relief funds provided under the American Rescue Plan Act.

County Capital Improvements Fund: This capital project 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:

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

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

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

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

Carteret County, North Carolina

Notes to Financial Statements

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

Measurement focus and basis of accounting

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

Government-wide, proprietary, and fiduciary fund financial statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The 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.

Carteret County, North Carolina

Notes to Financial Statements

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 CARES Relief Fund and the 2019 CDBG Neighborhood Revitalization Fund), the capital projects funds (excluding the County Construction Projects Fund and School Bond Project Fund) and the Water Operating fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for those capital projects funds and special revenue funds which do not adopt annual budgets and water construction projects. In accordance with the Local Government Budget and Fiscal Control Act, the County follows these procedures in establishing the budgetary data reflected in the financial report:

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

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

Carteret County, North Carolina

Notes to Financial Statements

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

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

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

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

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

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

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

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

Carteret County, North Carolina

Notes to Financial Statements

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

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

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

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

The taxes for the current fiscal year are generally based on January 1, 2020 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.

Carteret County, North Carolina

Notes to Financial Statements

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

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

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

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

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

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

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

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 several items that meet the criterion for this category – prepaid taxes, property taxes and special assessments receivable, and other pension, OPEB, and FEMA related deferrals.

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

Carteret County, North Carolina

Notes to Financial Statements

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, 2021:

- 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, 2021. This is done due to the great reliance of this restricted amount by the Board of Commissioners and the Beach Commission.

Notes to Financial Statements

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 governmental funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance not available for appropriation is what is known as “restricted by State statute”. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stands at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by laws through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet. Restricted for Stabilization by State Statute does not include the accounts receivable amount for beach nourishment. Instead, that receivable amount is included in the restricted for beach nourishment. The purpose for that is due to the reliance of the Board of Commissioners and the Beach Commission on the Restricted for Beach Nourishment balance.
- Restricted for Sheriff's fund – represents amounts restricted for expenditures relating to special drug programs and concealed weapons programs.
- Restricted for Transportation programs --represents amounts restricted by grant agreements for specific transportation programs.
- Restricted for Health services programs – represents amounts restricted to expenditures in specific health programs, and a portion of fund balance that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.
- Restricted for Public Safety – 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, 2021:

- 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.

Carteret County, North Carolina

Notes to Financial Statements

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

Assigned Fund Balance - portion of fund balance that the Carteret County governing board has budgeted. The governing board (County Board of Commissioners) and management have authority to assign amounts to a specific purpose. The following are the County's assigned fund balances as of June 30, 2021:

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$4,961,187) consists of several elements as follows:

Carteret County, North Carolina

Notes to Financial Statements

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

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	\$ 67,601,308
Less accumulated depreciation	42,364,084
Net capital assets	25,237,224
Net pension asset	239,521
Deferred outflows of resources related to pensions are not reported in the fund statements	6,476,131
Deferred outflows of resources related to OPEB are not reported in the fund statements	979,589
Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not a current financial resources	1,095,645
Accrued interest receivable	744,898
Deferred inflows of resources reported in the fund statements but not in the government-wide statements	5,094,426
Deferred inflows of resources related pensions	(211,087)
Deferred inflows of resources related to OPEB	(40,697)
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	(20,345,074)
Premiums on refundings	(1,312,567)
Accrued interest payable	(183,178)
Compensated absences	(1,733,627)
Accrued postemployment and retirement obligations	(21,002,391)
Long-term liabilities	(44,576,837)
Total adjustment	\$ (4,961,187)

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Carteret County, North Carolina

Notes to Financial Statements

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 \$169,371 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,582,423
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	(2,370,722)
Loss on disposed capital assets not recorded in the fund statements	(6,841)
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.	3,780,514
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.	22,618
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	2,285,742
OPEB benefit payments and administrative cost made in the current fiscal year are not included in the Statement of Activities	262,370
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	(102,534)
OPEB expense	(626,042)
County's portion of collective pension expense	(3,678,580)
Decrease in interest payable on long-term debt at June 30, 2021	44,437
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in deferred inflows of resources - taxes, special assessment, and FEMA receivable as of June 30, 2021	(1,873,663)
Decrease in accrued interest on taxes receivable for year ended June 30, 2021	(150,351)
Total adjustment	\$ 169,371

Carteret County, North Carolina

Notes to Financial Statements

Note 2. Stewardship, Compliance, and Accountability

For fiscal year ended June 30, 2021, Occupancy Tax Fund expenditures and other financing uses exceeded the authorized appropriations made by the governing board by \$191,050. This overage occurred because of greater than anticipated revenues that resulted in expenditures greater than anticipated. County 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, 2021.

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, 2021, the County's unrestricted and restricted deposits, excluding petty cash and custodial fund deposits had a carrying amount of \$17,480,532 and a bank balance of \$17,711,747. Of the bank balance, \$259,542 was covered by federal depository insurance and \$17,631,785 was covered by collateral held under the Pooling Method. Restricted cash deposits, excluding agency funds, in the amount of \$4,718,490 are as follows: held in noninterest-bearing deposits for banking services in the amount of \$8,905, \$1,321,983 for capital projects, \$3,168,705 is restricted for fire and rescue special taxing districts, \$174,965 for transportation programs, and \$43,932 in the Water Fund is restricted in accordance with the County's USDA revenue bond requirements.

At June 30, 2021, the County's custodial fund deposits had a carrying amount of \$72,521 and a bank balance of \$71,808. All of the bank balance was covered by federal depository insurance.

Carteret County, North Carolina

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

Investments:

At June 30, 2021, 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	\$ 4,997,446	\$ 4,997,446	\$ -
US Government Agencies	Fair Value - Level 2	15,764,407	1,887,773	13,876,634
NC Capital Management Trust Government Portfolio*	Fair Value - Level 1	48,874,065	48,874,065	N/A
Total		\$ 69,635,918	\$ 55,759,284	\$ 13,876,634

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

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

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

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

Credit risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on managing credit risk. As of June 30, 2021, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's. The County's investments in US Government Agencies (Federal Home Loan Bank, Federal National Mortgage Association and Federal Farm Credit Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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

Concentration of credit risk. The County places no limit on the amount that the County may invest in any one issuer. More than 5 percent of the County's investments are in Freddie Mac Securities, \$6,884,427 (9.89%), Commercial Paper, \$4,997,446 (7.18%), Federal Home Loan Bank Securities, \$4,876,158 (7.00%), and Federal Farm Credit Securities, \$4,003,822 (5.75%). It is the County's intention to hold these investments until maturity. The County has no formal policy on concentration of credit risk.

Carteret County, North Carolina

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

At June 30, 2021, the County had restricted investments in the governmental activities of \$1,887,773. In the General Fund these are restricted investments for Qualified Zone Academy Bond debt service.

Note 4. Receivables

Receivables at the government-wide level are comprised of the following major categories as of June 30, 2021:

	Governmental Activities	Business-Type Activity, Water	Total
Receivables:			
Interest	\$ 744,898	\$ -	\$ 744,898
Taxes	2,809,686	-	2,809,686
Accounts	825,892	77,838	903,730
Intergovernmental	11,472,751	-	11,472,751
Other	2,190,532	-	2,190,532
Special assessment	499,000	-	499,000
Loan	600,000	-	600,000
Gross receivables	19,142,759	77,838	19,220,597
Less allowance for uncollectibles	(66,764)	-	(66,764)
Net total receivables	\$ 19,075,995	\$ 77,838	\$ 19,153,833

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
2018	\$ 470,285	\$ 111,693	\$ 581,978
2019	472,435	69,684	542,119
2020	483,791	27,818	511,609
2021	488,513	-	488,513
Total	\$ 1,915,024	\$ 209,195	\$ 2,124,219

Carteret County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets

The following is a summary of changes in the County's capital assets during the fiscal year ended June 30, 2021:

	Capital Assets July 1, 2020	Additions	Retirements	Adjustments and Transfers	Capital Assets June 30, 2021
Governmental activities:					
Capital assets, not being depreciated:					
Land, airport	\$ 169,549	\$ -	\$ -	\$ -	\$ 169,549
Land, other	9,287,100	-	-	-	9,287,100
Construction in progress	33,600	933,798	-	-	967,398
Total capital assets not being depreciated	9,490,249	933,798	-	-	10,424,047
Capital assets, being depreciated:					
Buildings	28,499,423	-	-	-	28,499,423
Vehicles	6,360,400	718,528	(458,593)	-	6,620,335
Equipment	6,492,485	257,489	(480,402)	-	6,269,572
Airport facilities	1,524,747	-	-	-	1,524,747
Other improvements	11,000,148	672,608	-	-	11,672,756
Leasehold improvements	2,590,428	-	-	-	2,590,428
Total capital assets being depreciated	56,467,631	1,648,625	(938,995)	-	57,177,261
Less accumulated depreciation for:					
Buildings	21,021,190	744,700	-	-	21,765,890
Vehicles	4,490,710	683,372	(451,752)	-	4,722,330
Equipment	5,598,161	360,643	(480,402)	-	5,478,402
Airport facilities	1,524,747	-	-	-	1,524,747
Other improvements	7,004,692	452,486	-	-	7,457,178
Leasehold improvements	1,286,016	129,521	-	-	1,415,537
Total accumulated depreciation	40,925,516	\$ 2,370,722	\$ (932,154)	\$ -	42,364,084
Total capital assets, being depreciated, net	15,542,115				14,813,177
Governmental activity capital assets, net	\$ 25,032,364				\$ 25,237,224

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

Governmental activities:	
General government	\$ 381,548
Public Safety	760,376
Transportation	161,889
Economic & Physical Development	112,301
Human Services	299,146
Culture & Recreation	583,620
Environmental Protection	71,842
Total depreciation expense - governmental activities	\$ 2,370,722

Carteret County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets (Continued)

	Capital Assets July 1, 2020	Additions	Retirements	Adjustments and Transfers	Capital Assets June 30, 2021
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 222,608	\$ -	\$ -	\$ -	\$ 222,608
Total capital assets, not being depreciated	222,608	-	-	-	222,608
Capital assets, being depreciated:					
Buildings	2,119,264	-	-	-	2,119,264
Infrastructure	9,618,564	-	-	-	9,618,564
Vehicles	75,129	-	-	-	75,129
Equipment	159,478	-	-	-	159,478
Total capital assets, being depreciated	11,972,435	-	-	-	11,972,435
Less accumulated depreciation for:					
Buildings	1,177,368	70,642	-	-	1,248,010
Infrastructure	4,688,448	277,548	-	-	4,965,996
Vehicles	56,181	7,580	-	-	63,761
Equipment	149,562	8,500	-	-	158,062
Total accumulated depreciation	6,071,559	\$ 364,270	\$ -	\$ -	6,435,829
Total capital assets, being depreciated, net	5,900,876				5,536,606
Business-type activities capital assets, net	\$ 6,123,484				\$ 5,759,214

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

Carteret County, North Carolina

Notes to Financial Statements

Note 5. Capital Assets (Continued)

Discretely presented component unit information

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

The following is a summary of the Airport's capital assets at June 30, 2021:

Construction in progress	\$ 258,099
Land	1,516,047
Aviation easement	577,000
Equipment	178,159
Vehicle	19,066
Hangers	2,166,008
Land/runway improvements	16,009,619
	<u>20,723,998</u>
Less accumulated depreciation	3,552,953
	<u><u>\$ 17,171,045</u></u>

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, 2021, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General	\$ 1,783,839	\$ 1,272,255	\$ 3,056,094
Occupancy Tax	1,641,360	-	1,641,360
Capital Improvements	542,935	-	542,935
Other governmental	123,866	4,701	128,567
Total governmental activities (1)	<u>\$ 4,092,000</u>	<u>\$ 1,276,956</u>	<u>\$ 5,368,956</u>
Business-type activities:			
Water	\$ 495,530	\$ 10,445	\$ 505,975
Total business - type activities	<u>\$ 495,530</u>	<u>\$ 10,445</u>	<u>\$ 505,975</u>

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

Carteret County, North Carolina

Notes to Financial Statements

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	\$ 1,095,645	\$ -
Difference between expected and actual experience		
Pensions	1,354,237	4,881
OPEB	-	41,141
Pensions - difference between projected and actual investment earnings	1,414,154	20,495
Changes in assumptions		
Pensions	1,275,138	-
OPEB	725,052	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	186,483	187,583
Contributions to plans in fiscal year 2021		
Pensions	2,310,808	-
OPEB	265,233	-
Prepaid taxes not yet earned (General)	-	63,719
Total	\$ 8,626,750	\$ 317,819
Deferred outflows / inflows of resources on the fund statements:		
Prepaid taxes not yet earned (General)	\$ -	\$ 63,719
FEMA revenue not yet available (General)	-	1,307,794
Taxes receivable, net (General)	-	2,154,686
Taxes receivable, net (Special Revenue)	-	588,236
Solid waste fees receivable (General)	-	544,710
Special assessments (General)	-	499,000
Total	\$ -	\$ 5,158,145

Carteret County, North Carolina

Notes to Financial Statements

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 Joint Risk Management Agency. Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence. The pools also provide \$1,000,000 in Cyber Event Coverage per loss occurrence. The County has the option to purchase higher liability and cyber limits. Auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits are provided by the pools. All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000, up to \$2 million limit for liability coverage and limits above the \$2 million are provided by private reinsurers. For Cyber, the pool retains the first \$250,000 per loss occurrence. Single occurrence losses in excess of \$750,000 for workers' compensation are provided by a combination of the captive and a private reinsurer.

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

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

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, 2021, are comprised of the following individual issues:

\$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%	\$ 6,305,000
\$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%	6,595,000
\$4,600,000 - 2015 School bond, due on November 1 and May 1 in varying installments through November 1, 2035; interest at interest rates ranging from 3.00% to 5.00%	3,450,000
	<u>\$ 16,350,000</u>

Carteret County, North Carolina

Notes to Financial Statements

Note 9. Long-Term Obligations (Continued)

Annual debt service requirements to maturity for general obligation bonds as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 2,770,000	\$ 571,761
2023	2,755,000	469,711
2024	2,745,000	367,836
2025	2,720,000	265,886
2026	2,605,000	164,470
2027 – 2031	1,605,000	280,229
2032 – 2036	1,150,000	87,444
	<u>\$ 16,350,000</u>	<u>\$ 2,207,337</u>

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, 2021, 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	<u>\$ 425,000</u>
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Annual debt service requirements to maturity for certificates of participation as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 425,000	\$ 12,750
	<u>\$ 425,000</u>	<u>\$ 12,750</u>

Carteret County, North Carolina

Notes to Financial Statements

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, 2021, 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	371,354
\$4,000,000 QZAB - Renovations of East Carteret High School for 13 consecutive annual installments, beginning in fiscal year 2011-2012, including interest at 5.22%, held by BB&T	923,078
\$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	275,642
	<u>3,570,074</u>

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

\$589,608 - Construction of water treatment and distribution facilities for 19 consecutive installments, beginning in fiscal year 2004-2005, including interest at 5.75% annual funds provided by State Revolving Fund, held by NCDENR	62,064
\$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	700,000
	<u>762,064</u>
	<u>\$ 4,332,138</u>

Annual debt service requirements to maturity for installment financing at June 30, 2021, are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,570,514	\$ 61,443	\$ 171,032	\$ 19,004	\$ 2,741,546	\$ 80,447
2023	570,512	38,752	171,032	14,132	741,544	52,884
2024	429,048	16,061	140,000	9,261	569,048	25,322
2025	-	-	140,000	6,174	140,000	6,174
2026	-	-	140,000	3,087	140,000	3,087
	\$ 3,570,074	\$ 116,256	\$ 762,064	\$ 51,658	\$ 4,332,138	\$ 167,914

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Carteret County, North Carolina

Notes to Financial Statements

Note 9. Long-Term Obligations (Continued)

Revenue Bond

\$1,046,000 USDA water revenue bond issued on November 26, 2012; interest at 2.75%

bonds due on June 1 in varying installments through June 1, 2052 \$ 925,000

Annual debt service requirements to maturity for revenue bonds June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 19,000	\$ 25,438
2023	20,000	24,915
2024	20,000	24,365
2025	21,000	23,815
2026	21,000	23,238
2027-2031	117,000	107,058
2032-2036	133,000	90,090
2037-2041	153,000	70,703
2042-2046	175,000	48,537
2047-2051	202,000	23,073
2052	44,000	1,209
	<u>\$ 925,000</u>	<u>\$ 462,441</u>

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

Carteret County, North Carolina

Notes to Financial Statements

Note 9. Long-Term Obligations (Continued)

The net revenues coverage calculation for the year ended June 30, 2021, is as follows:

Water Revenue Bond
 Covenant Compliance Calculation

Operating revenues	\$ 737,858
Operating expenses *	<u>(661,138)</u>
Operating income	76,720
Nonoperating revenues (expenses)**	689
Nonoperating revenues (expenses)**	-
Miscellaneous revenues and transfers	<u>405,000</u>
Net revenues available for debt service	<u>\$ 482,409</u>
110% of FY 20-21 revenue bond debt service requirement	\$ 49,456
100% of FY 20-21 DENR installment loan debt service requirement	<u>194,907</u>
Total FY 20-21 debt service subject to net revenue covenant compliance	<u>\$ 244,363</u>
Debt Service coverage ratio	197%

* Per covenants, this does not include depreciation expense of \$364,270.

** Per covenants, this does not include revenue bond and installment interest paid of \$48,980.

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.

Carteret County, North Carolina

Notes to Financial Statements

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, 2021:

	Beginning Balance June 30, 2020	Additions	Retirements	Ending Balance June 30, 2021	Due Within One Year
Governmental activities:					
Bonds/certificates payable:					
General obligation bonds	\$ 19,135,000	\$ -	\$ 2,785,000	\$ 16,350,000	\$ 2,770,000
Certificates of participation	855,000	-	430,000	425,000	425,000
Bond premiums	1,559,550	-	246,983	1,312,567	-
Total bonds payable	21,549,550	-	3,461,983	18,087,567	3,195,000
Direct placement installment purchase	4,135,588	-	565,514	3,570,074	2,570,514
Compensated absences	1,631,093	1,360,797	1,258,263	1,733,627	1,150,650
Net pension liability (LGRS)	8,121,822	1,816,826	-	9,938,648	-
Total pensions liability (LEOSSA)	1,528,461	622,382	-	2,150,843	-
Total OPEB liability	7,523,521	1,389,379	-	8,912,900	-
Governmental activity long-term liabilities	\$ 44,490,035	\$ 5,189,384	\$ 5,285,760	\$ 44,393,659	\$ 6,916,164
Business-type activities:					
Revenue Bond from direct placement	\$ 944,000	\$ -	\$ 19,000	\$ 925,000	\$ 19,000
Direct placement installment purchase	933,096	-	171,032	762,064	171,032
Compensated absences	19,346	6,835	6,277	19,904	9,865
Net pension liability (LGRS)	90,334	20,207	-	110,541	-
Total OPEB liability	82,141	15,169	-	97,310	-
Business-type activity long-term liabilities	\$ 2,068,917	\$ 42,211	\$ 196,309	\$ 1,914,819	\$ 199,897

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, 2021, Carteret County had bonds authorized but unissued of \$42,000,000 and a legal debt margin of \$1,255,433,220.

Carteret County, North Carolina

Notes to Financial Statements

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions: Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees and fire fighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,278,751 for the year ended June 30, 2021.

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

Carteret County, North Carolina

Notes to Financial Statements

Note 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, 2021, the County reported a liability of \$10,049,189 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2021, the County's proportion was .281% (measured as of June 30, 2020), which was a decrease of .019% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$3,480,453. At June 30, 2021, 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	\$ 1,269,036	\$ -
Changes of assumptions	747,857	-
Net difference between projected and actual earnings on pension plan investments	1,414,154	-
Changes in proportion and differences between County contributions and proportionate share of contributions	171,115	170,176
County contributions subsequent to the measurement date	2,278,751	-
Total	<u>\$ 5,880,913</u>	<u>\$ 170,176</u>

\$2,278,751 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:

2021	\$ 961,708
2022	1,291,973
2023	759,787
2024	418,518
2025	-
Thereafter	-
	<u>\$ 3,431,986</u>

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Retirement Systems (Continued)

Actuarial Assumptions: The total pension liability in the December 31, 2019 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 rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table 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, 2019 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, 2021 are summarized in the following table:

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

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

Carteret County, North Carolina

Notes to Financial Statements

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Note 10. Retirement Systems (Continued)

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate: The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 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-percentage-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)	\$ 20,388,709	\$10,049,189	\$ 1,456,320

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

B. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

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

All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2019 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Active plan members	62
Total	66

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.

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Retirement Systems (Continued)

3. Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2019 valuation. The total pension liability was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 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, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2019.

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

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

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

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

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

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

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration cost of the Separation Allowance are financed through investment earnings. The County has paid \$28,172 as benefits came due for the reporting period.

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Retirement Systems (Continued)

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

At June 30, 2021, the County reported a total pension liability of \$2,150,843. The total pension liability was measured as of December 31, 2020, based on a December 31, 2019 actuarial valuation. For the year ended June 30, 2021 the County recognized pension expense of \$274,295.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85,201	\$ -
Changes in assumptions	527,281	-
County benefit payments and plan administrative expense made subsequent of the measurement date	17,994	-
Total	\$ 630,476	\$ -

\$17,994 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, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:

2022	\$ 140,050
2023	141,030
2024	135,251
2025	123,402
2026	72,749
Thereafter	-
	\$ 612,482

\$16,994 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 1.93%, 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 (.93%) or 1 percentage-point higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 2,333,609	\$ 2,150,843	\$ 1,982,555

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Retirement Systems (Continued)

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

	2021
Beginning Balance as of December 31, 2019	\$ 1,528,461
Service Cost	79,376
Interest on the total pension liability	49,369
Difference between expected and actual experience	(80,827)
Changes of assumptions or other inputs	602,636
Benefit payments	(28,172)
Ending balance as of December 31, 2020	<u>\$ 2,150,843</u>

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, 2019 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.

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Retirement Systems (Continued)

C. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding policy: Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions from the County for the year ended June 30, 2021 were \$264,912, which consisted of \$169,810 from the County and \$95,102 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, 2021, were \$1,447,807, which consisted of \$929,980 from the County and \$517,827 from the employees. No amounts were forfeited.

D. Registers of Deeds’ Supplemental Pension Fund

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

Carteret County, North Carolina

Notes to Financial Statements

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 \$14,063 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$239,521 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the County's proportion was 1.045%, which was an increase of .14% from its proportion measured as of June 30, 2019.

At June 30, 2021, the County recognized pension expense of \$15,819. At June 30, 2021, 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	\$ -	\$ 4,881
Net difference between projected and actual earnings on pension plan investments	-	20,495
Changes in proportion and differences between County contributions and proportionate share of contributions	15,368	17,407
County contributions subsequent to the measurement date	14,063	-
Total	\$ 29,431	\$ 42,783

\$14,063 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Retirement Systems (Continued)

Years ending June 30:

2022	\$ (4,584)
2023	(8,418)
2024	(9,249)
2025	(5,164)
2026	-
Thereafter	-
	\$ (27,415)

Actuarial Assumptions: The total pension liability in the December 31, 2019 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, 2019 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, 2021 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 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.

Carteret County, North Carolina

Notes to Financial Statements

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	\$ 203,443	\$ 239,521	\$ 270,049

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019. The total pension liability for LEOSSA was measured as of June 30, 2020, with an actuarial valuation date of December 31, 2019. 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)	\$ 10,049,189	n/a	\$ (239,521)	\$ 9,809,668
Proportion of the Net Pension Liability (Asset)	0.28122%	n/a	(1.04512%)	
Total Pension Liability	\$ -	\$ 2,150,843	\$ -	\$ 2,150,843
Pension Expense	\$ 3,480,453	\$ 274,295	\$ 15,819	\$ 3,770,567

Carteret County, North Carolina

Notes to Financial Statements

Note 10. Retirement Systems (Continued)

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	LEOSSA	ROD	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 1,269,036	\$ 85,201	\$ -	\$ 1,354,237
Change of assumptions	747,857	527,281	-	1,275,138
Net difference between projected and actual earnings on pension plan investments	1,414,154	-	-	1,414,154
Changes in proportion and differences between County contributions and proportionate share of contributions	171,115	-	15,368	186,483
County contributions (LGERS, ROD) / benefit payments and administration cost (LEOSSA) subsequent to the measurement date	2,278,751	17,994	14,063	2,310,808
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ -	\$ -	\$ 4,881	\$ 4,881
Net difference between projected and actual earnings on pension plan investments	-	-	20,495	20,495
Changes in proportion and differences between County contributions and proportionate share of contributions	170,176	-	17,407	187,583

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Carteret County, North Carolina

Notes to Financial Statements

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, 2019, the date of the latest actuarial valuation:

Retirees and spouses receiving benefits	37
Active plan members	433
Total	470

Total OPEB Liability

The county's total OPEB liability at June 30, 2021 of \$9,010,210 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified.

Carteret County, North Carolina

Notes to Financial Statements

Note 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	3.50%
Measurement date	2.21%
Health Care Cost Trends:	
Pre-Medicare and Prescription Drug	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026

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

Mortality rates were based on the 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, 2019 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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2019	\$ 7,605,662
Changes for the year:	
Service cost at the end of the year	394,910
Interest on TOL and cash flows	274,248
Difference between expected and actual experience	18,295
Changes of assumptions or other inputs	1,049,790
Net Benefit payments and implicit subsidy credit	(332,695)
Net Changes	1,404,548
Total OPEB Liability as of June 30, 2020	\$ 9,010,210

The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2019.

Carteret County, North Carolina

Notes to Financial Statements

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 3.50% to 2.21% due to a change in the Municipal Bond Rate. There are no changes in benefit terms since the Prior Measurement Date. No benefit payments are attributable to the purchase of allocated insurance contracts.

Sensitivity of the total OPEB liability to changes in the discount rate. The following present the total OPEB liability of the County, as well as what the county's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	Discount Rate Sensitivity		
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 9,924,406	\$ 9,010,210	\$ 8,184,220

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

	Health Care Cost Trend Rate Sensitivity		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 7,858,107	\$ 9,010,210	\$ 10,390,928

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$728,876. At June 30, 2021, 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	\$ -	\$ 41,141
Changes of assumptions or other inputs	725,052	-
Benefit payments and administrative costs made subsequent to the measurement date	265,233	-
Total	\$ 990,285	\$ 41,141

\$265,233 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Carteret County, North Carolina

Notes to Financial Statements

Note 11. Other Post-Employment Benefits (Continued)

Measurement Period Ended June 30:

2022	\$ 53,718
2023	53,718
2024	62,131
2025	108,327
2026	133,337
Thereafter	272,680
	<u>\$ 683,911</u>

Note 12. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System ("Death Benefit Plan"), a multiemployer, State administered, cost-sharing plan funded on a one-year term cost basis. Lump-sum death benefits are provided to beneficiaries of those employees: 1) who die in active service after one year of contributing membership in the System, or 2) who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employees' death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000 for the County. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

For the fiscal year ended June 30, 2021 the County made contributions to the State for death benefits of \$17,964. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.7% 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	\$ 64,703,521	\$ 25,075,974
TANF	140,825	-
WIC	660,788	-
Health Choice	1,288,787	251,921
IV-E Adoption Subsidy and vendor	496,573	92,234
Special Assistance	-	286,257
SSA/SAD HB 1030	-	148,483
CWS Adoption Subsidy	-	187,195
	<u>\$ 67,290,494</u>	<u>\$ 26,042,064</u>

Carteret County, North Carolina

Notes to Financial Statements

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, 2021. 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, 2021. Complete financial statements for the Waste Management Authority can be obtained from the Waste Management Authority's administrative offices at 7400 Old Highway 70 West, Cove City, North Carolina 28523.

The County, in conjunction with the State of North Carolina and the Carteret County Board of Education, participates in a joint venture to operate Carteret Community College. The County appoints four members of the twelve-member board of trustees of the community college. The community college is included as a component unit of the State of North Carolina. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds and bank installment loans to provide financing for new and restructured facilities. There is no community college debt outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$3,757,701 to the Community College during the fiscal year ended June 30, 2021. 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, 2021. 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.

Carteret County, North Carolina

Notes to Financial Statements

Note 15. Commitments and Contingencies

Litigation

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

Operating Leases

The County has various lease commitments for various facilities and equipment. Total operating lease expenses was \$288,268 for the year ended June 30, 2021. Future minimum lease payments for the office lease are as follows:

Year ending June 30,	Annual Lease Payment
2022	\$ 191,974
2023	181,198
2024	16,797
2025	10,200
2026	10,200
	<u>\$ 410,369</u>

The County has the following construction commitment as of June 30, 2021.

Project	Spent-To-Date	Remaining Commitment
Administration Building Renovation	<u>\$ 687,610</u>	<u>\$ 36,190</u>

Federal and State Assisted Programs

Hurricane Florence

September 2018, Hurricane Florence made landfall in Carteret County. As of June 30, 2021, the County submitted \$15,693,367 to FEMA for reimbursement, and FEMA has approved \$15,567,014. The County has received \$14,259,220. 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.

Carteret County, North Carolina

Notes to Financial Statements

Note 15. Commitments and Contingencies (continued)

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.

Coronavirus Disease (COVID-19)

On January 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

Note 16. Inter-fund and Intra-Entity Receivables and Payables

Due to/ from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Occupancy Tax	
	Occupancy tax distribution due to General Fund	\$ 537,025
	School Bond Fund	
	School bond projects upfronted and due to General Fund	907,465
		<u>\$ 1,444,490</u>

Advances from / to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	<u>\$ 32,000</u>

The advance payable by the Rescue Services Fund to the General fund is due to rescue services costs provided to a rural area of the County exceeded the revenue available to pay for the service. The advance is to be paid to the General Fund over 3 fiscal years with \$10,600 due in fiscal year ending June 30, 2022.

Due to/ from other entities:

Receivable Entity	Payable Entity	Amount
Primary government:	Component unit:	
General Fund	Carteret County ABC Board	
	Net income distribution due to County	
	June 30, 2021	<u>\$ 401,753</u>

Carteret County, North Carolina

Notes to Financial Statements

Note 17. Inter-fund Transfers and Intra-Entity Transactions with Component Units

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

Inter-fund transfers for the year ended June 30, 2021 are as follows:

Transfers Out	Transfers In				Total
	Major General	Major County Capital Improvements	Non-Major Governmental Funds	Major Water Fund	
Major General Fund	\$ -	\$ 15,185,230	\$ 4,585,708	\$ -	\$ 19,770,938
Major Occupancy Tax Fund	5,787,780	-	-	-	5,787,780
Other Governmental Funds	720,390	-	-	405,000	1,125,390
Total transfers out	\$ 6,508,170	\$ 15,185,230	\$ 4,585,708	\$ 405,000	\$ 26,684,108

Transfers consist primarily of the following:

\$ 4,585,708	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
5,787,780	Transfer from Occupancy Tax Fund in accordance with North Carolina General Statutes
15,185,230	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
405,000	Transfer from Water Taxing District Fund to the Water Fund to fund capital and debt service
720,390	Transfer from CARES Relief Fund to the General Fund for COVID-19 allowable payroll expenses

Intra-entity transactions with discretely presented component units for the year ended June 30, 2021, are as follows:

Expenditures from General Fund to Beaufort-Morehead City Airport Authority for operations and capital improvements	\$ 1,156,667
Expenditures from Occupancy Tax Fund to Carteret County Tourism Development Authority for portion of Room Occupancy Tax	5,663,270
	\$ 6,819,937
Profit Contributions from ABC Board to General Fund	\$ 1,253,741

Carteret County, North Carolina

Notes to Financial Statements

Note 18. Pronouncements Issued, Not Yet Effective

The GASB has issued several pronouncements prior to June 30, 2021, 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 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 that end June 30, 2022.

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 will take effect for financial statements starting with the fiscal year that ends December 31, 2022.

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 31, 2020.

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 with the fiscal year that ends December 31, 2022.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This statement is effective for reporting periods beginning after June 15, 2021.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020, and did not have a material impact on the County's financial position, overall cash flow or balances or results of operations. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to the public-private and public-public partnership arrangements (PPPs). This Statement is effective for reporting periods beginning after June 15, 2022.

Carteret County, North Carolina

Notes to Financial Statements

Note 18. Pronouncements Issued, Not Yet Effective (continued)

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement is effective for reporting periods beginning after June 15, 2022.

GASB Statement number 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, will be effective for the County beginning with its year ending June 30, 2022.

Note 19. Subsequent Events

The County has evaluated its subsequent events (events occurring after June 30, 2021) through December 13, 2021, which represents the date the financial statements were available to be issued.

On July 15, 2021, the Hospital, County, and Town of Morehead City completed a property exchange. Per the local agreement, the County donated the Curb Market property to the Town of Morehead City, and the Hospital remitted \$1,203,580 to the Town of Morehead City for the purchase of the Armory property adjacent to the hospital. Carteret County owns the Armory property, and leases it to the hospital.

On November 15, 2021 Carteret County closed on an installment financing contract lending the Carteret County Beaufort Airport Authority \$2,000,000. The financing is 0% interest and has a two year repayment schedule beginning October 2023. The purpose of the loan is hanger construction. The Airport Authority will repay the County as it receives US economic Development Administration grant funds.

On October 18, 2021, The Board of Commissioners accepted Carolina Water Service's \$9.5 million purchase contract for Carteret County's Water System. Currently, the due diligence is in process. The sale of the water system will require approval of the NC Utilities Commission.

Carteret County, North Carolina

Notes to Financial Statements

Note 20. Change in Accounting Principal

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pensions (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

Carteret County, North Carolina

Notes to Financial Statements

Note 20. Change in Accounting Principal (continued)

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

	Governmental Activities net Position - Increase (Decrease)	Nonmajor Special Revenue Fund Balance - Increase (Decrease)	Fiduciary Net Position - Custodial Fund - Increase (Decrease)
Cash received under the Social Security Administration's Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency fund representing net cash available at the beginning of the year were restated as fund balance.	\$ 126,354	\$ 126,354	\$ (126,354)
Cash related to funds held on behalf of incarcerated inmates was reclassified from the General Fund assets and liabilities into the fiduciary net position in a newly created Jail Inmate pay Custodial Fund.	-	-	39,800
Cash received for writs and executions by the Sheriff's Office net of liabilities were reclassified out of the Agency Fund into the General Fund. The portion of liabilities in the Agency fund representing net cash available at the beginning of the year were restated as fund balance. The cash from the Agency Fund was recorded as revenue in the General Fund, and therefore, did not effect net position and fund balance.	-	-	(25,040)
Cash related to funds held on behalf of Carteret Cooperative Extension was reclassified from the Agency Fund into the General Fund assets and liabilities. There was no effect on General Fund net position and fund balance.	-	-	(11,458)
Cash and liabilities related to deed of trust fees collected required to be remitted to the State of North Carolina were reclassified out of the Agency Fund into a newly created Deed of Trust Special Revenue Fund. The reclassifications did not result in a restatement of fund balance.	-	-	-
Cash, taxes receivable and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the General Fund into a newly created Municipal Tax Custodial Fund. The reclassifications did not result in a restatement of fund balance.	-	-	-

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Required Supplemental Financial Data (Unaudited)

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

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

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

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

Schedule of County Contributions (LGERS)

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

Schedule of County Contributions (ROD)

Schedule of Changes in the Total OPEB Liability

Carteret County, North Carolina

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

	2021	2020	2019
Beginning balance	\$ 1,528,461	\$ 1,127,500	\$ 1,108,206
Service cost	79,376	78,385	66,838
Interest on the total pension liability	49,369	40,632	34,689
Differences between expected and actual experience in the measurement of the total pension liability	(80,827)	256,196	(14,112)
Changes of assumptions or other inputs	602,636	48,239	(47,228)
Benefit payments	(28,172)	(22,491)	(20,893)
Ending balance of the total pension liability	<u>\$ 2,150,843</u>	<u>\$ 1,528,461</u>	<u>\$ 1,127,500</u>

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.

	2018		2017
\$	968,325	\$	912,139
	58,188		63,079
	37,022		32,336
	(18,303)		-
	81,366		(26,491)
	(18,392)		(12,738)
\$	1,108,206	\$	968,325

Carteret County, North Carolina

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

Last Five Fiscal Years

	2021	2020	2019
Total pension liability	\$ 2,150,843	\$ 1,528,461	\$ 1,127,500
Covered employee payroll	3,256,690	3,349,736	2,638,514
Total pension liability as a percentage of covered payroll	66.04%	45.63%	42.73%

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.

	2018		2017
\$	1,108,206	\$	968,325
	2,590,646		2,577,824
	42.78%		37.56%

Carteret County, North Carolina

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

Required Supplementary Information

Local Governmental Employees' Retirement System

Last Eight Fiscal Years*

	2021	2020	2019
County's proportion of the net pension liability (asset) %	0.28122%	0.30071%	0.27648%
County's proportionate share of the net pension liability (asset) \$	\$ 10,049,189	\$ 8,212,156	\$ 6,559,051
County's covered payroll	21,005,204	20,750,389	18,490,395
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	47.84%	39.58%	35.47%
Plan fiduciary net position as a percentage of the total pension liability	88.61%	92.00%	91.63%

*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.

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

Carteret County, North Carolina

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

Last Eight Fiscal Years

	2021	2020	2019
Contractually required contribution	\$ 2,278,751	\$ 1,889,036	\$ 1,622,959
Contributions in relation to the contractually required contribution	2,278,751	1,889,036	1,622,959
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 County's covered payroll	 \$ 22,433,718	 \$ 21,005,204	 \$ 20,750,389
 Contributions as a percentage of covered payroll	 10.16%	 8.99%	 7.82%

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

Carteret County, North Carolina

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

Required Supplementary Information

Registers of Deeds' Supplemental Pension Fund

Last Eight Fiscal Years*

	2021		2020		2019
County's proportion of the net pension liability (asset) %	1.04512%		0.90764%		1.06630%
County's proportionate share of the net pension liability (asset) \$	\$ (239,521)	\$	(179,186)	\$	(176,611)
County's covered payroll	54,325		52,113		47,636
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-440.90%		-343.84%		-370.75%
Plan fiduciary net position as a percentage of the total pension liability	173.62%		153.31%		153.77%

*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.

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

Carteret County, North Carolina

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

	2021	2020	2019
Contractually required contribution	\$ 14,063	\$ 10,007	\$ 8,627
Contributions in relation to the contractually required contribution	14,063	10,007	8,627
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 County's covered payroll	 \$ 55,827	 \$ 54,325	 \$ 52,113
 Contributions as a percentage of covered payroll	 25.19%	 18.42%	 16.55%

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

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

Carteret County, North Carolina

Schedule of Changes in Total OPEB Liability

Last Four Fiscal Years

	Measurement Period Ending	
	2020	2019
Beginning balance	\$ 7,605,662	\$ 7,294,191
Service cost	394,910	413,040
Interest on the total pension liability	274,248	276,362
Differences between expected and actual experience	18,295	(122,530)
Changes of assumptions or other inputs	1,049,790	127,802
Benefit payments	(332,695)	(383,203)
Ending balance of the total OPEB liability	\$ 9,010,210	\$ 7,605,662
Covered employee payroll	18,339,543	18,339,543
Total OPEB liability as a percentage of covered-employee payroll	49.13%	41.47%

Notes to Schedule

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

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

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

2018	2017
\$ 7,230,171	\$ 7,297,781
425,449	407,537
250,233	213,683
26,801	40,986
(232,621)	(329,477)
(405,842)	(400,339)
\$ 7,294,191	\$ 7,230,171

16,873,606	16,873,606
43.23%	42.85%



Major Governmental Funds



Carteret County, North Carolina
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2021

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Ad valorem taxes:			
Current period	\$ 53,420,000	\$ 53,530,496	\$ 110,496
Prior years	850,000	1,009,156	159,156
Interest and penalties	343,000	585,936	242,936
	<u>54,613,000</u>	<u>55,125,588</u>	<u>512,588</u>
Other taxes:			
ABC local bottle tax	43,000	53,508	10,508
Local option sales tax	16,463,670	19,190,355	2,726,685
	<u>16,506,670</u>	<u>19,243,863</u>	<u>2,737,193</u>
Permits and fees:			
Sheriff fees	100,000	137,800	37,800
Register of deeds	1,501,000	2,541,542	1,040,542
Franchise fees	390,000	377,468	(12,532)
Building and Inspection fees	725,000	988,287	263,287
Environmental health fees	320,000	408,309	88,309
Public Health fees	401,600	697,398	295,798
Other fees	270,300	447,764	177,464
	<u>3,707,900</u>	<u>5,598,568</u>	<u>1,890,668</u>
Intergovernmental:			
Restricted:			
Federal and State grants	15,651,038	17,188,051	1,537,013
Lottery proceeds	600,000	-	(600,000)
Court facilities fees	90,000	92,354	2,354
Unrestricted:			
Beer and wine tax	170,000	168,641	(1,359)
Payments in lieu of taxes	-	197,673	197,673
ABC profits	800,000	1,253,741	453,741
Croatan National Forest	41,000	35,781	(5,219)
	<u>17,352,038</u>	<u>18,936,241</u>	<u>1,584,203</u>
Sales and services:			
Solid waste	3,570,000	3,478,132	(91,868)
Civic center fees	266,900	52,369	(214,531)
Other	488,950	497,610	8,660
	<u>4,325,850</u>	<u>4,028,111</u>	<u>(297,739)</u>
Interest	450,000	88,706	(361,294)
Miscellaneous:			
Other	87,875	359,360	271,485
	<u>87,875</u>	<u>359,360</u>	<u>271,485</u>
Total revenues	<u>97,043,333</u>	<u>103,380,437</u>	<u>6,337,104</u>

(Continued)

Carteret County, North Carolina
 General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
 Year Ended June 30, 2021

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Expenditures			
General government:			
Governing body:			
Salaries and employee benefits		66,615	
Operating expenses		137,732	
Professional services		93,500	
	<u>334,485</u>	<u>297,847</u>	<u>36,638</u>
Administration:			
Salaries and employee benefits		333,743	
Operating expenses		23,737	
	<u>398,143</u>	<u>357,480</u>	<u>40,663</u>
Information systems:			
Salaries and employee benefits		839,341	
Operating expenses		2,026,027	
Capital outlay		20,004	
	<u>2,913,616</u>	<u>2,885,372</u>	<u>28,244</u>
Finance:			
Salaries and employee benefits		636,185	
Operating expenses		127,934	
Capital outlay		21,445	
	<u>803,310</u>	<u>785,564</u>	<u>17,746</u>
Human resources:			
Salaries and employee benefits		424,953	
Operating expenses		138,915	
	<u>603,511</u>	<u>563,868</u>	<u>39,643</u>
Tax and revaluation:			
Salaries and employee benefits		1,211,160	
Operating expenses		381,983	
Contract services		338,780	
Capital outlay		33,965	
	<u>2,527,447</u>	<u>1,965,888</u>	<u>561,559</u>
Legal:			
Professional services		157,661	
	<u>170,000</u>	<u>157,661</u>	<u>12,339</u>
Court facilities:			
Operating expenses		56,944	
	<u>78,335</u>	<u>56,944</u>	<u>21,391</u>
Elections:			
Salaries and employee benefits		455,531	
Operating expenses		405,167	
	<u>936,385</u>	<u>860,698</u>	<u>75,687</u>
Register of deeds:			
Salaries and employee benefits		417,241	
Operating expenses		222,375	
	<u>653,144</u>	<u>639,616</u>	<u>13,528</u>

(Continued)

Carteret County, North Carolina
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
Year Ended June 30, 2021

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Public buildings:			
Salaries and employee benefits		503,811	
Operating expenses		954,844	
	<u>2,139,593</u>	<u>1,458,655</u>	<u>680,938</u>
Total general government	11,557,969	10,029,593	1,528,376
Public safety:			
Sheriff:			
Salaries and employee benefits		4,871,098	
Operating expenses		755,352	
Contract services		124,593	
Capital outlay		505,850	
	<u>6,430,446</u>	<u>6,256,893</u>	<u>173,553</u>
Sheriff - Jail division:			
Salaries and employee benefits		2,575,561	
Operating expenses		1,259,751	
Contract services		386,763	
	<u>4,853,459</u>	<u>4,222,075</u>	<u>631,384</u>
Paramedic operations:			
Salaries and employee benefits		589,734	
Operating expenses		93,093	
Capital outlay		70,703	
	<u>859,492</u>	<u>753,530</u>	<u>105,962</u>
Emergency management:			
Salaries and employee benefits		227,020	
Operating expenses		69,699	
Contracted services		58,661	
	<u>427,730</u>	<u>355,380</u>	<u>72,350</u>
Rape crisis program:			
Salaries and employee benefits		179,477	
Operating expenses		16,184	
	<u>292,040</u>	<u>195,661</u>	<u>96,379</u>
Fire Marshall:			
Salaries and employee benefits		214,097	
Operating expenses		79,922	
	<u>352,307</u>	<u>294,019</u>	<u>58,288</u>
Consolidated Communications:			
Salaries and employee benefits		1,573,929	
Operating expenses		228,155	
	<u>2,248,925</u>	<u>1,802,084</u>	<u>446,841</u>
Medical examiner:			
Professional services	103,000	101,750	1,250

(Continued)

Carteret County, North Carolina
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
Year Ended June 30, 2021

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Animal control:			
Salaries and employee benefits		220,501	
Operating expenses		191,904	
Capital outlay		26,700	
	<u>532,116</u>	<u>439,105</u>	<u>93,011</u>
Total public safety	16,099,515	14,420,497	1,679,018
Transportation:			
Harbors:			
Operating expenses	<u>173,610</u>	<u>97,159</u>	<u>76,451</u>
Beaufort-Morehead City Airport Authority			
Salaries and employee benefits		23,369	
Operating expenses		1,156,667	
	<u>1,186,665</u>	<u>1,180,036</u>	<u>6,629</u>
CCATS:			
Salaries and employee benefits		722,051	
Operating expenses		266,959	
Capital outlay		67,984	
	<u>1,514,203</u>	<u>1,056,994</u>	<u>457,209</u>
Total transportation	2,874,478	2,334,189	540,289
Environmental protection:			
Forest fire control	<u>134,925</u>	<u>113,157</u>	<u>21,768</u>
Tri-County solid waste collections	<u>3,602,000</u>	<u>3,274,773</u>	<u>327,227</u>
Public works:			
Salaries and employee benefits		507,382	
Operating expenses		268,225	
Capital outlay		565,626	
	<u>1,444,660</u>	<u>1,341,233</u>	<u>103,427</u>
Total environmental protection	5,181,585	4,729,163	452,422
Economic and physical development:			
Economic development:			
Salaries and employee benefits		208,716	
Operating expenses		79,300	
	<u>630,684</u>	<u>288,016</u>	<u>342,668</u>
Beach nourishment:			
Salaries and employee benefits		150,708	
Operating expenses		11,480	
Contract services		214,258	
	<u>564,065</u>	<u>376,446</u>	<u>187,619</u>

Carteret County, North Carolina
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
Year Ended June 30, 2021

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Planning and zoning:			
Salaries and employee benefits		867,735	
Operating expenses		78,649	
Contract services		107,220	
	1,057,795	1,053,604	4,191
General services:			
Salaries and employee benefits		93,336	
	93,405	93,336	69
Cooperative extension:			
Salaries and employee benefits		62,565	
Operating expenses		212,950	
	287,561	275,515	12,046
Total economic and physical development	2,633,510	2,086,917	546,593
Human Services:			
Health center:			
Salaries and employee benefits		2,695,069	
Operating expenses		556,239	
	4,401,167	3,251,308	1,149,859
Dental program			
Salaries and employee benefits		254,416	
Operating expenses		39,400	
Capital outlay		14,589	
	400,586	308,405	92,181
Women, infants, and children:			
Salaries and employee benefits		273,178	
Operating expenses		20,622	
	328,400	293,800	34,600
Environmental health:			
Salaries and employee benefits		1,044,121	
Operating expenses		125,400	
	1,443,327	1,169,521	273,806
Mental health:			
Mental health center and other		498,000	
Schools Drug Free Education		38,113	
Mental health, ABC		30,000	
	566,000	566,113	(113)
DSS administration:			
Salaries and employee benefits		7,867,356	
Operating expenses		691,257	
Capital outlay		17,318	
	9,188,896	8,575,931	612,965
General assistance	769,008	565,658	203,350
TANF Block grant:			
TANF Block grant		5,982	
Operating expenses		5,735	
	81,000	11,717	69,283

(Continued)

Carteret County, North Carolina
 General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
 Year Ended June 30, 2021

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
DSS special assistance	1,056,000	654,109	401,891
Special projects	943,489	576,498	366,991
Other human services	631,595	437,825	193,770
Veteran services:			
Salaries and employee benefits		341,881	
Operating expenses		57,485	
	426,175	399,366	26,809
Senior center aging programs:			
Salaries and employee benefits		250,522	
Operating expenses		55,921	
Contract services		86,012	
	510,559	392,455	118,104
Total human services	20,746,202	17,202,706	3,543,496
Culture and recreation:			
Senior center:			
Salaries and employee benefits		164,358	
Operating expenses		36,804	
Contract services		5,038	
	279,275	206,200	73,075
Carteret County Library:			
Salaries and employee benefits		788,457	
Operating expenses		436,706	
Contract services		94,323	
	1,536,065	1,319,486	216,579
Parks and recreation:			
Salaries and employee benefits		487,891	
Operating expenses		232,402	
Contract services		12,206	
	900,046	732,499	167,547
Parks and recreation maintenance:			
Salaries and employee benefits		503,710	
Operating expenses		287,344	
Capital outlay		115,432	
	1,002,926	906,486	96,440
Civic center:			
Salaries and employee benefits		227,958	
Operating expenses		116,422	
	415,074	344,380	70,694
Total culture and recreation	4,133,386	3,509,051	624,335

(Continued)

Carteret County, North Carolina
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
Year Ended June 30, 2021

	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Education:			
Public schools, current expense	23,854,410	23,854,410	-
Community college, current expense	2,665,000	2,665,000	-
Community college, capital outlay	1,285,656	1,092,701	192,955
Total education	27,805,066	27,612,111	192,955
Debt service:			
Principal retirement	3,892,100	3,780,514	111,586
Interest and fees	840,000	790,322	49,678
Total debt service	4,732,100	4,570,836	161,264
Total expenditures	95,763,811	86,495,063	9,268,748
Revenues over expenditures	1,279,522	16,885,374	15,605,852
Other financing sources (uses)			
Transfers in (out):			
From Occupancy Tax Fund	5,691,250	5,787,780	96,530
From CRF Fund	720,390	720,390	-
To School Project Fund	(1,805,708)	(1,805,708)	-
To Capital Improvement Fund	(15,185,230)	(15,185,230)	-
To Facilities / Debt Reserve Fund	(1,790,000)	(1,790,000)	-
To County Building Project Fund	(990,000)	(990,000)	-
Contingency reserves	(1,303,486)	-	1,303,486
Appropriated fund balance	13,383,262	-	(13,383,262)
Total other financing sources (uses)	(1,279,522)	(13,262,768)	(11,983,246)
Net change in fund balance	\$ -	3,622,606	\$ 3,622,606
Fund balance			
Beginning		65,565,860	
Ending		<u>\$ 69,188,466</u>	

Carteret County, North Carolina

County Capital Improvements Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 24,383,890	\$ 21,759,827	\$ (2,624,063)
Interest	10,000	10,000	1,394	(8,606)
Total revenues	10,000	24,393,890	21,761,221	(2,632,669)
Expenditures				
Capital outlay:				
Aerial pictometry	90,000	90,000	-	90,000
Building renovations	717,000	717,000	227,095	489,905
Waterway dredging	350,000	5,140,445	2,904,466	2,235,979
Canal maintenance Hurricane Florence	-	476,755	212,750	264,005
Beach replenishment	-	34,680,833	32,893,273	1,787,560
Taylor Extended Care improvements	25,000	25,000	-	25,000
Cedar Point project match	60,000	60,000	60,000	-
Cape Carteret project match	-	63,670	-	63,670
Park improvements	48,000	48,000	-	48,000
Water access improvements	-	332,000	42,648	289,352
Total expenditures	1,290,000	41,633,703	36,340,232	5,293,471
Revenues over (under) expenditures	(1,280,000)	(17,239,813)	(14,579,011)	2,660,802
Other financing sources (uses)				
Transfer from General Fund	1,150,000	15,185,230	15,185,230	-
Fund balance appropriated	130,000	2,054,583	-	(2,054,583)
Total other financing sources (uses)	1,280,000	17,239,813	15,185,230	(2,054,583)
Net change in fund balance	\$ -	\$ -	606,219	\$ 606,219
Fund balances				
Beginning			2,892,883	
Ending			<u>\$ 3,499,102</u>	

Summary of Nonmajor Governmental Funds



Carteret County, North Carolina

Combining Balance Sheet - Non-major Governmental Fund Types
June 30, 2021

	Government Fund Types		
	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Assets:			
Cash and investments	\$ 1,864,393	\$ 8,919,036	\$ 10,783,429
Restricted cash and investments	3,168,705	-	3,168,705
Receivables, net	1,555,235	-	1,555,235
Total assets	\$ 6,588,333	\$ 8,919,036	\$ 15,507,369
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 36,654	\$ 91,913	\$ 128,567
Due to other funds	-	907,465	907,465
Advance due to other funds	32,000	-	32,000
Total liabilities	68,654	999,378	1,068,032
Deferred inflows of resources	588,236	-	588,236
Fund balances:			
Restricted:			
Public safety	1,444,797	-	1,444,797
Economic development	329,004	-	329,004
Rescue protection	1,550,281	-	1,550,281
Fire protection	2,512,320	-	2,512,320
Human services	131,001	-	131,001
Committed:			
School capital	-	204,775	204,775
Assigned:			
County capital	-	8,630,681	8,630,681
Unassigned	(35,960)	(915,798)	(951,758)
Total fund balances	5,931,443	7,919,658	13,851,101
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,588,333	\$ 8,919,036	\$ 15,507,369

Carteret County, North Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-major Governmental Fund Types
Year Ended June 30, 2021

	Government Fund Types		
	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Ad valorem taxes	\$ 7,990,500	\$ -	\$ 7,990,500
Other taxes	3,030,337	-	3,030,337
Permits and fees	111,817	-	111,817
Intergovernmental	2,881,379	-	2,881,379
Sales and services	191,000	-	191,000
Interest	2,044	3,392	5,436
Total revenues	14,207,077	3,392	14,210,469
Expenditures			
Current:			
General government	111,817	-	111,817
Public safety	10,042,996	-	10,042,996
Economic and physical development	1,409	-	1,409
Human services	1,865,172	-	1,865,172
Capital outlay	-	4,030,857	4,030,857
Total expenditures	12,021,394	4,030,857	16,052,251
Revenues over (under) expenditures	2,185,683	(4,027,465)	(1,841,782)
Other financing sources (uses)			
Transfers in	-	4,585,708	4,585,708
Transfers out	(1,125,390)	-	(1,125,390)
Total other financing sources (uses)	(1,125,390)	4,585,708	3,460,318
Net change in fund balances	1,060,293	558,243	1,618,536
Fund balances			
Beginning, as previously reported	4,744,796	7,361,415	12,106,211
Prior period restatement - change in accounting principle	126,354	-	126,354
Beginning, as restated	4,871,150	7,361,415	12,232,565
Ending	\$ 5,931,443	\$ 7,919,658	\$ 13,851,101

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, 2021

	Rescue Squad Fund	Fire District Fund	Emergency Telephone System Fund	Rescue Services Fund
Assets				
Cash and investments	\$ -	\$ -	\$ 1,433,165	\$ 741
Restricted cash and investments	1,194,419	1,974,286	-	-
Receivables:				
Property taxes receivable, net	222,329	339,456	-	-
Accounts receivable	364,628	539,868	23,283	-
Total assets	\$ 1,781,376	\$ 2,853,610	\$ 1,456,448	\$ 741
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 8,766	\$ 1,834	\$ 11,651	\$ 4,701
Advances due to other funds	-	-	-	32,000
Total liabilities	8,766	1,834	11,651	36,701
Deferred inflows of resources	222,329	339,456	-	-
Fund balances:				
Restricted:				
Public safety	-	-	1,444,797	-
Economic development	-	-	-	-
Rescue protection	1,550,281	-	-	-
Fire protection	-	2,512,320	-	-
Human Services	-	-	-	-
Unassigned:	-	-	-	(35,960)
Total fund balances	1,550,281	2,512,320	1,444,797	(35,960)
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,781,376	\$ 2,853,610	\$ 1,456,448	\$ 741

Salter Path District Fund	Water Tax District Fund	Deed of Trust Fund	Representative Payee Fund	CARES Relief Fund	2019 CDBG Neighborhood Revitalization Fund	Totals
\$ 95,564	\$ 194,362	\$ 9,560	\$ 131,001	\$ -	\$ -	\$ 1,864,393
-	-	-	-	-	-	3,168,705
-	26,451	-	-	-	-	588,236
768	38,452	-	-	-	-	966,999
\$ 96,332	\$ 259,265	\$ 9,560	\$ 131,001	\$ -	\$ -	\$ 6,588,333
\$ -	\$ 142	\$ 9,560	\$ -	\$ -	\$ -	\$ 36,654
-	-	-	-	-	-	32,000
-	142	9,560	-	-	-	68,654
-	26,451	-	-	-	-	588,236
-	-	-	-	-	-	1,444,797
96,332	232,672	-	-	-	-	329,004
-	-	-	-	-	-	1,550,281
-	-	-	-	-	-	2,512,320
-	-	-	131,001	-	-	131,001
-	-	-	-	-	-	(35,960)
96,332	232,672	-	131,001	-	-	5,931,443
\$ 96,332	\$ 259,265	\$ 9,560	\$ 131,001	\$ -	\$ -	\$ 6,588,333

Carteret County, North Carolina

Non-major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2021

	Rescue Squad Fund	Fire District Fund	Emergency Telephone System Fund	Rescue Services Fund
Revenues				
Ad valorem taxes	\$ 3,246,652	\$ 4,425,812	\$ -	\$ -
Other taxes	1,175,729	1,729,178	-	-
Permits and fees	-	-	-	-
Intergovernmental	-	14,997	279,393	-
Sales and services	-	-	-	191,000
Interest	485	756	546	-
Total revenues	4,422,866	6,170,743	279,939	191,000
Expenditures				
General government	-	-	-	-
Public safety	4,083,737	5,497,739	234,560	226,960
Economic and physical development	-	-	-	-
Human Services	-	-	-	-
Total expenditures	4,083,737	5,497,739	234,560	226,960
Revenues over (under) expenditures	339,129	673,004	45,379	(35,960)
Other financing sources (uses)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	339,129	673,004	45,379	(35,960)
Fund balances				
Beginning, as previously reported	1,211,152	1,839,316	1,399,418	-
Prior period restatement - change in accounting principle	-	-	-	-
Beginning, as restated	1,211,152	1,839,316	1,399,418	-
Ending	\$ 1,550,281	\$ 2,512,320	\$ 1,444,797	\$ (35,960)

Salter Path District Fund	Water Tax District Fund	Deed of Trust Fund	Representative Payee Fund	CARES Relief Fund	2019 CDBG Neighborhood Revitalization Fund	Totals
\$ 6,066	\$ 311,970	\$ -	\$ -	\$ -	\$ -	\$ 7,990,500
2,635	122,795	-	-	-	-	3,030,337
-	-	111,817	-	-	-	111,817
-	-	-	543,073	2,043,916	-	2,881,379
-	-	-	-	-	-	191,000
36	93	-	-	128	-	2,044
8,737	434,858	111,817	543,073	2,044,044	-	14,207,077
-	-	111,817	-	-	-	111,817
-	-	-	-	-	-	10,042,996
1	1,408	-	-	-	-	1,409
-	-	-	538,426	1,326,746	-	1,865,172
1	1,408	111,817	538,426	1,326,746	-	12,021,394
8,736	433,450	-	4,647	717,298	-	2,185,683
-	(405,000)	-	-	(720,390)	-	(1,125,390)
-	(405,000)	-	-	(720,390)	-	(1,125,390)
8,736	28,450	-	4,647	(3,092)	-	1,060,293
87,596	204,222	-	-	3,092	-	4,744,796
-	-	-	126,354	-	-	126,354
87,596	204,222	-	126,354	3,092	-	4,871,150
\$ 96,332	\$ 232,672	\$ -	\$ 131,001	\$ -	\$ -	\$ 5,931,443

Carteret County, North Carolina

Rescue Squad Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 3,175,235	\$ 3,246,652	\$ 71,417
Other taxes:			
Local option sales tax	816,500	1,175,729	359,229
Interest	-	485	485
Total revenues	3,991,735	4,422,866	431,131
Expenditures			
Public safety:			
Beaufort	1,057,350	1,057,211	139
Broad and Gales Creek	343,900	343,899	1
Mill Creek	153,360	153,344	16
Mitchell Village	146,060	146,049	11
Otway	325,815	325,780	35
Sea Level	242,345	242,331	14
South River	191,420	191,382	38
Western Carteret	752,305	752,351	(46)
District reserves	86,390	86,390	-
Local sales tax	788,000	785,000	3,000
Total expenditures	4,086,945	4,083,737	3,208
Revenues (under) over expenditures	(95,210)	339,129	434,339
Other financing sources			
Fund balance appropriated	95,210	-	(95,210)
Net change in fund balance	\$ -	339,129	\$ 339,129
Fund balances			
Beginning		1,211,152	
Ending		<u>\$ 1,550,281</u>	

Carteret County, North Carolina

Fire District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 4,241,395	\$ 4,425,812	\$ 184,417
Other taxes:			
Local option sales tax	1,282,500	1,729,178	446,678
Intergovernmental	-	14,997	14,997
Interest	-	756	756
Total revenues	5,523,895	6,170,743	646,848
Expenditures			
Public safety:			
Fire Districts:			
Atlantic	66,145	66,130	15
Beaufort	335,735	335,687	48
Broad and Gales Creek	344,015	344,014	1
Cedar Island	46,625	46,624	1
Davis	62,230	62,240	(10)
Harkers Island	349,425	349,383	42
Harlowe	85,305	85,301	4
Marshallberg	175,070	175,030	40
Mill Creek	44,170	44,154	16
Mitchell Village, Crab Point	375,660	375,644	16
Newport	571,650	571,560	90
North River	47,895	47,886	9
Otway	194,360	194,351	9
Salter Path	92,650	92,638	12
Sea Level	40,265	40,255	10
South River	77,625	77,607	18
Stacy	22,005	21,997	8
Stella	250,755	250,716	39
Western Carteret	753,565	753,518	47
Wildwood	604,245	604,198	47
District reserves	185,128	68,308	116,820
Local sales tax	891,000	890,498	502
Total expenditures	5,615,523	5,497,739	117,784
Revenues (under) over expenditures	(91,628)	673,004	764,632
Other financing sources			
Fund balance appropriated	91,628	-	(91,628)
Net change in fund balance	\$ -	673,004	\$ 673,004
Fund balances			
Beginning		1,839,316	
Ending		<u>\$ 2,512,320</u>	

Carteret County, North Carolina

Emergency Telephone System Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 279,400	\$ 279,393	\$ (7)
Interest	10,000	546	(9,454)
Total revenues	289,400	279,939	(9,461)
Expenditures			
Public safety:			
Operating expenses	255,000	79,495	175,505
Contracted services	190,000	155,065	34,935
Capital outlay	314,500	-	314,500
Total expenditures	759,500	234,560	524,940
Revenues (under) over expenditures	(470,100)	45,379	515,479
Other financing sources			
Fund balance appropriated	470,100	-	(470,100)
Total other financing sources	470,100	-	(470,100)
Net change in fund balance	\$ -	45,379	\$ 45,379
Fund balances			
Beginning		1,399,418	
Ending		\$ 1,444,797	

Carteret County, North Carolina

Rescue Services Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 200,000	\$ 191,000	\$ (9,000)
Interest	300	-	(300)
Total revenues	200,300	191,000	(9,300)
Expenditures			
Public safety:			
Salaries and benefits	227,300	223,596	3,704
Operating expenses	5,000	3,364	1,636
Total expenditures	232,300	226,960	5,340
Revenues (under) expenditures	(32,000)	(35,960)	(3,960)
Other financing sources			
Advance from other funds	32,000	-	(32,000)
Total other financing sources	32,000	-	(32,000)
Net change in fund balance	\$ -	(35,960)	\$ (35,960)
Fund balances			
Beginning		-	
Ending		\$ (35,960)	

Carteret County, North Carolina

Salter Path District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 5,900	\$ 6,066	\$ 166
Other taxes:			
Local option sales tax	2,000	2,635	635
Interest	300	36	(264)
Total revenues	8,200	8,737	537
Expenditures			
Economic and physical development:			
Beach nourishment	8,200	1	8,199
Total expenditures	8,200	1	8,199
Revenues over expenditures	-	8,736	8,736
Net change in fund balance	\$ -	8,736	\$ 8,736
Fund balances			
Beginning		87,596	
Ending		<u>\$ 96,332</u>	

Carteret County, North Carolina

Water Tax District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 303,000	\$ 311,970	\$ 8,970
Other taxes			
Local option sales tax	100,000	122,795	22,795
Interest	2,000	93	(1,907)
Total revenues	405,000	434,858	29,858
Expenditures			
Economic and Physical Development			
Operating expenses	3,000	1,408	1,592
Total expenditures	3,000	1,408	1,592
Revenues over expenditures	402,000	433,450	31,450
Other financing sources (uses)			
Transfers out	(405,000)	(405,000)	-
Fund balance appropriated	3,000	-	(3,000)
Total other financing sources (uses)	(402,000)	(405,000)	(3,000)
Net change in fund balance	\$ -	28,450	\$ 28,450
Fund balances			
Beginning		204,222	
Ending		<u>\$ 232,672</u>	

Carteret County, North Carolina

Deed of Trust Fund

Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Permits and fees:			
Register of deeds	\$ 150,000	\$ 111,817	\$ (38,183)
Total revenues	<u>150,000</u>	<u>111,817</u>	<u>(38,183)</u>
Expenditures			
General government:			
Payments of fees collected to the State of North Carolina	150,000	111,817	38,183
Total expenditures	<u>150,000</u>	<u>111,817</u>	<u>38,183</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances			
Beginning		<u>-</u>	
Ending		<u>\$ -</u>	

Carteret County, North Carolina

Representative Payee Fund

Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Restricted intergovernmental	\$ 800,000	\$ 543,073	\$ (256,927)
Total revenues	800,000	543,073	(256,927)
Expenditures			
Human services:			
Payments made for the benefit of beneficiaries	800,000	538,426	261,574
Total expenditures	800,000	538,426	261,574
Net change in fund balance	\$ -	4,647	\$ 4,647

Fund balance, beginning, as previously reported	-
Prior period restatement - change in accounting principle	126,354
Beginning, as restated	126,354
Ending	\$ 131,001

Carteret County, North Carolina

CARES Relief Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 From Inception and the Year Ended June 30, 2021

	Total Project Estimate	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Intergovernmental:				
CARES Recovery Act	\$ 2,728,677	\$ 684,761	\$ 2,043,916	\$ 2,728,677
Interest	3,500	3,092	128	3,220
Total revenues	2,732,177	687,853	2,044,044	2,731,897
Expenditures				
Human Services:				
Supplies	86,619	31,380	54,182	85,562
Small equipment	380,410	106,702	273,708	380,410
Maintenance	649,792	546,679	103,890	650,569
COVID-19 compliance	228,720	-	228,720	228,720
COVID-19 municipal distribution	666,246	-	666,246	666,246
Total expenditures	2,011,787	684,761	1,326,746	2,011,507
Revenues over expenditures	720,390	3,092	717,298	720,390
Other financing uses				
Transfer to other funds	(720,390)	-	(720,390)	(720,390)
Total other financing uses	(720,390)	-	(720,390)	(720,390)
Net change in fund balances	\$ -	\$ 3,092	(3,092)	\$ -
Fund balances				
Beginning			3,092	
Ending			\$ -	

Carteret County, North Carolina

2019 CDBG Neighborhood Revitalization

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 From Inception and the Year Ended June 30, 2021

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



Non-major Capital Projects Funds

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

Carteret County, North Carolina

Non-major Capital Projects Fund

Combining Balance Sheet
 June 30, 2021

	County Capital Reserve Fund	County Facilities / Debt Reserve Fund	School Special Projects Fund
Assets			
Cash and investments	\$ 1,090,777	\$ 7,439,494	\$ 233,785
Total assets	\$ 1,090,777	\$ 7,439,494	\$ 233,785
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 29,010
Due to other funds	-	-	-
Total liabilities	-	-	29,010
Fund balances :			
Committed:			
School capital	-	-	204,775
Assigned:			
County capital	1,090,777	7,439,494	-
Unassigned			
Total fund balances	1,090,777	7,439,494	204,775
Total liabilities and fund balances	\$ 1,090,777	\$ 7,439,494	\$ 233,785

County Construction Projects Fund	School Bond Projects Fund	Totals
\$ 154,980	\$ -	\$ 8,919,036
<u>\$ 154,980</u>	<u>\$ -</u>	<u>\$ 8,919,036</u>
\$ 54,570	\$ 8,333	\$ 91,913
-	907,465	907,465
<u>54,570</u>	<u>915,798</u>	<u>999,378</u>
-	-	204,775
100,410	-	8,630,681
-	(915,798)	(915,798)
<u>100,410</u>	<u>(915,798)</u>	<u>7,919,658</u>
\$ 154,980	\$ -	\$ 8,919,036
<u>\$ 154,980</u>	<u>\$ -</u>	<u>\$ 8,919,036</u>

Carteret County, North Carolina

Non-major Capital Projects Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 2021

	County Capital Reserve Fund	County Facilities / Debt Reserve Fund	School Special Projects Fund
Revenues			
Interest	\$ 420	\$ 2,743	\$ 156
Total revenues	420	2,743	156
Expenditures			
Capital outlay	-	-	2,223,909
Revenues over (under) expenditures	420	2,743	(2,223,753)
Other financing sources			
Transfers in	-	1,790,000	1,805,708
Total other financing sources	-	1,790,000	1,805,708
Net change in fund balances	420	1,792,743	(418,045)
Fund balances			
Beginning	1,090,357	5,646,751	622,820
Ending	\$ 1,090,777	\$ 7,439,494	\$ 204,775

County Construction Projects Fund	School Bond Projects Fund	Totals
\$ 73	\$ -	\$ 3,392
73	-	3,392
891,150	915,798	4,030,857
(891,077)	(915,798)	(4,027,465)
990,000	-	4,585,708
990,000	-	4,585,708
98,923	(915,798)	558,243
1,487	-	7,361,415
\$ 100,410	\$ (915,798)	\$ 7,919,658

Carteret County, North Carolina

County Capital Reserve Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	Budget	Actual	Variance Positive
Revenues			
Interest	\$ -	\$ 420	\$ 420
Total revenues	<u>-</u>	<u>420</u>	<u>420</u>
Net change in fund balance	<u>\$ -</u>	<u>420</u>	<u>\$ 420</u>
Fund balances			
Beginning		<u>1,090,357</u>	
Ending		<u>\$ 1,090,777</u>	

Carteret County, North Carolina

County Facilities / Debt Reserve Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$ -	\$ 2,743	\$ 2,743
Total revenues	<u>-</u>	<u>2,743</u>	<u>2,743</u>
Expenditures			
Capital outlay:			
Future Projects / Capital Debt	1,790,000	-	1,790,000
Total expenditures	<u>1,790,000</u>	<u>-</u>	<u>1,790,000</u>
Revenues over (under) expenditures	<u>(1,790,000)</u>	<u>2,743</u>	<u>1,792,743</u>
Other financing sources			
Transfer from General Fund	1,790,000	1,790,000	-
Total other financing sources	<u>1,790,000</u>	<u>1,790,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,792,743</u>	<u>\$ 1,792,743</u>
Fund balances			
Beginning		5,646,751	
Ending		<u>\$ 7,439,494</u>	

Carteret County, North Carolina

School Special Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues			
Interest	\$ -	\$ 156	\$ 156
Total revenues	-	156	156
Expenditures			
Capital outlay, Board of Education	2,329,968	2,223,909	106,059
Revenues under expenditures	(2,329,968)	(2,223,753)	106,215
Other financing sources			
Transfer from other funds	1,805,708	1,805,708	-
Fund balance appropriated	524,260	-	(524,260)
Total other financing sources	2,329,968	1,805,708	(524,260)
Net change in fund balance	\$ -	(418,045)	\$ (418,045)
Fund balances			
Beginning		622,820	
Ending		\$ 204,775	

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, 2021

	Total Project Estimate	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Interest	\$ -	\$ 87	\$ 73	\$ 160
Total revenues	-	87	73	160
Expenditures				
Capital outlay:				
Construction	821,000	-	761,121	761,121
Furnishings / equipment	134,000	-	109,434	109,434
Professional services / design	70,000	33,600	20,595	54,195
Total Expenditures	1,025,000	33,600	891,150	924,750
Revenue under expenditures	(1,025,000)	(33,513)	(891,077)	(924,590)
Other financing sources				
Transfer in from general fund	990,000	-	990,000	990,000
Transfer in from other funds	35,000	35,000	-	35,000
Total other financing sources	1,025,000	35,000	990,000	1,025,000
Net change in fund balances	\$ -	\$ 1,487	98,923	\$ 100,410
Fund balance				
Beginning			1,487	
Ending			<u>\$ 100,410</u>	

Carteret County, North Carolina

School Bond Projects Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
 From Inception and for the Year Ended June 30, 2021

	Total Project Estimate	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Capital outlay:				
Renovations and improvements	\$ 1,173,730	\$ -	\$ 865,800	\$ 865,800
Construction management	91,272	-	49,998	49,998
Total expenditures	1,265,002	-	915,798	915,798
Other financing sources				
General obligation bonds issued	1,265,002	-	-	-
Total other financing sources	1,265,002	-	-	-
Net change in fund balances	\$ -	\$ -	(915,798)	\$ (915,798)
Fund balance				
Beginning			-	
Ending			\$ (915,798)	

Water Fund



Carteret County, North Carolina

Water Operating Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues, Operating			
Charges for services	\$ 680,700	\$ 733,693	\$ 52,993
Other operating revenue	-	4,165	4,165
Total operating revenues	680,700	737,858	57,158
Expenditures, Operating			
Cost of sales and services:			
Salaries and benefits	412,010	351,391	60,619
Operating expense	496,165	308,631	187,534
Total operating expenditures	908,175	660,022	248,153
Operating revenues			
(under) over operating expenditures	(227,475)	77,836	305,311
Nonoperating Revenues (Expenditures)			
Interest earnings	2,500	689	(1,811)
Interest payments	(52,000)	(49,835)	2,165
Principal payments	(190,080)	(190,032)	48
Total nonoperating revenues (expenditures)	(239,580)	(239,178)	402
Revenues under expenditures	(467,055)	(161,342)	305,713
Other Financing Sources (Uses)			
Transfer from other funds	405,000	405,000	-
Contingency	(7,945)	-	7,945
Appropriated Fund Balance	70,000	-	(70,000)
Total other financing sources (uses)	467,055	405,000	(62,055)
Revenues and other financing sources over expenditures and other financing sources (uses)	\$ -	\$ 243,658	\$ 243,658
Reconciliation of modified accrual basis to full accrual basis:			
Revenues and other financing uses over expenditures		\$ 243,658	
Decrease in debt interest accrued		855	
Increase in accrued vacation pay		(558)	
Depreciation		(364,270)	
Increase in deferred outflows of resources pensions		8,666	
Increase in deferred outflows of resources OPEB		8,074	
Increase in net pension liability		(20,207)	
Increase in OPEB liability		(15,169)	
Increase in deferred inflows of resources pensions		(1,650)	
Decrease in deferred inflows of resources OPEB		3,124	
Principal on debt		190,032	
Change in net position		\$ 52,555	



Fiduciary Funds



Carteret County, North Carolina

Combining Statement of Fiduciary Net Position

Custodial Funds
 June 30, 2021

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
Assets			
Cash and cash equivalents	\$ 33,802	\$ 38,719	\$ 72,521
Taxes receivable for other governments, net	114,044	-	114,044
Total assets	\$ 147,846	\$ 38,719	\$ 186,565
Liabilities			
Due to other governments	153,338	-	153,338
Total liabilities	153,338	-	153,338
Net Position			
Restricted for Individuals, organizations, and other governments	(5,492)	38,719	33,227
Total net position	\$ (5,492)	\$ 38,719	\$ 33,227

Carteret County, North Carolina

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

Year Ended June 30, 2021

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
Additions			
Ad valorem taxes collected for other governments	\$ 14,580,965	\$ -	\$ 14,580,965
Collections on behalf of inmates	-	340,658	340,658
Total Additions	<u>14,580,965</u>	<u>340,658</u>	<u>14,921,623</u>
Deductions			
Tax distributions to other governments	14,586,457	-	14,586,457
Payments on behalf of inmates	-	341,739	341,739
Total Deductions	<u>14,586,457</u>	<u>341,739</u>	<u>14,928,196</u>
Net (decrease) increase in fiduciary net position	<u>(5,492)</u>	<u>(1,081)</u>	<u>(6,573)</u>
Net position, beginning, as previously reported	-	-	-
Prior period restatement - change in accounting principle	-	39,800	39,800
Net position, beginning, as restated	<u>-</u>	<u>39,800</u>	<u>39,800</u>
Net position, ending	<u>\$ (5,492)</u>	<u>\$ 38,719</u>	<u>\$ 33,227</u>

Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Comparative Schedules by Source
 June 30, 2021

	2021	2020
Governmental funds capital assets:		
Land, airport	\$ 169,549	\$ 169,549
Land, other	9,287,100	9,287,100
Construction in progress	967,398	33,600
Buildings	28,499,423	28,499,423
Vehicles	6,620,335	6,360,400
Equipment	6,269,572	6,492,485
Airport facilities	1,524,747	1,524,747
Other improvements	11,672,756	11,000,148
Leasehold improvements	2,590,428	2,590,428
Total governmental funds capital assets	\$ 67,601,308	\$ 65,957,880
Investment in governmental funds capital assets		
General Fund	\$ 53,162,821	\$ 52,626,807
Special Revenue Funds	173,616	-
Capital Project Funds	14,264,871	13,331,073
Total investment in governmental funds capital assets	\$ 67,601,308	\$ 65,957,880

Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity
 June 30, 2021

Function and Activity	Land	Buildings	Vehicles	Equipment
General Government:				
County Administration	\$ -	\$ -	\$ -	\$ 25,802
Tax Administration	289,817	114,001	127,166	244,283
Register of Deeds	-	17,665	-	182,135
Elections	-	-	-	687,837
Information Technology	-	-	-	1,455,858
Public Buildings	1,479,349	5,861,108	208,508	6,394
Other	-	-	-	28,648
Total General Government	1,769,166	5,992,774	335,674	2,630,957
Public Safety:				
Law Enforcement	417,991	8,614,309	2,695,262	339,873
Emergency Services	43,000	80,699	574,955	1,315,221
Total Public Safety	460,991	8,695,008	3,270,217	1,655,094
Transportation	230,589	-	1,052,184	-
Environmental Protection	153,877	2,738,447	615,410	456,828
Economic and Physical Development	486,287	-	187,312	108,619
Human Services	303,778	7,240,066	931,265	569,406
Culture and Recreation	6,051,961	3,833,128	228,273	848,668
Total governmental funds capital assets	\$ 9,456,649	\$ 28,499,423	\$ 6,620,335	\$ 6,269,572

Airport Facilities	Other Improvements	Leasehold Improvements	Construction in Progress	Total
\$ -	\$ -	\$ -	\$ -	\$ 25,802
-	-	-	-	775,267
-	16,000	-	-	215,800
-	-	-	-	687,837
-	-	-	-	1,455,858
-	2,089,997	-	924,750	10,570,106
-	-	-	-	28,648
-	2,105,997	-	924,750	13,759,318
-	249,590	-	-	12,317,025
-	-	1,108,727	-	3,122,602
-	249,590	1,108,727	-	15,439,627
1,524,747	41,142	-	-	2,848,662
-	663,186	-	-	4,627,748
-	-	-	-	782,218
-	-	-	-	9,044,515
-	8,612,841	1,481,701	42,648	21,099,220
\$ 1,524,747	\$ 11,672,756	\$ 2,590,428	\$ 967,398	\$ 67,601,308

Carteret County, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity
Year Ended June 30, 2021

Function and Activity	Governmental Funds				Governmental Funds
	Capital Assets June 30, 2020	Additions	Deductions	Transfers	Capital Assets June 30, 2021
General Government:					
County administration	\$ 25,802	\$ -	\$ -	\$ -	\$ 25,802
Tax administration	763,617	33,964	22,314	-	775,267
Register of Deeds	215,800	-	-	-	215,800
Elections	687,837	-	-	-	687,837
Information technology	1,863,294	44,620	452,056	-	1,455,858
Public buildings	9,729,809	891,150	50,853	-	10,570,106
Other	7,202	21,446	-	-	28,648
Total General Government	13,293,361	991,180	525,223	-	13,759,318
Public Safety:					
Law enforcement	11,845,811	664,851	193,637	-	12,317,025
Emergency services	3,045,015	97,403	19,816	-	3,122,602
Total Public Safety	14,890,826	762,254	213,453	-	15,439,627
Transportation	2,884,342	67,984	103,664	-	2,848,662
Environmental protection	4,078,629	565,626	16,507	-	4,627,748
Economic and physical development	782,218	-	-	-	782,218
Human services	9,056,548	37,299	49,332	-	9,044,515
Culture and recreation	20,971,956	158,080	30,816	-	21,099,220
Total governmental funds capital assets	\$ 65,957,880	\$ 2,582,423	\$ 938,995	\$ -	\$ 67,601,308

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, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections	Adjustments	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 54,605,942	\$ 53,530,496	\$ (193,444)	\$ 882,002
2019-2020	902,595	-	440,761	(23,059)	438,775
2018-2019	431,985	-	164,938	(11,396)	255,651
2017-2018	317,795	-	116,027	(8,873)	192,895
2016-2017	237,625	-	82,202	(2,367)	153,056
2015-2016	160,465	-	57,658	(1,303)	101,504
2014-2015	125,750	-	45,473	(1,627)	78,650
2013-2014	114,963	-	35,028	(19,175)	60,760
2012-2013	113,963	-	42,004	(29,259)	42,700
2011-2012	83,208	-	24,419	(57,650)	1,139
2010-2011	1,195	-	646	(67)	482
	<u>\$ 2,489,544</u>	<u>\$ 54,605,942</u>	<u>\$ 54,539,652</u>	<u>\$ (348,220)</u>	<u>2,207,614</u>
Less write-off 2010-2011 tax year					<u>(482)</u>
					2,207,132
Less allowance for uncollectible ad valorem taxes receivable					<u>52,446</u>
Net property taxes receivable - General Fund					<u>\$ 2,154,686</u>
Reconcilement with revenue:					
Ad valorem taxes - General Fund					<u>\$ 54,539,652</u>
Interest collected - General Fund					<u>585,936</u>
Total Collections					<u>\$ 55,125,588</u>

Carteret County, North Carolina

Analysis of Current Year's Tax Levy
 Year Ended June 30, 2021

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 16,547,255,152	0.33	\$ 54,605,942	\$ 51,389,093	\$ 3,216,849
Total	16,547,255,152		54,605,942	51,389,093	3,216,849
Discoveries:					
Current year taxes	16,507,879		54,476	54,476	-
Corrections	(1,723,939)		(5,689)	(5,689)	-
Total	14,783,940		48,787	48,787	-
Abatements	(73,403,333)		(242,231)	(242,231)	-
Total property valuation	\$ 16,488,635,759				
Net levy-General Fund			54,412,498	51,195,649	3,216,849
Uncollected taxes at June 30, 2021 - General Fund			882,002	882,002	-
Current year's taxes collected - General Fund			\$ 53,530,496	\$ 50,313,647	\$ 3,216,849
Current levy collection percentage - General Fund			98.38%	98.28%	100.00%



Statistical Section (Unaudited)

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

Contents	Page
Financial Trends	172
<p>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</p>	
Revenue Capacity	184
<p>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</p>	
Debt Capacity	196
<p>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</p>	
Demographic and Economic Information	203
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</p>	
Operating Information	206
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</p>	

Sources: Unless otherwise noted, the information included in these schedules and charts is derived for the annual comprehensive financial reports 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			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 26,469,612	\$ 25,250,857	\$ 23,480,626	\$ 22,736,938
Restricted	24,685,705	17,586,592	20,852,514	23,967,802
Unrestricted	(33,049,640)	(23,716,266)	(14,716,290)	(8,948,033)
Total governmental activities net position	\$ 18,105,677	\$ 19,121,183	\$ 29,616,850	\$ 37,756,707
Business-type activities				
Net investment in capital assets	\$ 5,416,107	\$ 5,558,997	\$ 5,353,434	\$ 5,133,724
Unrestricted	(851,225)	656,050	700,030	816,057
Total business-type activities	\$ 4,564,882	\$ 6,215,047	\$ 6,053,464	\$ 5,949,781
Primary government				
Net investment in capital assets	\$ 31,885,719	\$ 30,809,854	\$ 28,834,060	\$ 27,870,662
Restricted	24,685,705	17,586,592	20,852,514	23,967,802
Unrestricted	(33,900,865)	(23,060,216)	(14,016,260)	(8,131,976)
Total primary government net position	\$ 22,670,559	\$ 25,336,230	\$ 35,670,314	\$ 43,706,488

Schedule 1

2016	2017	2018	2019	2020	2021
\$ 24,089,921	\$ 22,009,903	\$ 22,912,344	\$ 22,984,640	\$ 24,982,364	\$ 25,237,224
31,480,559	31,325,245	31,744,580	25,009,402	42,439,846	37,815,978
(9,879,406)	(3,998,944)	(281,156)	31,040	8,020,462	18,538,299
\$ 45,691,074	\$ 49,336,204	\$ 54,375,768	\$ 48,025,082	\$ 75,442,672	\$ 81,591,501
\$ 4,900,315	\$ 4,721,740	\$ 4,581,483	\$ 4,422,243	\$ 4,246,388	\$ 4,072,150
908,143	913,436	835,400	973,978	1,093,955	1,320,748
\$ 5,808,458	\$ 5,635,176	\$ 5,416,883	\$ 5,396,221	\$ 5,340,343	\$ 5,392,898
\$ 28,990,236	\$ 26,731,643	\$ 27,493,827	\$ 27,406,883	\$ 29,228,752	\$ 29,309,374
31,480,559	31,325,245	31,744,580	25,009,402	42,439,846	37,815,978
(8,971,263)	(3,085,508)	554,244	1,005,018	9,114,417	19,859,047
\$ 51,499,532	\$ 54,971,380	\$ 59,792,651	\$ 53,421,303	\$ 80,783,015	\$ 86,984,399

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Carteret County, North Carolina

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

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 5,926,629	\$ 5,946,901	\$ 6,442,611	\$ 6,949,982
Public safety	17,566,816	18,335,600	18,792,650	19,162,990
Transportation	1,288,106	2,447,821	1,076,768	1,442,425
Economic and physical development	6,917,827	12,020,756	5,031,505	5,538,785
Environmental protection	4,032,723	3,150,593	3,158,629	3,417,029
Human Services	15,880,099	15,277,891	15,324,864	15,635,355
Cultural and recreation	3,469,307	3,485,610	3,783,152	3,711,166
Education	25,368,980	25,364,930	24,135,533	27,466,650
Interest on long term debt	2,794,930	2,095,322	2,097,621	1,596,808
Total governmental activities	83,245,417	88,125,424	79,843,333	84,921,190
Business-type activities:				
Water	815,298	909,307	1,027,308	983,971
Total primary government expenses	\$ 84,060,715	\$ 89,034,731	\$ 80,870,641	\$ 85,905,161

(Continued)

	2016	2017	2018	2019	2020	2021
\$	7,278,369	\$ 9,236,447	\$ 8,144,384	\$ 9,357,478	\$ 9,600,044	\$ 10,841,137
	18,561,573	20,595,208	20,981,474	23,453,487	25,184,103	25,244,004
	1,066,561	1,837,842	1,628,539	1,841,321	3,545,761	5,361,325
	7,064,127	5,691,825	6,248,400	23,043,843	35,662,784	40,467,487
	2,060,267	3,671,733	3,835,482	18,482,660	4,381,762	4,824,986
	16,754,822	16,666,930	15,878,033	16,619,956	17,824,420	19,965,556
	4,452,951	4,222,782	4,159,922	4,375,740	4,102,082	4,181,010
	27,494,565	31,315,293	29,442,864	28,549,195	32,392,870	30,751,818
	1,594,653	1,452,491	1,284,366	1,100,892	912,665	723,267
	86,327,888	94,690,551	91,603,464	126,824,572	133,606,491	142,360,590
	1,045,568	1,118,055	1,259,889	1,159,290	1,186,034	1,090,992
\$	87,373,456	\$ 95,808,606	\$ 92,863,353	\$ 127,983,862	\$ 134,792,525	\$ 143,451,582

Carteret County, North Carolina

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

	Fiscal Year			
	2012	2013	2014	2015
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 1,642,152	\$ 1,638,250	\$ 1,552,817	\$ 1,612,251
Public safety	173,546	308,908	293,299	212,708
Transportation	225,239	184,316	193,228	177,027
Economic and physical development	575,489	611,160	513,351	544,236
Environmental protection	2,189,986	2,198,355	2,398,662	2,431,367
Human services	346,126	334,799	370,946	367,114
Cultural and recreation	277,774	252,227	269,228	297,915
Operating grants and contributions:				
General government	5,465	22,592	-	-
Public safety	1,438,146	1,067,750	1,150,055	1,201,955
Transportation	352,943	525,199	643,090	737,800
Economic and physical development	889,989	1,103,253	119,025	547,165
Environmental protection	859,246	3,885	406,301	149,085
Human services	9,074,506	9,652,900	9,349,318	10,211,027
Cultural and recreation	405	1,280	26,761	88,314
Education	53,241	71,025	45,159	48,172
Interest on long term debt	988,351	965,660	921,831	904,198
Capital grants and contributions:				
Public safety	26,169	-	-	-
Transportation	2,400	305,185	-	-
Economic and physical development	354,984	-	-	-
Environmental protection	-	-	-	-
Cultural and recreation	111,784	-	-	-
Education	87,984	-	-	-
Total governmental activities program revenues	19,675,925	19,246,744	18,253,071	19,530,334

(Continued)

	2016	2017	2018	2019	2020	2021
\$	1,768,252	\$ 1,805,126	\$ 1,896,230	\$ 3,036,312	\$ 2,042,325	\$ 3,303,306
	290,455	269,190	276,373	240,284	272,614	581,923
	135,956	140,384	157,348	152,241	108,324	98,560
	646,629	805,826	862,490	755,176	1,018,108	1,154,846
	3,299,900	3,271,073	3,451,334	3,533,805	3,527,031	3,478,132
	642,414	816,799	489,837	431,438	872,936	1,125,766
	318,530	361,398	350,294	373,935	286,923	120,963
	-	-	-	-	6,377	310,433
	1,187,152	1,249,821	892,343	1,180,590	1,469,968	1,206,077
	778,800	1,071,285	1,092,649	1,473,993	2,654,344	4,330,229
	95,577	661,609	342,557	5,510,341	42,738,966	18,846,363
	295,188	216,576	174,854	9,558,750	6,593,546	545,377
	10,372,796	10,836,099	9,272,539	9,496,266	10,269,441	13,470,186
	-	-	-	-	-	121,048
	40,695	36,276	32,605	72,866	41,856	35,781
	865,552	762,829	742,161	720,967	700,201	1,220,840
	-	-	-	-	-	-
	222,389	26,130	274,956	228,231	-	58,747
	-	-	22,481	-	-	-
	-	-	-	-	-	565,000
	168,320	175,470	5,500	100,000	4,154,597	-
	-	2,044	54,015	-	-	-
	21,128,605	22,507,935	20,390,566	36,865,195	76,757,557	50,573,577

Carteret County, North Carolina

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

	Fiscal Year			
	2012	2013	2014	2015
Business-type activities:				
Charge for services - Water	\$ 526,067	\$ 575,338	\$ 562,238	\$ 576,057
Capital grants and contributions - Water	3,618	1,751,350	-	-
Total business-type activities program revenues	529,685	2,326,688	562,238	576,057
Total primary government program revenues	\$ 20,205,610	\$ 21,573,432	\$ 18,815,309	\$ 20,106,391
Governmental activities	\$ (63,569,492)	\$ (68,878,680)	\$ (61,590,262)	\$ (65,390,856)
Business-type activities	(285,613)	1,417,381	(465,070)	(407,914)
Total primary government net (expense)/revenue	\$ (63,855,105)	\$ (67,461,299)	\$ (62,055,332)	\$ (65,798,770)

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

Governmental activities:				
Property taxes	\$ 51,442,461	\$ 50,250,954	\$ 50,921,192	\$ 52,302,979
Local option sales tax	12,895,813	13,718,008	13,640,870	14,800,458
Other taxes	4,748,326	4,615,833	5,240,019	6,476,176
Intergovernmental	780,738	793,818	964,088	966,265
Investment earnings	539,146	(69,957)	285,376	198,419
Miscellaneous	2,125,900	142,562	205,888	764,879
Special Item	-	2,000,000	1,128,496	-
Transfers	(245,000)	(231,565)	(300,000)	(324,000)
Total governmental activities	72,287,384	71,219,653	72,085,929	75,185,176

Business-type activities:				
Investment earnings	9,332	1,219	3,487	2,200
Miscellaneous	-	-	-	1,163
Transfers	245,000	231,565	300,000	324,000
Total business-type activities	254,332	232,784	303,487	327,363
Total primary government	\$ 72,541,716	\$ 71,452,437	\$ 72,389,416	\$ 75,512,539

Change in Net Position

Governmental activities	\$ 8,717,892	\$ 2,340,973	\$ 10,495,667	\$ 9,794,320
Business-type activities	(31,281)	1,650,165	(161,583)	(80,551)
Total primary government	\$ 8,686,611	\$ 3,991,138	\$ 10,334,084	\$ 9,713,769

2016	2017	2018	2019	2020	2021
\$ 576,598	\$ 584,344	\$ 678,879	\$ 711,732	\$ 693,744	\$ 737,858
-	-	-	-	-	-
576,598	584,344	678,879	711,732	693,744	737,858
\$ 21,705,203	\$ 23,092,279	\$ 21,069,445	\$ 37,576,927	\$ 77,451,301	\$ 51,311,435
\$ (65,199,283) (468,970)	\$ (72,182,616) (533,711)	\$ (71,212,898) (582,010)	\$ (89,959,377) (447,558)	\$ (56,848,934) (492,290)	\$ (91,787,013) (353,134)
\$ (65,668,253)	\$ (72,716,327)	\$ (71,794,908)	\$ (90,406,935)	\$ (57,341,224)	\$ (92,140,147)
\$ 49,616,653	\$ 52,093,862	\$ 53,338,473	\$ 54,449,182	\$ 54,313,866	\$ 62,590,060
15,429,458	15,628,026	17,148,416	18,298,871	19,061,509	22,220,692
6,761,921	7,077,155	7,626,941	7,759,109	7,316,586	11,508,408
1,073,420	1,144,245	1,084,553	1,195,756	1,274,575	1,620,055
269,450	359,363	633,393	1,617,950	979,978	97,429
306,748	251,132	285,414	687,823	1,740,010	177,844
-	-	-	-	-	-
(324,000)	(355,000)	(433,600)	(400,000)	(420,000)	(405,000)
73,133,650	76,198,783	79,683,590	83,608,691	84,266,524	97,809,488
3,647	4,881	9,403	26,896	16,412	689
-	548	-	-	-	-
324,000	355,000	433,600	400,000	420,000	405,000
327,647	360,429	443,003	426,896	436,412	405,689
\$ 73,461,297	\$ 76,559,212	\$ 80,126,593	\$ 84,035,587	\$ 84,702,936	\$ 98,215,177
\$ 7,934,367	\$ 4,016,167	\$ 8,470,692	\$ (6,350,686)	\$ 27,417,590	\$ 6,022,475
(141,323)	(173,282)	(138,007)	(20,662)	(55,878)	52,555
\$ 7,793,044	\$ 3,842,885	\$ 8,332,685	\$ (6,371,348)	\$ 27,361,712	\$ 6,075,030

Carteret County, North Carolina

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

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Restricted:				
Stabilization by state statute	\$ 7,544,942	\$ 5,614,618	\$ 5,613,195	\$ 6,457,421
Sheriff's fund	277,168	403,907	437,789	426,804
Recreation districts	102,739	102,739	102,739	104,081
Transportation programs	-	-	-	-
Health programs	919,286	812,855	797,986	615,523
Register of deeds	341,557	383,149	375,918	394,275
Beach nourishment	11,102,845	5,723,261	7,312,865	10,283,851
Economic development	-	-	1,705,420	1,128,497
Total restricted	20,288,537	13,040,529	16,345,912	19,410,452
Assigned:				
Subsequent year's expenditures	1,441,215	1,000,000	5,254,210	3,717,325
County Library	-	-	-	-
Unassigned	25,101,604	30,527,492	30,092,051	30,644,570
Total General Fund	\$ 46,831,356	\$ 44,568,021	\$ 51,692,173	\$ 53,772,347
All Other Governmental Funds				
Restricted:				
Public safety	\$ 594,250	\$ 766,750	\$ 688,078	\$ 881,162
Rescue protection	1,386,031	1,150,716	713,377	820,427
Fire protection	2,002,963	1,601,729	1,723,198	1,656,221
School capital	1,958,941	12,114	12,139	-
Economic development	896,556	1,041,645	1,290,682	1,494,748
Health programs	-	-	-	-
Total restricted	6,838,741	4,572,954	4,427,474	4,852,558
Committed:				
Economic development	728,994	729,674	732,706	734,594
County capital	-	500,000	403,529	403,529
School capital	543,229	1,540,719	903,468	2,130,637
Community college capital	-	-	-	-
Assigned:				
Subsequent year's expenditures	101,360	779,040	1,451,065	2,139,650
County capital	1,308,319	1,083,346	1,005,471	820,877
Unassigned:				
Special revenue funds	(786,060)	(855,743)	(1,033,467)	(1,181,701)
Capital projects funds	-	-	-	-
Total all other governmental funds	\$ 8,734,583	\$ 8,349,990	\$ 7,890,246	\$ 9,900,144

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	2016	2017	2018	2019	2020	2021
\$	6,608,370	\$ 6,881,419	\$ 7,170,172	\$ 8,143,941	\$ 17,871,225	\$ 11,573,033
	508,301	547,341	329,103	313,632	412,053	541,534
	104,081	116,336	33,898	33,898	33,898	33,898
	-	-	-	-	-	174,965
	364,036	121,577	481,368	484,242	482,776	754,744
	297,572	264,390	203,560	204,369	199,720	221,977
	13,083,623	15,986,798	18,631,010	10,679,909	17,164,659	17,714,605
	1,128,496	1,096,663	617,948	1,029,885	962,948	962,948
	22,094,479	25,014,524	27,467,059	20,889,876	37,127,279	31,977,704
	3,775,000	5,205,000	5,324,430	5,300,000	1,600,000	2,400,000
	-	-	-	-	-	140,000
	27,941,462	28,626,430	29,046,079	21,801,623	26,838,581	34,670,762
\$	53,810,941	\$ 58,845,954	\$ 61,837,568	\$ 47,991,499	\$ 65,565,860	\$ 69,188,466
\$	1,238,771	\$ 1,003,977	\$ 918,267	\$ 1,301,653	\$ 1,399,418	\$ 1,444,797
	927,601	710,162	862,519	1,081,077	1,211,152	1,550,281
	1,261,069	1,493,758	1,249,282	1,521,484	1,839,316	2,512,320
	4,512,122	1,438,366	139,641	-	-	-
	1,578,144	1,457,269	1,500,474	1,611,696	1,932,459	2,519,536
	-	-	-	-	3,092	132,873
	9,517,707	6,103,532	4,670,183	5,515,910	6,385,437	8,159,807
	-	-	-	-	-	-
	267,038	231,541	74,436	49,177	49,177	49,177
	1,157,070	566,343	146,313	162,112	622,820	204,775
	750,000	765,000	1,425,000	1,425,000	-	-
	1,113,105	593,185	774,740	90,000	130,000	-
	3,581,667	3,268,990	3,910,622	6,364,555	9,452,301	12,080,606
	(1,295,796)	(1,203,874)	(1,226,875)	(1,352,346)	(1,632,365)	(2,214,345)
	-	-	-	-	-	(915,798)
\$	15,090,791	\$ 10,324,717	\$ 9,774,419	\$ 12,254,408	\$ 15,007,370	\$ 17,364,222

Carteret County, North Carolina

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Taxes:				
Property	\$ 51,069,950	\$ 50,110,266	\$ 50,941,906	\$ 52,173,675
Sales and other taxes	17,644,139	18,333,841	18,880,889	21,276,634
Total taxes	68,714,089	68,444,107	69,822,795	73,450,309
Permits and fees	2,590,236	2,781,510	2,575,469	2,592,668
Intergovernmental	15,026,351	14,512,547	13,625,628	14,853,980
Sales and services	2,840,076	2,746,505	3,016,062	3,049,951
Interest	539,146	(69,957)	285,376	198,419
Miscellaneous	211,118	118,669	172,353	647,154
Total revenues	89,921,016	88,533,381	89,497,683	94,792,481
Expenditures				
General government	5,402,432	5,697,525	6,160,049	6,689,088
Public safety	16,863,612	17,548,136	18,122,055	18,728,679
Transportation	1,159,848	2,658,305	918,872	1,295,944
Environmental protection	4,014,786	3,104,387	3,132,347	3,395,439
Economic development	6,862,298	5,782,737	4,922,228	5,582,073
Human services	15,598,191	14,814,576	14,719,500	15,639,871
Culture and recreation	2,774,024	2,889,936	3,191,895	3,190,144
Education	22,306,178	21,265,441	21,816,743	24,173,981
Capital outlay	3,689,741	10,484,171	2,837,981	3,538,776
Debt service:				
Principal	6,615,517	6,174,180	6,520,683	6,145,377
Interest	2,883,139	2,558,945	2,280,183	2,067,935
Bond issuance cost	-	-	-	107,922
Total expenditures	88,169,766	92,978,339	84,622,536	90,555,229
Excess (deficiency) of revenues over (under) expenditures	1,751,250	(4,444,958)	4,875,147	4,237,252
Other financing sources (uses):				
Transfers in	4,218,376	11,921,740	4,911,458	8,725,677
Transfers out	(4,463,376)	(12,153,305)	(5,211,458)	(9,049,677)
Proceeds from sale of capital assets	1,531,514	2,000,000	53,765	58,782
Special item	-	-	1,128,496	-
Bond premium	-	2,624,435	-	-
Bonds issued	-	-	-	-
Refunding bonds issued	10,029,942	12,700,000	-	12,250,000
Payment to refunding escrow agent	(10,012,059)	(15,077,852)	-	(12,131,962)
Proceeds from installment note	-	-	907,000	-
Total other financing sources (uses)	1,304,397	2,015,018	1,789,261	(147,180)
Net change in fund balance	\$ 3,055,647	\$ (2,429,940)	\$ 6,664,408	\$ 4,090,072
Debt service as a percentage of noncapital expenditures	10.92%	9.52%	10.52%	9.26%

	2016	2017	2018	2019	2020	2021
\$	49,621,522	\$ 51,948,681	\$ 52,974,061	\$ 54,355,973	\$ 54,920,098	\$ 63,116,088
	22,191,379	22,705,181	24,775,357	26,057,980	26,378,095	33,729,100
	71,812,901	74,653,862	77,749,418	80,413,953	81,298,193	96,845,188
	3,103,209	3,480,181	3,777,112	3,427,887	3,833,484	5,710,385
	15,099,889	16,180,325	13,416,534	29,067,046	66,599,091	43,577,447
	3,998,927	3,989,615	4,202,268	4,240,688	4,294,777	4,219,111
	269,450	359,363	633,393	1,617,950	979,978	97,429
	325,215	288,839	210,419	1,956,718	1,673,898	359,360
	94,609,591	98,952,185	99,989,144	120,724,242	158,679,421	150,808,920
	7,653,713	7,451,324	7,741,029	9,049,444	8,751,597	10,141,410
	18,092,186	19,862,881	20,430,532	23,065,217	23,889,544	24,463,493
	1,214,961	1,029,693	1,439,418	1,537,681	1,142,378	2,334,189
	3,576,906	3,645,840	3,854,481	18,502,451	4,442,846	4,729,163
	5,548,594	6,125,261	6,250,741	5,897,469	5,841,169	7,751,596
	16,312,094	16,049,596	15,286,265	16,112,972	16,742,540	19,067,878
	3,474,047	3,430,211	3,591,363	4,016,630	3,463,928	3,509,051
	23,551,049	25,173,000	25,398,749	26,180,114	27,328,780	27,612,111
	6,583,987	8,736,799	6,118,397	20,663,209	40,780,972	40,371,089
	6,393,040	6,513,867	5,661,914	5,504,773	4,675,514	3,780,514
	1,719,633	1,583,634	1,341,339	1,160,362	968,980	790,322
	-	-	-	-	-	-
	94,120,210	99,602,106	97,114,228	131,690,322	138,028,248	144,550,816
	489,381	(649,921)	2,874,916	(10,966,080)	20,651,173	6,258,104
	9,606,950	7,227,485	9,228,949	20,805,023	19,567,904	26,279,108
	(9,930,950)	(7,582,485)	(9,662,549)	(21,205,023)	(19,987,904)	(26,684,108)
	-	-	-	-	96,150	-
	-	1,273,860	-	-	-	-
	463,860	-	-	-	-	-
	4,600,000	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	4,739,860	918,860	(433,600)	(400,000)	(323,850)	(405,000)
\$	5,229,241	\$ 268,939	\$ 2,441,316	\$ (11,366,080)	\$ 20,327,323	\$ 5,853,104
	8.94%	8.36%	7.42%	5.15%	4.23%	3.22%

Carteret County, North Carolina

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

Fiscal Year Ended June 30	Real Property				Total
	Residential Property	Commercial Property	Industrial Property	Present-use Value (1)	
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
2020	12,215,471,240	1,170,143,130	38,274,243	60,560,640	13,484,449,253
2021⁽⁵⁾	13,222,410,680	1,374,594,931	39,946,884	70,567,490	14,707,519,985

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

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	Personal Property	Public Service Companies (2)	Total Assessed Valuation	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
\$	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
	1,506,349,077	146,880,056	15,137,678,386	0.31	16,338,562,748
	1,629,594,558	151,521,216	16,488,635,759	0.33	16,488,635,759

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Carteret County, North Carolina

Schedule 6

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

Fiscal Year	Carteret County Operating Mileage	Overlapping Rates ¹		Total Direct and Overlapping Rates
		Municipalities Operating Mileage	Special Districts	
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	2.1315	2.1185	4.5600
2019	0.3100	2.2425	2.1985	4.7510
2020	0.3100	2.3940	2.2310	4.9350
2021	0.3300	2.4970	2.3700	5.1970

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			
	2012	2013	2014	2015
Carteret County	0.3000	0.2900	0.2900	0.3000
Municipalities				
Atlantic Beach	0.1700	0.1700	0.1650	0.1650
Beaufort	0.2600	0.3000	0.3000	0.3300
Bogue	0.0500	0.0500	0.0500	0.0500
Cape Carteret	0.1625	0.1525	0.1525	0.1525
Cedar Point	0.0625	0.0625	0.0625	0.0625
Emerald Isle	0.1150	0.1150	0.1250	0.1400
Indian Beach	0.2150	0.2150	0.1650	0.1650
Morehead City	0.2850	0.2850	0.3150	0.3300
Newport	0.3570	0.3570	0.3570	0.3570
Pelletier	0.0550	0.0550	0.0550	0.0550
Pine Knoll Shores	0.1560	0.1560	0.1560	0.1560
Fire Districts				
Atlantic	0.0700	0.0700	0.0700	0.0700
Beaufort	0.0550	0.0550	0.0550	0.0550
Broad & Gales Creek	0.0300	0.0300	0.0300	0.0300
Cedar Island	0.1000	0.1000	0.1000	0.1000
Davis	0.0850	0.0850	0.0850	0.0850
Harkers Island	0.0800	0.0800	0.0700	0.0700
Harlowe	0.0750	0.0750	0.0750	0.0750
Marshallberg	0.0900	0.0900	0.0900	0.0900
Mill Creek	0.0450	0.0450	0.0450	0.0450
Mitchell Village	0.0750	0.0650	0.0550	0.0500
Newport	0.0700	0.0700	0.0700	0.0700
North River	0.0900	0.0900	0.0900	0.0900
Otway	0.0550	0.0550	0.0700	0.0700
Salter Path	0.0500	0.0600	0.0600	0.0600
Sea Level	0.0950	0.0950	0.0950	0.0950
South River/ Merrimon	0.0600	0.0600	0.0600	0.0600
Stacy	0.0850	0.0850	0.0850	0.0850
Stella	0.0400	0.0400	0.0400	0.0400
Western Carteret	0.0400	0.0400	0.0400	0.0400
Wildwood	0.0850	0.0850	0.0850	0.0675

(Continued)

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2016	2017	2018	2019	2020	2021
0.3000	0.3100	0.3100	0.3100	0.3100	0.3300
0.1650	0.1650	0.1650	0.1650	0.1800	0.1800
0.3475	0.3475	0.3775	0.4135	0.4600	0.4600
0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
0.1525	0.1975	0.1975	0.2125	0.2125	0.2125
0.0625	0.0625	0.0625	0.0625	0.0925	0.1175
0.1550	0.1550	0.1550	0.1550	0.1550	0.1550
0.1950	0.1950	0.1950	0.2250	0.2550	0.2850
0.3500	0.3500	0.3500	0.3500	0.3800	0.3800
0.3570	0.3570	0.3570	0.3570	0.3570	0.3950
0.0550	0.0550	0.0550	0.0550	0.0550	0.0550
0.1970	0.1970	0.1970	0.1970	0.1970	0.2070
0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
0.0550	0.0550	0.0550	0.0550	0.0625	0.0700
0.0300	0.0400	0.0400	0.0400	0.0400	0.0400
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.0850	0.0850	0.0850	0.0850	0.0850	0.0850
0.0850	0.1100	0.1100	0.1100	0.1100	0.1100
0.0750	0.0750	0.0750	0.0750	0.0750	0.0750
0.0975	0.0975	0.0900	0.0900	0.0900	0.0900
0.0450	0.0450	0.0450	0.0450	0.0550	0.0550
0.0500	0.0500	0.0500	0.0500	0.0500	0.0550
0.0700	0.0700	0.0700	0.0900	0.0900	0.1000
0.0900	0.0900	0.0700	0.0700	0.0700	0.0700
0.0700	0.0800	0.0800	0.0800	0.0800	0.0800
0.0600	0.0700	0.0700	0.0900	0.0900	0.1000
0.0950	0.0950	0.0950	0.0950	0.0950	0.0950
0.0600	0.0600	0.0600	0.0600	0.0600	0.0500
0.0850	0.0850	0.0850	0.0850	0.0850	0.0850
0.0400	0.0400	0.0800	0.1000	0.1000	0.1000
0.0400	0.0400	0.0400	0.0600	0.0600	0.0600
0.0675	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			
	2012	2013	2014	2015
Rescue Districts				
Beaufort	0.0500	0.0500	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	0.0300	0.0200	0.0200
Otway	0.0300	0.0300	0.0300	0.0300
Sea Level	0.0800	0.0600	0.0600	0.1000
South River ¹	-	-	-	-
Western Carteret	0.0300	0.0300	0.0300	0.0300
Beach Nourishment Districts				
Salter Path	0.1500	0.0500	0.0500	0.0500
Indian Beach Non Ocean Front	0.0100	0.0325	0.0325	0.0300
Indian Beach Ocean Front	0.0350	0.0850	0.0850	0.0650
Emerald Isle Non Ocean Front	0.0150	0.0150	0.0150	0.0000
Emerald Isle Ocean Front	0.0450	0.0450	0.0450	0.0300
Pine Knoll Shores Ocean Front	0.0140	0.0140	0.0140	0.0140
Pine Knoll Shores Non Ocean Front	0.0520	0.0520	0.0520	0.0520
Water Districts				
County Water District	0.0550	0.0550	0.0550	0.0550

Source: Carteret County Tax Department

Notes:

¹First Year Tax District 2021

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2016	2017	2018	2019	2020	2021
0.0550	0.0550	0.0700	0.0600	0.0600	0.0600
0.0300	0.0400	0.0400	0.0400	0.0400	0.0400
0.0450	0.0450	0.0600	0.0600	0.0800	0.0800
0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
0.0400	0.0550	0.0650	0.0650	0.0700	0.0700
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
-	-	-	-	-	0.1225
0.0300	0.0300	0.0300	0.0500	0.0500	0.0500
0.0550	0.0550	0.0550	0.0550	0.0550	0.0550
0.0200	0.0200	0.0200	0.0100	0.0100	0.0100
0.0400	0.0400	0.0400	0.0400	0.0300	0.0300
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
0.0160	0.0160	0.0160	0.0160	0.0160	0.0150
0.0600	0.0600	0.0600	0.0600	0.0600	0.0550
0.0550	0.0550	0.0550	0.0550	0.0550	0.0550

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Carteret County, North Carolina

Schedule 8

Ten Largest Taxpayers
Current Year and Ten Years Ago

Name of Taxpayer	Type of Enterprise	Fiscal Year 2021			Fiscal Year 2012		
		Assessed Valuation	Rank	Percent of Total Assessed Valuation	Assessed Valuation	Rank	Percent of Total Assessed Valuation
Carteret Craven Electric	Utility	\$ 124,515,646	1	0.755%	\$ 109,909,233	1	0.729%
Duke Energy Progress, Inc	Utility	120,663,204	2	0.732%	-	-	-
Open Grounds Farm, Inc.	Farm	93,436,154	3	0.567%	67,285,969	3	0.446%
Goose Creek Landing HOA	Real Estate	29,809,525	4	0.181%	33,372,126	5	0.221%
Beaufort Hospitality	Real Estate	27,535,123	5	0.167%	-	-	-
Carteret Place Investors LLC	Real Estate	26,103,710	6	0.158%	-	-	-
Beaufort Cove LLC	Real Estate	26,063,510	7	0.158%	-	-	-
USPG Portfolia Five LLC	Real Estate	25,754,286	8	0.156%	-	-	-
ITAC 192 LLC	Real Estate	25,260,964	9	0.153%	21,272,864	8	0.141%
Blue Treasure LLC	Barge Transport	16,785,473	10	0.102%	-	-	-
Progress Energy Carolinas	Utility	-	-	-	78,380,078	2	0.520%
Carolina Telephone		-	-	-	46,676,112	4	0.310%
Atlantic Veneer Corp	Manufacturing	-	-	-	23,819,512	6	0.158%
Indian Beach Acquisition LLC	Real Estate	-	-	-	23,413,000	7	0.155%
Time Warner Entertainment	Utility	-	-	-	17,387,551	9	0.115%
Sherin Family Investment LLC	Real Estate	-	-	-	3,049,463	10	0.020%
		\$ 515,927,595		3.129%	\$ 424,565,908		2.815%

Source: Carteret County Tax Department

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Carteret County, North Carolina

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Collected Within the Fiscal Year of the Levy		
			Total Tax Levy (1)(2)	Amount	Percentage of Levy
2012	\$ 45,203,707	\$ (168,151)	\$ 45,035,556	\$ 43,758,543	97.16%
2013	44,109,338	(102,013)	44,007,325	42,824,327	97.31%
2014	44,863,630	(79,924)	44,783,706	43,722,134	97.63%
2015	46,118,930	(47,667)	46,071,263	45,099,962	97.89%
2016	43,572,880	(107,865)	43,465,015	42,642,837	98.11%
2017	45,841,885	(193,924)	45,647,961	44,595,689	97.69%
2018	46,325,347	(219,997)	46,105,350	45,175,396	97.98%
2019	46,870,483	(130,845)	46,739,638	45,799,705	97.99%
2020	47,201,126	(297,382)	46,903,744	46,024,208	98.12%
2021	54,605,942	(193,444)	54,412,498	53,530,496	98.38%

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	Amount	Percentage
	Subsequent Years		of Levy
\$	1,277,013	\$ 45,035,556	100.00%
	1,138,725	43,963,052	99.90%
	985,720	44,707,854	99.83%
	892,651	45,992,613	99.83%
	720,674	43,363,511	99.77%
	824,020	45,419,709	99.50%
	737,059	45,912,455	99.58%
	684,282	46,483,987	99.45%
	440,761	46,464,969	99.06%
	-	53,530,496	98.38%

Carteret County, North Carolina

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

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Net Premiums Discounts and Adjustments	Certificates of Participation	Direct Placement Installment Loans
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
2020	19,135,000	1,559,550	855,000	4,135,588
2021	16,350,000	1,312,567	425,000	3,570,074

* 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 2020 and 2021.

		Business Activity					
Direct Placement Installment Loans	Bond Anticipation Notes	Direct Placement Revenue Bonds	Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)		
\$ 2,301,352	\$ 1,046,000	\$ -	\$ 69,241,624	\$ 1,064	2.45%		
2,130,320	-	1,046,000	65,626,109	1,064	2.27%		
1,959,288	-	1,046,000	59,576,152	862	1.97%		
1,788,256	-	1,030,000	53,773,649	778	1.77%		
1,617,224	-	1,014,000	51,881,500	744	1.64%		
1,446,192	-	997,000	44,828,426	637	1.36%		
1,275,160	-	980,000	38,692,515	548	1.13%		
1,104,128	-	962,000	32,712,745	460	0.91%		
933,096	-	944,000	27,562,234	385	*		
762,064	-	925,000	23,344,705	345	*		



Carteret County, North Carolina

Schedule 11

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
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%	0.81%	70,620	394.46
2019	23,945,515	15,095,364,194	0.16%	0.67%	71,084	336.86
2020	20,694,550	15,137,678,386	0.14%	*	71,640	288.87
2021	17,662,567	16,488,635,759	0.11%	*	67,690	260.93

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 2020 and 2021

Carteret County, North Carolina

Computation of Legal Debt Margin
 Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Assessed values of property	\$ 15,072,107,348	\$ 15,178,413,206	\$ 15,451,156,552	\$ 15,365,675,000
Debt limit 8% of assessed value	1,205,768,588	1,214,273,056	1,236,092,524	1,229,254,000
Gross debt:				
Total bonded debt	49,760,000	44,645,000	40,105,000	36,565,000
Direct placement installment debt	16,099,052	14,339,872	13,365,073	11,709,696
Net bond premiums and adjustments	35,220	3,464,917	3,100,791	2,680,697
Authorized unissued bonded debt	9,710,000	9,710,000	9,710,000	9,710,000
Total amount of debt applicable to debt limit	75,604,272	72,159,789	66,280,864	60,665,393
Legal debt margin	\$ 1,130,164,316	\$ 1,142,113,267	\$ 1,169,811,660	\$ 1,168,588,607
Total net debt applicable to the limit as a percentage of debt limit	6.27%	5.94%	5.36%	4.94%

2016	2017	2018	2019	2020	2021
\$ 14,498,901,666	\$ 14,720,400,000	\$ 14,892,942,258	\$ 15,095,364,194	\$ 15,137,678,386	\$ 16,488,635,759
1,159,912,133	1,177,632,000	1,191,435,381	1,207,629,136	1,211,014,271	1,319,090,861
36,450,000	31,585,000	27,455,000	23,390,000	19,990,000	16,775,000
10,031,656	8,382,789	6,850,875	5,411,102	4,135,588	3,570,074
2,768,620	2,417,445	2,131,480	1,845,515	1,559,550	1,312,567
-	-	-	-	-	42,000,000
49,250,276	42,385,234	36,437,355	30,646,617	25,685,138	63,657,641
\$ 1,110,661,857	\$ 1,135,246,766	\$ 1,154,998,026	\$ 1,176,982,519	\$ 1,185,329,133	\$ 1,255,433,220
4.25%	3.60%	3.06%	2.54%	2.12%	4.83%

Carteret County, North Carolina

Schedule 13

Computation of Direct and Overlapping Debt
 Governmental Activities Debt
 June 30, 2021

	Outstanding Debt	Percent Applicable to County	Amount Applicable to County
Direct			
Carteret County (1)	\$ 21,657,641	100.00%	\$ 21,657,641
Overlapping			
Town of Cedar Point (2)	496,875	100.00%	496,875
Town of Newport (2)	1,803,685	100.00%	1,803,685
Town of Pine Knoll Shores (2)	2,407,000	100.00%	2,407,000
Subtotal overlapping debt	<u>4,707,560</u>		<u>4,707,560</u>
Total direct and overlapping debt	<u>\$ 26,365,201</u>		<u>\$ 26,365,201</u>

Data Sources:

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

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

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)
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	3,431,692	48,594	4.35%	8,006
2019	71,084	3,583,559	50,413	4.35%	7,892
2020	71,640	*	*	5.58%	8,058
2021	67,690	*	*	4.85%	7,723

Data Sources:

(1) North Carolina Office of State Planning

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

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

(4) Carteret County Board of Education

* Information Unavailable



Carteret County, North Carolina

Schedule 15

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

Employer	2021			2012		
	Employment Range	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Carteret County Public Schools	1000+	1	-	1,076	1	3.30%
Carteret General Hospital	1000+	2	-	1,000	2	3.06%
Carteret County	500-999	3	-	548	4	1.68%
Wal-Mart Associates Inc	250-499	4	-	424	5	1.30%
Lowe's Home Improvements	250-499	5	-	274	8	0.84%
Food Lion	250-499	6	-	200	10	0.61%
Carteret Community College	250-499	7	-	381	6	1.17%
Bally Refrigerated Boxes	100-249	8	-	-	-	-
Lowe's Foods, LLC	100-249	9	-	237	9	0.73%
Town of Morehead City	100-249	10	-	-	-	-
NC Department of Transportation	-	-	-	553	3	1.69%
US Coast Guard	-	-	-	275	7	0.84%

Source: NC Commerce LEAD Division
 2021 Employees are full time

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Carteret County, North Carolina

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

Function/Program	Full-Time Equivalent			
	2012	2013	2014	2015
General government	66.60	62.85	57.85	59.80
Public safety	141.00	130.00	135.00	137.00
Transportation	2.00	2.00	3.00	3.00
Economic and physical development	17.00	17.00	14.00	13.87
Environmental protection	7.00	7.00	7.00	6.50
Human Services	169.91	169.33	169.33	168.33
Cultural and recreation	21.49	20.07	19.07	20.07
Water/Sewer (Business activity)	4.40	4.15	4.15	4.83
Total	429.40	412.40	409.40	413.40

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

2016	2017	2018	2019	2020	2021
60.80	61.80	62.20	65.72	65.72	68.07
138.00	141.00	144.00	150.00	153.00	159.00
4.00	4.00	4.00	6.00	8.00	9.00
13.87	14.00	16.50	17.00	17.00	18.00
6.50	6.50	6.50	6.50	6.50	7.50
170.98	177.00	184.18	185.18	186.18	186.18
20.42	22.42	22.42	22.42	22.42	42.42
4.83	4.70	4.80	4.78	4.78	4.78
419.40	431.42	444.60	457.60	463.60	494.95

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Carteret County, North Carolina

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

Function	Fiscal Year		
	2012	2013	2014
Sheriff:			
Physical arrests	2,288	2,091	2,018
Environmental Protection:			
Solid waste convenience sites:			
Refuse collected (tons / day)	45.46	43.74	46.25
Recycled Material (tons / day)	4.24	4.26	5.15
Yard Waste (tons / day)	2.61	3.50	11.00
Culture and recreation:			
Park reservations	5,792	6,099	6,462
Senior center and community center admissions	98,616	124,177	110,435
Public libraries:			
Admissions	293,613	286,588	269,839
Electronic resources users	365,516	400,407	292,250
Water:			
New connections	30	35	25
Water mains breaks	3	2	2
Average daily consumption (gallons / day)	150	125	127

Sources: Various government departments.

Notes:

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

Schedule 17

2015	2016	2017	2018	2019	2020	2021
1,659	1,773	1,815	1,086	1,170	1,154	1,052
45.23	38.36	42.17	51.65	58.04	60.74	59.48
3.90	2.38	4.19	4.62	2.68	2.74	3.45
4.80	3.24	9.28	9.59	23.21	4.67	4.35
7,888	7,192	7,508	8,220	5,916	2,216	4,340
103,007	117,355	128,229	112,893	92,109	58,576	5,105
269,184	261,578	259,850	261,347	235,673	260,899	234,810
332,243	286,530	227,773	206,564	298,768	239,584	215,626
18	15	14	13	14	13	23
-	-	1	1	1	-	-
117	118	119	121	121	115	125

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Carteret County, North Carolina

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

Function	Fiscal Year			
	2012	2013	2014	2015
Public safety:				
Sheriff				
Stations	1	1	1	1
Patrol Units	24	24	24	24
Environmental protection:				
Solid waste convenience sites	12	12	12	12
Culture and recreation:				
Park acreage	163	163	163	163
Parks	9	9	9	9
Tennis courts	14	14	14	14
Community centers	3	3	3	3
Public libraries	5	5	5	5
Water:				
Water mains (miles)	51	51	51	51
Maximum daily capacity	600,000	600,000	600,000	600,000

Sources: Various county departments.

Notes:

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

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2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
24	24	24	24	24	24
12	12	12	12	12	12
163	163	163	163	163	163
9	9	9	9	9	9
14	14	14	14	14	14
3	3	3	3	3	3
5	5	5	5	5	5
51	51	51	51	51	51
600,000	600,000	600,000	600,000	600,000	600,000



Compliance Section

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





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

Independent Auditor's Report

To the Board of County Commissioners
Carteret County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund and Occupancy Tax Fund of Carteret County, North Carolina (the County) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 13, 2021. Our report includes a reference to other auditors who audited the financial statements of Carteret County Tourism Development Authority, Carteret County - Beaufort Airport Authority, Carteret County General Hospital Corporation and Carteret County Alcoholic Beverage Control (ABC) Board, as described in our report on the County's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Carteret County ABC Board and Carteret County General Hospital Corporation were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

County Response to Finding

The 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.

PBMares, LLP

Morehead City, North Carolina
December 13, 2021



**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of County Commissioners
Carteret County, North Carolina

Report on Compliance for Each Major Federal Program

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, 2021. 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, Carteret County - Beaufort 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, Carteret County - Beaufort 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 Carteret County – Beaufort 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 Each 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, 2021.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2021-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as 2021-003 to be a significant deficiency.

The County's response to the internal control over compliance findings 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 compliance and, accordingly, we express no opinion on the response.

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

PBMares, LLP

Morehead City, North Carolina
December 13, 2021



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

Independent Auditor's Report

To the Board of County Commissioners
Carteret County, North Carolina

Report on Compliance for Each Major 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, 2021. 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, Carteret County - Beaufort 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, Carteret County - Beaufort 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 Carteret County – Beaufort 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 Each 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, 2021.

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 than 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 2021-004 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 compliance and, accordingly, we express no opinion on the response.

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

PBMares, LLP

Morehead City, North Carolina
December 13, 2021

Carteret County, North Carolina

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 X Yes 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?

 X Yes 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:

<u>Program Name</u>	<u>Federal Assistance Listing</u>
Medicaid Cluster - Medical Assistance Program (Medicaid; Title XIX)	93.778
1571 Administrative Costs - Crosscutting Requirements:	
Supplemental Nutrition Assistance Program Cluster	10.561
Child Care Development Fund Cluster	93.596
Temporary Assistance for Needy Families	93.558
Children's Health Insurance Program - NC Health Choice	93.767
Child Support Enforcement	93.563
COVID-19 Coronavirus Relief Fund (CRF)	21.019
Formula Grants for Rural Areas -	
Rural Transit Assistance Program (including COVID-19 funded portion)	20.509
COVID-19 HAVA Election Security Grants - HAVA CARES Act Grant	90.404

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

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

(Continued)

Carteret County, North Carolina

Schedule of Findings and Questioned Costs (Continued)
 Year Ended June 30, 2021

I - Summary of Auditor's Results (Continued)

State Awards

Internal control over major State programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?

<u> X </u> Yes	<u> </u> No
------------------	------------------

Identification of major State programs:

<u>Program Name</u>	<u>Grant Number</u>
1571 Administrative Costs - Crosscutting Requirements: Medicaid Cluster - Medical Assistance Program (Medicaid; Title XIX)	93.778
Formula Grants for Rural Areas - Rural Transit Assistance Program (including COVID-19 funded portion)	20.509
Water Resources Development Project Grant - Old Ferry Channel Complex Dredging Project	DEQ-19 - 16560
Atlantic Harbor Dredging and White Point Placement	DEQ-19 - 8037
State Grants for Financially Distressed Local Governments	NCORR-FDLG-046

(Continued)

Carteret County, North Carolina

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

II - Financial Statement Findings

Significant Deficiency in Internal Control - Unbilled Usage Adjustment
Finding 2021-001

Criteria: In accordance with accounting principles generally accepted in the United States of America (GAAP), receivables and revenue recognition include an estimate for unbilled usage.

Condition and Context: During the testing of unbilled usage, it was noted that the unbilled usage amount was calculated correctly by the County, however, the adjusting entry posted to the County's general ledger utilized the incorrect amount from the unbilled usage calculation worksheet, creating an understatement of unbilled usage of \$19,868. An audit adjustment for this amount was made to correct the unbilled usage balance as of June 30, 2021.

Effect: Water fund accounts receivable and charges for services revenue were both understated by \$19,868.

Cause: Insufficient review of the unbilled usage adjusting entry posted to the general ledger.

Recommendation: We recommend the County perform a thorough review of year-end adjusting entries, ensuring all pertinent details are checked.

Management's Response: See corrective action plan.

Carteret County, North Carolina

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

III - Findings and Questioned Costs for Federal Awards

Material Weakness in Internal Control Over Compliance - Medicaid Cluster
Finding 2021-002

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services (NC DHHS)

Program Name: Medicaid Cluster - Medical Assistance Program (Medicaid; Title XIX)

AL # 93.778

Award Year: 2021

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

Condition and Context: Of the 60 claims tested we noted the following: 7 instances which included incorrect countable/non-countable income and/or incorrect budget calculations; 3 instances which included incorrect MAGI tax household for member relationship status which is required under the Modified Adjusted Gross Income (MAGI) for proper eligibility determinations for Family and Children's Medicaid; 1 instance where agency caseworkers failed to react timely to a change in client's situation; 8 instances which included incorrect countable resources and/or incorrect budget calculations; 4 instances where agency caseworkers failed to run online verification matches (OVS) and/or (AVS) in NC FAST for all applicable members of the household; 2 instances in which the local agency failed to prepare a child support referral when there was not absent parent documentation and the parent/caretaker was receiving benefits in the case; 1 instance where the agency caseworker failed to run a register of deeds check at application to verify resources; 1 instance which included an incorrect living arrangement for an adult Medicaid recipient; 6 instances where agency internal control policy 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 a local agency policy used to ensure accuracy of eligibility determination and proper input into NCFast; 1 instance where agency internal control policy required dictation/narrative case notes was not completed and present in the case file documentation.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2020-002

Effect: Potential for ineligible applicant to receive benefits.

Cause: Administrative oversight.

Questioned Costs: None noted.

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

Management's Response: See corrective action plan.

Carteret County, North Carolina

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

III - Findings and Questioned Costs for Federal Awards (Continued)

Significant Deficiency in Internal Control Over Compliance - COVID-19 HAVA Election Security Grants - HAVA CARES Act Grant
Finding 2021-003

US Election Assistance Commission

Passed through the North Carolina State Board of Elections

AL # 90.404

Award Year: 2021

Criteria: Activities Allowed or Unhallowed and Allowable Costs/Cost Principles per 2 CFR part 200, subpart E notes that costs should not consist of improper payments, including duplicate payments.

Condition and Context: While performing testing of the COVID-19 HAVA Election Security Grants - HAVA CARES Act Grant, it was noted where two election payroll reports, were submitted for both HAVA and CARES funding, thus receiving funding for the same expenditure twice. Once the County Finance Department was notified of this error, they immediately worked with the NC State Board of Elections to remedy the error. The County had more than enough Board of Elections expenditures that were paid for with local funds to offset the payroll error. This support was sent to the NC State Board of Elections, who accepted the modification submitted by the County, noting no refund was necessary on the County's part, therefore the County is still in compliance.

Effect: Costs that had already been reimbursed by HAVA funding were duplicated and also submitted as allowable costs for CARES funding.

Cause: Review procedures between separate grant administrators failed to identify the inadvertent error that included the duplicated dates when the elections payroll reports were run.

Questioned Costs: None noted.

Recommendation: It is recommended that a duplication check be implemented as part of the review process when submitting expenditures for grant funding.

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 2021-004

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services (NC DHHS)

Program Name: Medicaid Cluster - Medical Assistance Program (Medicaid; Title XIX)

AL # 93.778

Award Year: 2021

See Section III. Federal Award Findings and Questioned Costs, Finding 2021-002

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

Significant Deficiency in Internal Control – Unbilled Usage Adjustment
Finding 2021-001

Carteret County Finance Department senior staff will review and ensure that year end adjusting entries are posted correctly, and that the adjustments match the year end prepared work papers. This plan became effective September 15, 2021.

Dee Meshaw

Dee Meshaw
Assistant County Manager

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Nov 21 2022

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 Consolidated Human Services Director
 cindy.holman@carteretcountync.gov



Jessica G. Adams
 DSS Director
 Consolidated Human Services Deputy Director
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Nina M. Oliver, MS
 Health Director
 Consolidated Human Services Deputy Director
 nina.oliver@carteretcountync.gov

OFFICIAL COPY

Nov 21 2022

Corrective Action Plan

Section III. Findings and Questioned Costs for Federal Awards

Material Weakness in Internal Control Over Compliance – Medicaid
 Cluster Finding 2021-002 and 2021-004

	Deficiency	Corrective Action
1	7 instances which included incorrect countable/noncountable income and/or incorrect budget calculations.	Budget Training
2	3 instances which included incorrect MAGI tax household for member relationship status which is required under the Modified Adjusted Gross Income (MAGI) for proper eligibility determinations for Family and Children's Medicaid.	Tax Filing Status and Relationship Training
3	1 instance where agency caseworkers failed to react timely to a change in client's situation.	Timely Reaction to Client Changes Training
4	8 instances which included incorrect countable resources and/or incorrect budget calculations.	Countable Resource Training
5	4 instances where agency caseworkers failed to run online verification matches (OVS) and/or (AVS) in NC FAST for all applicable members of the household.	Online Verification Training
6	2 instances in which the local agency failed to prepare a child support referral when there was not absent parent documentation and the parent/caretaker was receiving benefits in the case.	Child Support Referral Training
7	1 instance where the agency caseworker failed to run a register of deeds check at application to verify resources.	Resource Verification Training
8	1 instance which included an incorrect living arrangement for an adult Medicaid recipient.	Living Arrangement Training
9	6 instances where agency internal control policy required Family & Children's' Medicaid manual checklist and budget was not completed and present in the case file documentation.	Agency Internal Control Training
10	1 instance where agency internal control policy required dictation/narrative case notes was not completed and present in the case file documentation.	Agency Internal Control Training



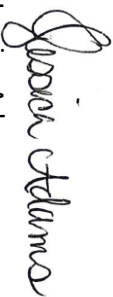
Department of Social Services — 210 Craven Street • PO Box 779 • Beaufort, NC 28516
 Tel (252) 728-3181 / Main Fax (252) 648-7462 / Legal Unit Fax (252) 648-7463

Public Health Department — 3820-A Bridges Street • Morehead City, NC 28557
 Tel (252) 728-8550 / Fax (252) 222-7739



As indicated above, training will be conducted to address the deficiencies noted. All training will be completed on January 10, 2022.

Respectfully Submitted,



Jessica Adams
DSS Director

CARTERET COUNTY FINANCE

Denise H. Meshaw, CPA
Assistant County Manager
Finance Department



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Corrective Action Plan

Significant Deficiency in Internal Control Over Compliance – COVID-19 HAVA Elections Security Grants – HAVA CARES Act Grant
Finding 2021-003

Carteret County Finance Department grants staff will review all draw down supporting detail documentation to verify no duplication of expenditures. Senior finance staff will review and verify that duplication of expenditures is not submitted to the granting agency. This plan became effective November 17, 2021.

Dee Meshaw

Dee Meshaw
Assistant County Manager

OFFICIAL COPY

Nov 21 2022

CARTERET COUNTY FINANCE

Denise H. Meshaw, CPA
Assistant County Manager
Finance Department



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Summary Schedule of Prior Audit Findings Year Ended June 30, 2021

Finding 2020-001

Status: Corrected

Finding 2020-002

Status: See identification of repeat finding 2021-002

Finding 2020-003

Status: See identification of repeat finding 2021-004

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Nov 21 2022

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2021**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
Federal Assistance		
US Department of Agriculture:		
Natural Resources Conservation Service		
Direct Program:		
Administered by County Soil and Water Conservation Department:		
NC EWP Event #5038 (Hurricane Florence) Watershed Restoration Project	10.923	
Food and Nutrition Service		
Passed through NC Department of Agriculture and Consumer Services:		
Division of Soil and Water Conservation:		
Administered by County Finance Department		
Soil and Water Conservation	10.550	
Passed through NC Department of Health and Human Services:		
Division of Public Health:		
Administered by County Health Department:		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	
Passed through NC Department of Health and Human Services:		
Division of Social Services:		
Administered by County Department of Social Services:		
Supplemental Nutrition Assistance Program Cluster:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		
Food Stamp Admin	10.561	
Food Stamp Fraud Admin	10.561	
Total Supplemental Nutrition Assistance Program Cluster		
Total US Department of Agriculture		
US Department of Commerce:		
Passed through NC Department of Environment & Natural Resources:		
Division of Water Quality		
Coastal Zone Management Administration Awards-Minor Permit/County Aid	11.419	
Division of Coastal Management		
Implementation of Coastal Zone Requirements (Section 306) and Enhancement Program (Section 309); NOAA Cooperative Agreement		
	11.419	
Total US Department of Commerce		
Institute of Museum and Library Services - LSTA		
Passed through NC Department of Natural and Cultural Resources:		
Division of State Library of North Carolina:		
Administered by County Public Library System		
National Endowment for the Humanities		
COVID-19: LSTA State Grants - COVID Funds	45.310	NC-20-65
NC Cardinal Migration Grant	45.310	
Total Institute of Museum and Library Services - LSTA		

(Continued)

Expenditures			
Federal (Direct and Pass-through)	State	Local	Passed-through to Subrecipients
\$ 188,250	\$ -	\$ -	\$ -
23,869	-	-	-
262,122	-	10,360	-
502,556	-	502,556	-
35,053	-	35,053	-
537,609	-	537,609	-
1,011,850	-	547,969	-
7,415	-	-	-
28,903	-	-	-
36,318	-	-	-
3,499	-	-	-
5,000	-	-	-
8,499	-	-	-

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2021**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
US Election Assistance Commission:		
Passed through NC State Board of Elections:		
Administered by County elections Department		
COVID-19: 2020 Supplemental COVID-19 Elections Security Grants (CARES Funds)	90.404	03-25-16
COVID-19: 2020 Supplemental COVID-19 Elections Security Grants (HAVA Funds)	90.404	NC20101001-016
Total US Election Assistance Commission		
US Department of Interior:		
Direct Program:		
Administered by County Finance Department:		
Recreation and Visitor Services: National Forest, Public Schools	15.225	
Total US Department of Interior		
US Department of Justice:		
Bureau of Justice Assistance:		
Administered by County Rape Crisis Department		
Crime Victim Assistance:		
Basic SA Services 2018	16.575	PROJ 13300
Basic SA Services 2020	16.575	PROJ 14285
Bi-Lingual Victim Advocate/ Interpreter 2019	16.575	PROJ 13309
Total US Department of Justice		
US Department of Transportation:		
Passed through NC Department of Public Safety - Emergency Management Division:		
Administered by County Emergency Services Department:		
2019 Hazardous Material Emergency Preparedness Grant Program	20.703	HMEP-1907
Passed through NC Department of Transportation:		
Administered by County Public Transportation (CCATS) Department		
Formula Grants for Rural Areas - Rural Transit Assistance Program:		
Capital Grant 21-39-054	20.526	DOT-14
Passed through NC Department of Transportation:		
Administered by County Public Transportation (CCATS) Department		
Federal Transit Cluster:		
Formula Grants for Rural Areas - Rural Transit Assistance Program:		
Administration Grant 21-CT-054	20.509	DOT-11
CARES Act		
COVID-19: CARES Act Operating Funds - Carteret County operating	20.509	20-CA-054
COVID-19: DHHS Coronavirus Relief Funds - Vaccine Transportation - Craven County Operating	20.509	21-DH-029
Total Federal Transit Cluster		
Total US Department of Transportation		
US Department of Treasury:		
Passed through NC Office of State Budget and Management:		
NC Pandemic Recovery Office		
Coronavirus Relief Funds		
Administered by County Finance Department		
COVID-19: Coronavirus Relief Fund (CRF)	21.019	
Passed through NC State Board of Elections:		
Administered by County Elections Department		
COVID-19: Election Day Voting COVID costs and Poll worker Bonus	21.019	
Passed through NC Department of Health and Human Services - Division of Public Health:		
Administered by County Health Department		
COVID-19: Coronavirus Relief Fund (CRF)	21.019	
Total US Department of Treasury		

Expenditures				
Federal (Direct and Pass-through)	State	Local	Passed-through to Subrecipients	
\$ 80,774	\$ 15,650	\$ -	\$ -	
134,380	26,883	-	-	
215,154	42,533	-	-	
35,781	-	-	-	
35,781	-	-	-	
70,863	-	17,716	-	
44,675	-	11,169	-	
44,910	-	11,228	-	
160,448	-	40,113	-	
10,000	-	-	-	
52,220	6,527	6,529	-	
183,846	11,490	34,471	-	
635,857	-	-	-	
2,518	-	-	-	
822,221	11,490	34,471	-	
884,441	18,017	41,000	-	
2,043,916	-	-	666,246	
28,800	-	-	-	
97,153	-	191	-	
2,169,869	-	191	666,246	

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
 Year Ended June 30, 2021**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
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:		
Special Programs for the Aging - Title III Part B Grants for Supportive Services and Senior Centers	93.044	
CARES Act Funding		
COVID-19: Home Delivered Meals (CARES)	93.044	
COVID-19: Access, HCCBG - In Home/Support Services, Non-HCCBC Legal Services (CARES)	93.044	
Special Programs for the Aging - Title III Part C Nutrition Services	93.045	
Families First Funding		
Home Delivered Meals (Families First)	93.045	
Congregate Nutrition (Families First)	93.045	
Nutrition Services Incentive Program	93.053	
Total Aging Cluster		
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):		
TANF Benefit Payments & Penalties	93.558	
Work First Administration	93.558	
Work First Service	93.558	
Total TANF		
Family Preservation	93.556	

(Continued)

Expenditures				
Federal (Direct and Pass-through)	State	Local	Passed-through to Subrecipients	
\$ 79,271	\$ 4,663	\$ 9,326	\$ -	
19,901	-	-	-	
6,616	-	-	-	
36,692	2,158	4,317	-	
31,808	-	-	-	
20,599	-	-	-	
7,551	-	-	-	
202,438	6,821	13,643	-	
-	-	862	-	
121,752	-	130,634	-	
559,647	-	517,740	-	
681,399	-	649,236	-	
31,556	-	-	-	

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2021**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
Passed through NC Department of Health and Human Services:		
Administered by Carteret County Department of Social Services:		
Child Support Enforcement:		
IV-D Administration	93.563	
IV-D Offset Fees ESC	93.563	
IV-D Offset Fees Federal	93.563	
Total Child Support Enforcement		
Passed through NC Department of Health and Human Services:		
Administered by Carteret County Department of Social Services:		
Low Income Home Energy Assistance Program:		
Benefit payments	93.568	
Administration	93.568	
Crisis Intervention payments	93.568	
COVID 19 - Low-Income Home Energy Assistance:		
COVID-19: LIEAP COV19	93.568	
COVID-19: LIEAP COV19 ADM	93.568	
Total Low-Income Home Energy Assistance Program		
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 Mandatory and Matching Funds-Administration	93.596	
Special Child Adoption	93.558	
Total Subsidized Child Care Cluster (Note 5)		
Passed through NC Department of Health and Human Services:		
Division of Social Services:		
Administered by County Department of Social Services:		
Stephanie Tubbs Jones Child Welfare Services Program:		
Permanency Planning - Families for Kids		
Special	93.645	
Foster Care, Adoption and Guardian Assistance Cluster:		
Title IV-E Foster Care:		
IV E CPS	93.658	
IV E MAX Level III	93.658	
IV-E Optional Adopt TRN 50%	93.659	
IV-E Family Foster Care MAX	93.658	
Foster Care payments	93.658	
IV-E Foster Care /OFF TRN	93.658	
IV-E Foster Care TRN	93.658	
IV-E Foster Care & Extended Max	93.658	
IV-E Admin County Paid to CCI	93.658	
IV-E Admin Foster Care	93.658	
Foster Care	N/A	
IV-E Adoption / Off Trn	93.659	
Direct Pay		
IV-E adoption subsidy and vendor	93.659	
Total Foster Care, Adoption and Guardian Assistance Cluster (Note 5)		

(Continued)

Expenditures			
Federal (Direct and Pass-through)	State	Local	Passed-through to Subrecipients
\$ 395,048	\$ -	\$ 203,509	\$ -
5	-	2	-
3,470	311	1,477	-
<u>398,523</u>	<u>311</u>	<u>204,988</u>	<u>-</u>
211,276	-	-	-
38,544	-	-	-
41,383	-	-	-
149,152	-	-	-
14,144	-	-	-
<u>454,499</u>	<u>-</u>	<u>-</u>	<u>-</u>
79,906	-	-	-
12,476	-	-	-
<u>92,382</u>	<u>-</u>	<u>-</u>	<u>-</u>
19,756	-	6,585	-
98,656	31,512	67,144	-
5,023	-	1,802	-
709	-	709	-
3,743	-	1,351	-
113,709	20,889	20,031	-
199,769	-	199,769	-
9,753	-	3,251	-
16,998	3,048	3,048	-
17,762	8,881	8,881	-
7	-	7	-
28,190	-	16,409	-
38,832	-	38,832	-
-	-	89,661	-
<u>533,151</u>	<u>64,330</u>	<u>450,895</u>	<u>-</u>

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
 Year Ended June 30, 2021**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
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	
Adult Protective Services	93.667	
In-home Services - SSBG other services	93.667	
Special Child Adoption Incentive	93.667	
CPS TANF to SSBG	93.667	
Passed through NC Division of Aging and Adult Services, Eastern Carolina Council:		
State In-Home Service Fund	93.667	
Total Social Services Block Grant		
Passed through NC Department of Health and Human Services:		
Administered by County Department of Social Services:		
John H. Chafee Foster Care Program for Successful Transition to Adulthood:		
Independent Living Transitional	93.674	
Links	93.674	
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood		
Health Care Financing Administration		
Passed through NC Department of Health and Human Services:		
Division of Social Services		
Administered by County Department of Social Services:		
Children's Health Insurance Program - NC Health Choice	93.767	
Health Care Financing Administration		
Passed through NC Department of Health and Human Services:		
Medicaid Cluster:		
Division of Medical Assistance:		
Administered by County Department of Social Services:		
Medical Assistance Program		
MA Expansion (MAC)	93.778	
ADT CR HM CS Mgt/Spec	93.778	
State County Special Assistance	93.778	
Division of Social Services		
Administered by County Department of Social Services:		
Medical Assistance Administration	93.778	
Transportation Administration	93.778	
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	
Total Medicaid Cluster		
Health Care Financing Administration		
Passed through NC Department of Health and Human Services:		
Division of Public Health		
Administered by Carteret County Health Department		
Public Health Emergency Preparedness	93.069	
Maternal and Child Health Federal Consolidated Programs	93.110	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	
Immunization Cooperation Agreements	93.268	
Viral Hepatitis Prevention and Control	93.270	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	
Public Health Crisis Response	93.354	
Preventive Health & Human Services Block Grant	93.991	
Total		
Health Resources and Services Administration		
Passed through NC Department of Health and Human Services:		
Division of Public Health:		
Administered by Carteret County Health Department		
Cancer Prevention and Control Programs for State Terretorial and Tribal Organizations	93.898	
Maternal and Child Health Services Block Grant	93.994	
Total		

(Continued)

Expenditures			
Federal (Direct and Pass-through)	State	Local	Passed-through to Subrecipients
\$ 7,255	\$ -	\$ 1,036	\$ -
5,934	-	-	-
222,100	-	74,033	-
-	776	(776)	-
44,487	-	-	-
14,060	402	1,607	-
293,836	1,178	75,900	-
238	-	-	-
16,926	4,231	-	-
17,164	4,231	-	-
53,741	449	10,433	-
122,371	-	122,371	-
37,424	5,913	31,511	-
54,123	-	18,041	-
1,482,585	-	496,050	-
109,076	-	109,076	-
585,554	-	-	-
2,391,133	5,913	777,049	-
28,433	-	-	-
7,082	-	-	-
50	-	-	-
155,484	-	70,185	-
4,574	-	2,707	-
280,528	-	-	-
19,208	-	-	-
32,728	-	-	-
528,087	-	72,892	-
13,025	-	11,762	-
36,495	-	-	-
49,520	-	11,762	-

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2021**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
Office of Population Affairs		
Passed through NC Department of Health and Human Services:		
Office of Population Affairs		
Family Planning Services	93.217	
Administration for Community Living		
Passed through NC Department of Insurance		
Administered by Carteret County Aging		
Medicare Enrollment Assistance Program "MIPPA"	93.071	14AANCMSHI
State Health Insurance Assistance Program "SHIP"	93.324	
Total		
Total US Department of Health and Human Services		
US Department of Homeland Security		
Passed through NC Department of Public Safety		
Division of Emergency Management-Homeland Security		
Administered by Carteret County Emergency Management Department		
Emergency Management Performance Grant Program "EMPG"	97.042	EMA-2020-EP- 00009-2020014
Administered by Carteret County Finance Department		
COVID-19: FEMA Disaster Grant Public Assistance - Cares Act	97.036	
FEMA Disaster Grant Public Assistance	97.036	
Total US Department of Homeland Security		
State Assistance		
NC Department of Health and Human Services:		
Division of Social Services:		
Administered by County Department of Social Services:		
Energy Assistance, Private Grants		
APS/CPS Care COVID 19		
County Funded Programs		
Non-Allocating County Cost		
St Child Welfare/ CPS/ CS LD		
Extended FC/MAC Non IV-E		
Extended FC>20 Stipend		
F/C At Risk Max		
FC Stipend		
Work First Non Reimbursable		
AFDC Incent / Prog Integrity		
SFHF Maximization		
CSE Disaster Non Reimbursable		
LINKS/CHAFEE/ NR-Links		
State Foster Home		
Direct Pay		
CWS Adopt, Vendor, Guard		
SC/SA Domiciliary Care payment		
SAA/SAD HB 1030/1105		
Total		

(Continued)

Expenditures			
Federal (Direct and Pass-through)	State	Local	Passed-through to Subrecipients
\$ 130,810	\$ -	\$ 122,717	\$ -
10,113	-	-	-
6,912	-	-	-
17,025	-	-	-
5,895,020	83,233	2,396,100	-
39,157	-	-	-
295,581	-	-	-
2,759,581	919,860	-	-
3,094,319	919,860	-	-
-	12,290	-	-
-	64,008	-	-
-	-	1,956,248	-
-	-	267,293	-
-	39,950	-	-
-	15,419	-	-
-	2,200	-	-
-	17	6	-
-	29,300	-	-
-	-	584,582	-
-	206	-	-
-	26,602	26,602	-
-	-	96	-
-	-	8,225	-
-	69,888	69,888	-
-	-	59,645	-
-	-	286,257	-
-	-	-	-
-	259,880	3,258,842	-

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
 Year Ended June 30, 2021**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	
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 - In Home Support			
HCCBG - Home Delivered Meals			
Total			
Division of Public Health			
Administered by the County Health Department			
Other Receipts/ State Supported Expenditures			
Food and Lodging Fees			
General Aid to County			
General Communicable Disease Control			
Care Coordination for Children			
Breast and Cervical Cancer Program			
Child Health			
Pregnancy Care Management			
Maternal Health (HMHC)			
Women's Health Service Fund			
HIV/STD State			
STD Drugs			
Tuberculosis Control			
Healthy Community Activities			
School Nurse Funding Initiative			
Total			
Total NC Department of Health and Human Services			
NC Department of Environment and Natural Resources:			
Natural Resources Division:			
Passed through County Finance Office:			
White Goods Disposal			
Scrap Tire Grant			
Scrap Tire Disposal			
Total			
Division of Water Resources:			
Administered by County Shore Protection Office:			
Water Resources Development Grant Program:			
Shallow Draft Navigation Channel Dredging Projects			
Old Ferry Channel Complex Dredging Project			DEQ-19-16560
Atlantic Harbor Dredging and White Point Placement			DEQ-19-8037
Total			
Total NC Department of Environment and Natural Resources			

(Continued)

Expenditures				
Federal (Direct and Pass-through)	State	Local	Passed-through to Subrecipients	
\$ -	\$ 198,205	\$ 22,023	\$ -	
-	54,014	6,002	-	
-	252,219	28,025	-	
-	18,657	1,181,373	-	
-	80,166	1,667,948	-	
-	1,756	239	-	
-	-	196,003	-	
-	13,000	-	-	
-	10,822	5,833	-	
-	-	192,166	-	
-	39,869	154,724	-	
-	19,572	-	-	
-	500	83,777	-	
-	871	-	-	
-	6,103	4,550	-	
-	3,747	3,549	-	
-	50,000	-	-	
-	245,063	3,490,162	-	
-	757,162	6,777,029	-	
-	37,654	-	-	
-	3,975	-	-	
-	102,595	-	-	
-	144,224	-	-	
-	1,175,000	634,309	-	
-	697,137	348,569	-	
-	1,872,137	982,878	-	
-	2,016,361	982,878	-	

Carteret County, North Carolina

**Schedule of Expenditures of Federal and State Awards (Continued)
 Year Ended June 30, 2021**

	Federal Assistance Listing Number	State/ Pass-through Grantor's Number
NC Department of Natural and Cultural Resources		
State Library of North Carolina		
Administered by the County Library Department		
State Aid Payments		
Total NC Department of Natural and Cultural Resources		
NC Department of Public Safety:		
Division of Emergency Management		
Administered by County Finance Department:		
Juvenile Crime Prevention Programs:		
Structured Day Program		
Home Based Services		
JCPC Administration		
Teen Court / Juvenile Restitution and community Services		
Total NC Department of Public Safety		
NC Department of Administration:		
Administered by the County Veterans Services		
Veteran Services		
Division of NC-CFW:		
Administered by the County Rape Crisis Department		
Sexual Assault Grant Rape Crisis		
Total NC Department of Administration		
NC Board of Elections		
Administered by the County Elections Department		
One Stop Worker Hazard Pay Bonus		
Total NC Board of Elections		
NC Department of Agriculture and Consumer Services:		
Division of Soil and Water Conservation		
Administered by the County Soil and Water Department		
Watershed Restoration Project		19-091-4036
Total NC Office of State Budget and Management		
NC Office of Recovery and Resiliency:		
State Grants for Financially Distressed Local Governments		
Administered by the County Finance Department		
Grant Number NCORR-FDLG-046		NCORR-FDLG-046
Total NC Department of Public Instruction		
NC Department of Transportation		
Administered by the County Emergency Services Department		
Division 2 Carteret-Harkers Island Fire and Rescue		DOT-18
Total NC Department of Transportation		
Total Federal Expenditures		
Total State Expenditures		
Total Local Expenditures		

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

Expenditures			
Federal (Direct and Pass-through)	State	Local	Passed-through to Subrecipients
\$ -	\$ 106,549	\$ -	\$ -
-	106,549	-	-
-	48,529	-	-
-	54,736	50,596	-
-	5,632	-	-
-	42,962	-	-
-	151,859	50,596	-
-	2,084	397,283	-
-	43,579	8,716	-
-	45,663	405,999	-
-	20,440	-	-
-	20,440	-	-
-	62,750	-	-
-	62,750	-	-
-	1,000,000	-	-
-	1,000,000	-	-
-	14,760	-	-
-	14,760	-	-
<u>\$ 13,511,699</u>	<u>\$ 5,239,187</u>	<u>\$ 666,246</u>	
		<u>\$ 11,241,875</u>	

Carteret County, North Carolina

Notes to Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2021

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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, 2021. 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 \$16,718,807 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, 2021:

	Beginning Balance June 30, 2020	Additions	Retirements	Ending Balance June 30, 2021
Revenue Bond	\$ 944,000	\$ -	\$ 19,000	\$ 925,000
Installment purchase obligations	933,096	-	171,032	762,064
	<u>\$ 1,877,096</u>	<u>\$ -</u>	<u>\$ 190,032</u>	<u>\$ 1,687,064</u>

Carteret County, North Carolina

**Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2021**

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.

