

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2005



County of Currituck, North Carolina

Prepared by the Currituck County Finance Department

**County of Currituck, North Carolina
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COUNTY OF CURRITUCK

Post Office Box 39
Currituck, North Carolina 27929-0039
Telephone (252) 232-2075 / Fax (252) 232-3551
State Courier # 10-69-17

BOARD OF COMMISSIONERS

Paul R. Martin, Chairman
S. Paul O'Neal, Vice-Chairman
Ernie Bowden
J. Owen Etheridge
Eldon Miller, Jr.

Daniel F. Scanlon II, CPA
County Manager
Kathryn McKenzie
County Attorney
Gwen H. Keene, CMC
Clerk to the Board

November 30, 2005

The Board of Commissioners
Currituck County, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Currituck County for the fiscal year ended June 30, 2005. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Pittard, Perry, and Crone Inc., and that firm's unqualified opinion is included in the Financial Section of this report. The report itself, however, is presented by the County, which is responsible for the accuracy of the data and for the completeness and fairness of its presentation including all disclosures. We believe the data presented is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

This report consists of management's representations concerning the finances of Currituck County. To provide a reasonable basis for making these representations, management of Currituck 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 Currituck County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Currituck 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.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County of Currituck's MD&A can be found immediately following the report of the independent auditors.

DESCRIPTION OF THE COUNTY

Founded in 1668, Currituck (Indian for “land of the wild goose”) is the most northeastern county in North Carolina. Currituck County is one of the state’s four original counties and is currently one of the fastest growing counties in the State. In addition to the more than 22 miles of beaches along the Atlantic Ocean, the County has numerous sounds, rivers, and creeks that provide some of the most memorable game fishing, waterfowl hunting, and other recreational activities that can be experienced. The County has a permanent population of approximately 22,617; although, the strong tourism industry produces a large seasonal population that results in an average daily population from May through September estimated to be approximately 45,000 to 55,000. There are no incorporated areas located within Currituck County.

The County has a Commissioner-Manager form of government. The Board of Commissioners consists of five members, which serve staggered four-year terms. Members are elected County-wide on a partisan basis in even numbered years. The Commissioners hold policy-making and legislative authority. They also annually adopt a balanced budget and establish a tax rate for the support of County operations. The Commissioners appoint the county manager whose responsibility it is to implement policies, manage daily operations, and appoint department heads.

The County provides its citizens with a wide range of services that include public safety, transportation, environmental protection, economic and physical development, human services, cultural and recreational services, and others. This report includes all the County’s activities in maintaining these services. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these are the Currituck County Board of Education, Albemarle Regional Health Services, Albemarle Commission, Albemarle Mental Health, Albemarle Regional Solid Waste Authority, East Albemarle Regional Library and others.

ECONOMIC CONDITIONS AND OUTLOOK

Currituck County’s leading “industry” is travel and tourism and related services. The Currituck Outer Banks is a major destination for tourists and more vacationers are visiting the Outer Banks during the non-peak months of March through May and September through November. The longer tourist season is increasing rental income and other economic benefits to local businesses. Development on the Currituck Outer Banks continues with large homes for rentals and personal use dominating the new construction. This construction has grown to the point that the majority of the ad valorem tax base is located on the Outer Banks. Although hurricanes are a continuing threat to coastal investment, new construction has not slowed, and Currituck is expected to continue to be one of the fastest growing counties in North Carolina.

Currituck County is in the Hampton Roads Metropolitan Statistical Area (MSA) and is the second fastest growing county in North Carolina, having its population increase 38.9 percent from 1996 to 2005. Currituck, located within sixteen miles of Interstate 64 and the Chesapeake Expressway, makes the county more convenient to the Norfolk International Airport and to the deepwater ports in Hampton Roads. Revisions in the North Carolina William S. Lee Act will give Currituck County a more favorable tier status allowing better State provided incentives to attract new industry and business.

Over the past two years, the County has undergone the octennial revaluation as required by the North Carolina General Statutes. The ad valorem tax base grew from \$2,847,455,323 to \$7,433,596,288, an average increase of 161%. Market values of both commercial and residential property throughout the county increased in values. The county-wide tax rate for the fiscal year ending June 30, 2006 is \$0.32 per \$100, which is favorable for new residents and businesses.

Currituck County continues its commitment to expand the Parks and Recreation facilities within the County. The County has recently completed a park with picnic areas, a boat dock and multipurpose athletic fields at the South end of the County. In addition, funds have been appropriated to begin design of a recreation facility and construct a skateboard park, which will both be located in the central part of the County and construct tennis courts in Moyock at the North end of the County.

There are several other projects being proposed for Currituck that diversify the tax base and create full time jobs including a number of professional positions. To summarize, the County's very favorable tax rate, mild climate, location, improving regional transportation systems and overall quality of life ensure that its economic outlook is bright.

MAJOR INITIATIVES

During the year the County was involved in a number of major projects, some of which will not be completed until future years. Highlights of these projects are discussed in the following paragraphs.

The Board of Commissioners and the Currituck County Board of Education continue their joint commitment of providing adequate school facilities. The Board of Commissioners approved a \$1,850,000 construction project to add a media center and convert the existing media center into classroom space at the current Moyock Elementary School. This project is underway and should be completed by January 2006. Both of the above boards are working together to meet the rapid growing needs to maintain quality education for the children of our County. The Board of Education purchased property located in Shawboro in September 2005 for an additional elementary school. The two boards are discussing design and funding of this project at this time. (The Currituck County Board of Education is a separate reporting entity apart from the County; a detailed discussion of their activities and initiatives can be found in their Comprehensive Annual Financial Report.)

Currituck County has several historical sites that are located throughout the County. The Board of Commissioners has made a commitment for restoration of some of the structures that make up part of the County's history. For several years, the restoration of the Whalehead Club located at Corolla had been the primary focus. While work continues on the Whalehead Club, the County is also working to restore the Old Jarvisburg Colored School and is studying the Historic Jail.

The County purchased property in Maple for the future site of a Cooperative Extension building and a Recreation facility that will include a swimming pool and classrooms for community recreation. These two facilities will be located together and will provide cultural, educational and recreational programs for County residents and visitors. Also, the County funded a skateboard park for the Maple Park complex and tennis courts that will be located in Moyock. Both of these smaller projects are underway and should be completed by June 2006.

Factors Affecting Financial Condition

In government, much more than in business, the budget is an integral part of a unit's accounting system and daily operations. An annual or projected budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. For Currituck County, annual budgets are adopted for the General, Special Revenue (except the Multi-Year Grant Fund), Capital Projects (except the County Governmental Facilities Fund and the School Facilities Fund) and Enterprise Funds. Multi-year project budgets are adopted for the Multi-Year Grant Fund, the County Governmental Facilities Fund and the School Facilities Fund.

Appropriations in the General Fund and the Special Revenue Funds are made at the departmental level; Capital Projects appropriations are made at the project level; and Enterprise Fund appropriations are made at the function level. However, for internal accounting purposes, budgetary control is generally maintained by object class (line item account). Purchase orders that would create an over encumbrance at that level are not written

until appropriations are made available either through budget amendments or intradepartmental transfers approved by the county manager. The county manager may transfer amounts between departments within the same fund up to \$1,000 providing an official report on such transfers at the next regular meeting of the Board of Commissioners, or make interfold loans for a period of not more than sixty days. However, the county manager may not transfer any amounts between funds or from any contingency line items within any funds.

In accordance with State law, the County's budget is prepared on the modified accrual basis, and its accounting records also are maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a fund liability is incurred, except for unmatured principal and interest on long-term debt and certain compensated absences. Governmental Fund types, such as the County's General Fund, Special Revenue Funds, Capital Projects Fund, and Agency Funds are reported on the modified accrual basis in the financial statements. The County's Enterprise and the Pension Trust Fund are reported on the full accrual basis in the financial statements, under which revenues are recorded when earned and expenses are recorded when incurred.

County management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and State financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits require estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As part of the County's single audit (discussed in more detail in a later paragraph), the independent auditor performed a review of the County's internal control structure. This review was not an audit and no opinion was issued on the County's internal control structure; however, the procedures performed by the independent auditor did not indicate any material internal control weaknesses or reportable conditions.

Local Economy. Currituck County enjoys a favorable economic environment due to an increase in tourism over previous years. The County recognizes the importance of tourism to our economy and in an effort to assist potential visitors to have more access to information on the area, the County established a Visitor's Center in Corolla.

Long-term Financial Planning. The governing board has developed a long-term construction plan for both County governmental facilities and education facilities, which are funded by the County even though they are assets of the school. The County has committed to construct a building for expansion of the Cooperative Extension activities and a building for Parks and Recreation. In addition, the County is working with the Board of Education to construct an elementary school in Shawboro, needed due to increased school enrollment at the northern part of the County. Within the next ten years, the County anticipates continued demands for additional recreational, emergency response facilities, utility expansion and schools.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U. S. Treasury, commercial paper and the North Carolina Cash Management Trust. The maturities range from 4 months to 2.33 years, with an average maturity of 221 days. The average yield on investments was 2.74% for federal agency funds, 3.26% for certificates of deposit and 3.12% for commercial paper. Interest rates were at historically low rates during the prior fiscal year. Throughout this year, interest rates have shown slow, but consistent increases.

Risk management. The County participates in the North Carolina Association of County Commissioners General Liability and Worker's compensation insurance pools. The pools provide coverage for property, general liability, vehicle, crime, professional liability, environmental impairment and worker's compensation. Employee health insurance coverage is provided through a risk pool established by several of the northeastern North Carolina counties.

OTHER INFORMATION

Currituck County is required by State law (G.S. 159-34) to have an annual independent financial audit. A compliance audit on federal and State financial assistance programs is also required under the federal Single Audit Act of 1984 and the State Single Audit Implementation Act. The County's auditors, Pittard, Perry and Crone Inc., were selected through a formal request for proposals process. The auditor's report on the General Purpose Financial Statements is included in the Financial Section of this report. The auditors' reports required as a part of the single audit are found in the Compliance Section of this report. The findings and questioned costs reported in the Compliance Section are subject to a subsequent review by the appropriate grantor agencies. This review could result in reimbursements to grantor agencies if some expenditures are deemed inappropriate. However, every effort has been made to insure that all disbursements are made in compliance with the applicable financial assistance program provisions. Required refunds, if any, should be immaterial.

This is the fifth Comprehensive Annual Financial Report prepared by Currituck County. It is the County's intention to submit this years report to the Government Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting Program. This program recognizes governmental units that publish easily read and efficiently organized Comprehensive Annual Financial Reports that confirm to program standards. A Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.


AWARDS 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 the County of Currituck for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the third consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

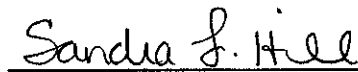
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it the the GFOA to determine its eligibility for another certificate.

Preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Finance Department and support from the Administrative, Human Resources, Planning and Tax Departments. Credit must also be given to the governing board for their support for maintaining the highest standards of professionalism in the management of the Currituck County finances.

Respectfully submitted,



Daniel F. Scanlon II
County Manager



Sandra L. Hill
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Currituck,
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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

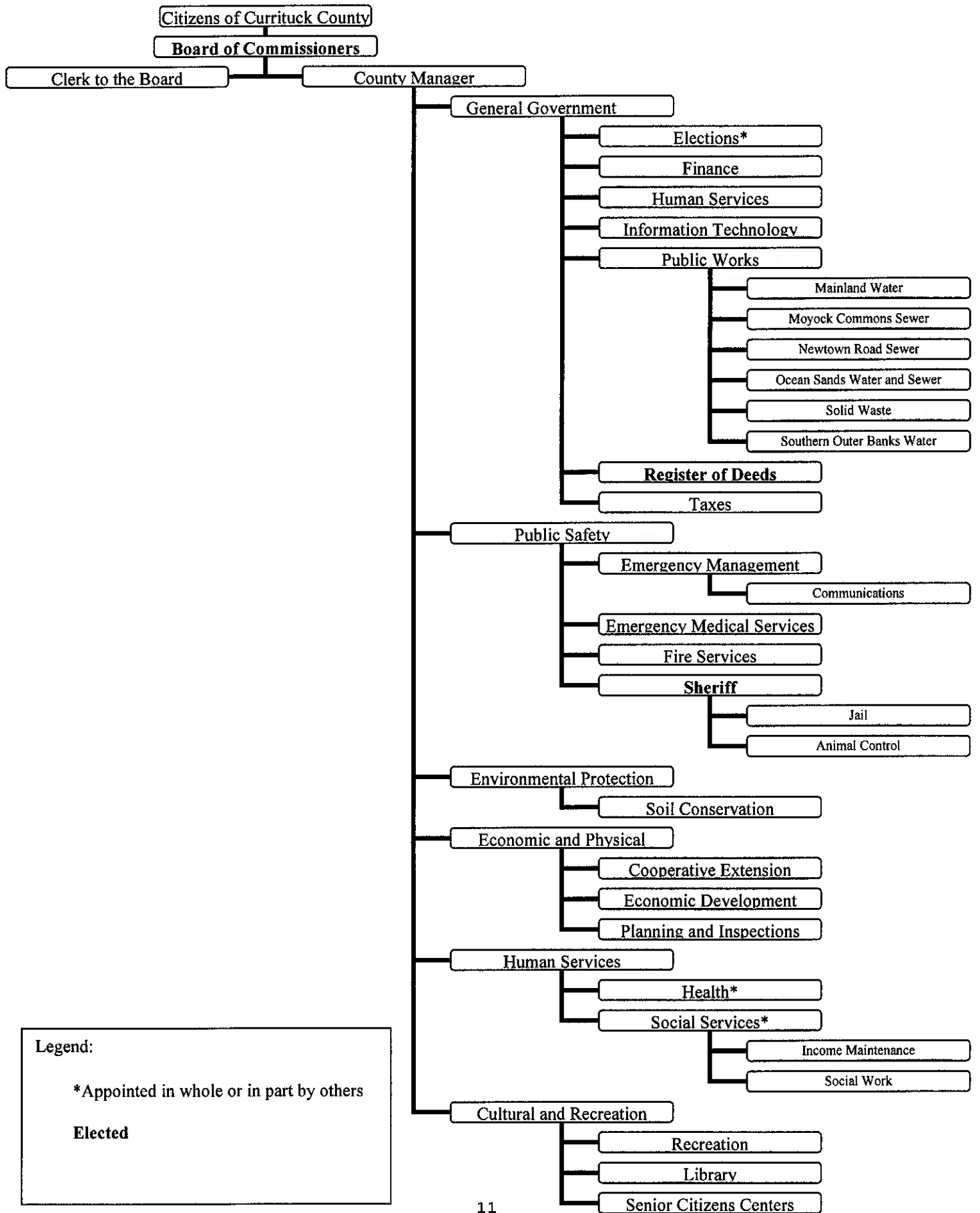


Nancy L. Ziehl

President

Jeffrey R. Emor

Executive Director



Legend:

*Appointed in whole or in part by others

Elected

CURRITUCK, NORTH CAROLINA

Paul R. Martin, Chairman

S. Paul O'Neal, Vice-Chairman

Ernie Bowden

J. Owen Etheridge

Eldon Miller Jr.

OFFICIALS

County Manager	Daniel F. Scanlon, II
Clerk to the Board	Gwen H. Keene
Board of Elections	Mary Etheridge
Sheriff	Susan Johnson
Register of Deeds	Charlene Y. Dowdy
Cooperative Extension	M. Rodney Sawyer
Economic Development	Wayne Leary
Emergency Management	Stanley Griggs
Emergency Medical Services	Rebecca Mims
Finance Director	Sandra L. Hill
Fire Prevention	James D. Mims
Human Resources Director.....	Derinda Leary
Information Technology.....	Tina I. Scanlon
Library	Geraldine Andrews
Planning & Inspections	Gary Ferguson
Public Works	Gil Falasco
Recreation	Jason Weeks
Social Services	Kathlyn S. Romm
Soil Conservation	James M. Doxey
Tax Administrator	Tracy Sample



Pittard Perry & Crone, Inc.

Certified Public Accountants and Consultants

Independent Auditor's Report

To the Board of County Commissioners
Currituck County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Currituck County, North Carolina, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Currituck County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Currituck County ABC Board or the Whalehead Preservation Trust and Currituck Wildlife Museum, which represents 2.1 percent, 1.7 percent and 8.3 percent, respectively, of the assets, net assets and revenues of the governmental activities and business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinion, insofar as it relates to the amounts included for the Currituck County ABC Board and the Whalehead Preservation Trust and Currituck Wildlife Museum, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Currituck County, North Carolina as of June 30, 2005, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis, the schedules of funding progress, and employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of

inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2005 on our consideration of Currituck County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Currituck County, North Carolina. The combining and individual nonmajor fund schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Pittard, Perry & Croxson, Inc.

October 25, 2005

Management's Discussion and Analysis,

As management of Currituck County, we offer readers of Currituck County's financial statements this narrative overview and analysis of the financial activities of Currituck County for the fiscal year ended June 30, 2005. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

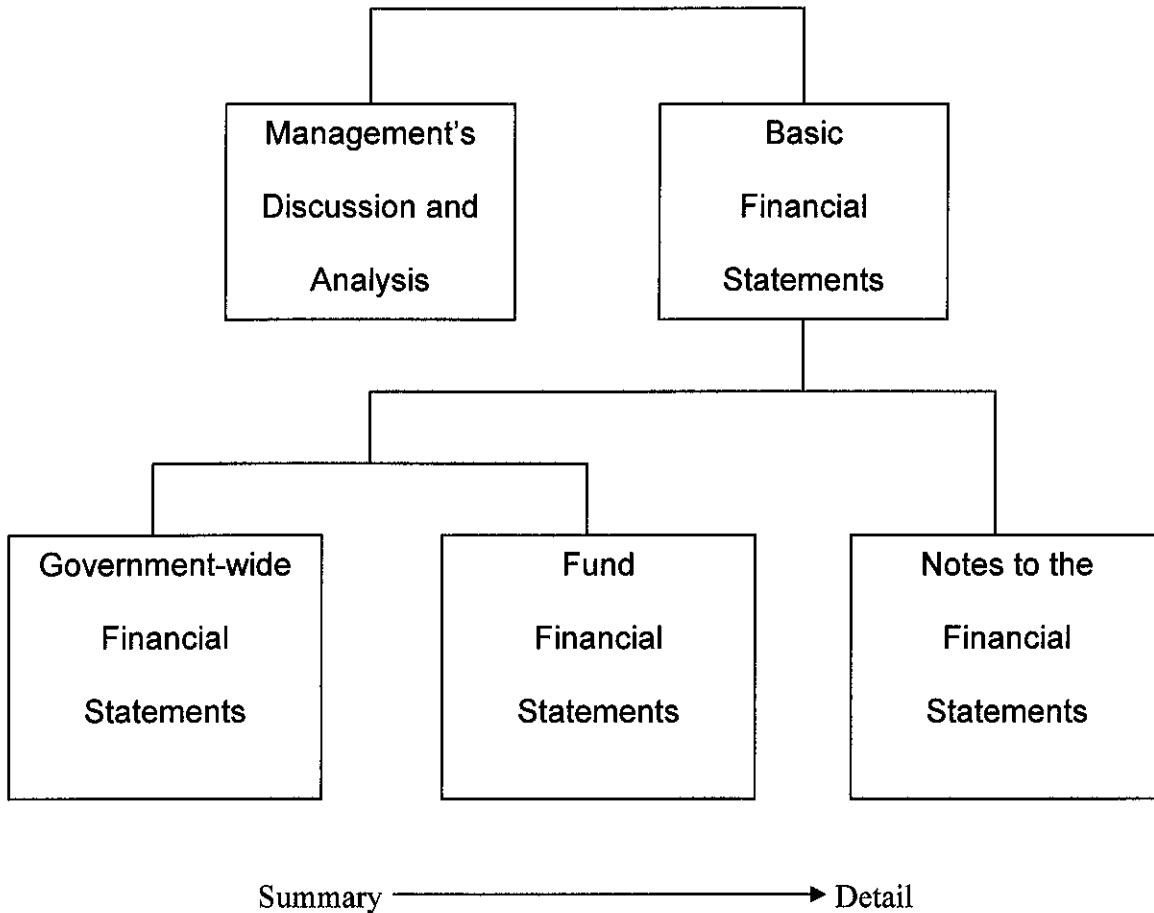
- The assets of Currituck County exceeded its liabilities at the close of the fiscal year by \$115,535,595.
- The government's total net assets increased by \$13,223,256, primarily due to increased net assets in the Governmental activities.
- As of the close of the current fiscal year, Currituck County's governmental funds reported combined ending fund balances of \$ 59,574,892, an increase of \$8,528,376 in comparison with the prior year. Approximately 86.24 percent of this total amount, or \$51,376,248 is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$18,018,303, or 56.80 percent of total general fund expenditures for the fiscal year.
- Currituck County's total debt decreased by \$2,029,140 (8.83%) during the current fiscal year. This reduction was due to scheduled debt payments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Currituck 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 Currituck County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 (Exhibits 3 through 10) 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 statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, 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.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

Government-wide Financial Statements

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

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gage the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property 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 and sewer and landfill services offered by Currituck County. The final category is the component units. The Whalehead Preservation Trust and Currituck Wildlife Museum is a governmental non-profit organization; which is also a component unit of the County because a controlling majority of the Board of Directors is appointed by the Currituck County Governing Board. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits 1 and 2 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. Currituck County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Currituck County can be divided into two categories: governmental funds and proprietary 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*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Currituck 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 legal budget document. 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – Currituck 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. Currituck County uses enterprise funds to account for its water and sewer activity and for its solid waste operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Currituck County has three fiduciary funds, one of which is a post-employment retiree benefits fund and the other two are agency funds to account for fines and forfeitures and the social services trust fund.

Notes to the 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.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Currituck County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 71 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Currituck County exceeded liabilities by \$115,535,595 as of June 30, 2005. The County's net assets increased by \$13,223,256 for the fiscal year ended June 30, 2005. One of the largest portions (45.34 %) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. As of June 30, 2005, all long-term debt in governmental activities was for school buildings, which are not capital assets for the County and therefore does not reduce capital assets. Currituck County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Currituck 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 the capital assets cannot be used to liquidate these liabilities. An additional portion of Currituck County's net assets (< 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$63,151,095 is unrestricted.

Currituck County's Net Assets

Figure 2

CURRITUCK COUNTY'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 62,913,224	\$ 54,161,885	\$ 13,064,535	\$ 18,138,151	\$ 75,977,759	\$ 72,300,036
Capital assets	37,925,033	34,106,089	26,686,649	23,266,033	64,611,682	57,372,122
Total assets	\$ 100,838,257	\$ 88,267,974	\$ 39,751,184	\$ 41,404,184	\$ 140,589,441	\$ 129,672,158
Long-term liabilities outstanding	\$ 9,225,099	\$ 10,104,884	\$ 12,227,182	\$ 13,536,321	\$ 21,452,281	\$ 23,641,205
Other liabilities	2,557,543	2,201,068	1,073,200	1,776,773	3,630,743	3,977,841
Total liabilities	11,782,642	12,305,952	13,300,382	15,313,094	25,083,024	27,619,046
Net assets:						
Invested in capital assets, net of related debt	37,925,033	34,106,089	14,459,467	9,729,712	52,384,500	43,835,801
Restricted	-	3,060	-	-	-	3,060
Unrestricted	51,159,760	41,852,873	11,991,335	15,736,338	63,151,095	57,589,211
Total net assets	\$ 89,084,793	\$ 75,962,022	\$ 26,450,802	\$ 25,466,050	\$ 115,535,595	\$ 101,428,072

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net assets:

- Increased ad valorem tax revenues due to the increases in construction throughout the County.
- Increased other taxes and license primarily due to increased transfer tax, occupancy tax and excise tax on deeds
- Permits and fees had a 5.44% decrease over the prior year, which is consistent with increasing mortgage interest rates.
- Continued low cost of debt due to the County's A2 and A+ bond ratings from Moody's investors Service and Standard and Poor's, respectively.
- General government expenditures decreased 2.02% primarily due costs associated with Hurricane Isabel in September 2003 and for the remainder of that fiscal year.
- Public safety expenditures decreased by 10.80%, which is due to the substantial completion of the Maple Law Enforcement Center by mid-year.
- Economic and physical development expenditures increased 35.93% over the previous year primarily due to increases in the tourism related expenses funded through occupancy tax.
- Cultural and recreational had the most significant increase (40.06%) due to construction of a park and boat ramp facility at Point Harbor.

Currituck County Changes in Net Assets
Figure 3

CURRITUCK COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities 2005	Business-type Activities 2005	Total 2005	Total 2004
Revenues:				
Program revenues:				
Charges for services	\$ 2,435,777	\$ 5,785,851	\$ 8,221,628	\$ 10,275,693
Operating grants and contributions	2,983,491	1,908,810	4,892,301	5,153,740
Capital grants and contributions	369,256	-	369,256	2,081,139
General revenues:				
Property taxes	17,925,962	-	17,925,962	17,092,287
Other taxes	20,962,133	-	20,962,133	19,821,148
Grants and contributions not restricted to specific programs	155,552	-	155,552	147,669
Investment earnings, unrestricted	1,147,418	262,625	1,410,043	645,555
Miscellaneous	395,381	-	395,381	-
Total revenues	46,374,970	7,957,286	54,332,256	55,217,231
Expenses:				
General government	4,415,836	-	4,415,836	3,624,010
Public safety	9,519,057	-	9,519,057	10,348,741
Transportation	295,590	-	295,590	400,063
Economic and physical development	3,794,111	-	3,794,111	3,063,105
Environmental protection	295,732	-	295,732	173,025
Human services	3,682,371	-	3,682,371	3,207,729
Cultural and recreation	1,536,324	-	1,536,324	1,272,882
Education	8,956,381	-	8,956,381	7,422,207
Interest on long-term debt	404,700	-	404,700	555,056
Solid Waste	-	3,874,034	3,874,034	3,282,646
Water and sewer	-	4,334,864	4,334,864	3,709,999
Total expenses	32,900,102	8,208,898	41,109,000	37,059,463
Increase in net assets before transfers and special items	13,474,868	(251,612)	13,223,256	18,157,768
Transfers	(379,513)	379,513	-	-
Special item - sale of capital assets	-	-	-	(8,275)
Increase in net assets	13,095,355	127,901	13,223,256	18,149,493
Net assets, July 1	75,962,022	26,092,901	102,054,923	83,905,430
Prior period adjustment	27,416	230,000	257,416	-
Net assets, June 30	\$ 89,084,793	\$ 26,450,802	\$ 115,535,595	\$ 102,054,923

Governmental activities. Governmental activities increased the County’s net assets by \$12,575,179, thereby accounting for 98.99% of the total growth in the net assets of Currituck County. Key elements of this increase are as follows:

- Increase in ad valorem tax revenues
- Increase in occupancy tax due to increased tourism over the previous year
- Increase in transfer tax due to continued low mortgage interest rates

Business-type activities: Business-type activities increased Currituck County’s net assets by \$127,901, accounting for 1.01 % of the total growth in the government’s net assets. The nominal growth is attributed to the Southern Outer Banks Water System starting operations during the winter and not becoming fully operational until the summer of 2005. Revenues remained steady in all other enterprise funds.

Financial Analysis of the County’s Funds

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

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

Figure 4 below illustrates the changes in fund balances for the County’s governmental funds as compared to the prior year.

**Figure 4
Changes in Fund Balances for Governmental Funds**

	Reserved	2005 Unreserved	Total	2004 Total	Change in Fund Balances
General	\$ 6,138,972	\$ 18,018,303	\$ 24,157,275	\$ 22,325,083	\$ 1,832,192
County Governmental Facilities	552,900	7,084,536	7,637,436	4,952,847	2,684,589
School Capital Projects	150,000	10,006,292	10,156,292	9,668,826	487,466
Transfer Tax Capital	-	11,194,180	11,194,180	7,844,547	3,349,633
Other Governmental	1,356,772	5,072,937	6,429,709	6,166,415	263,294
	<u>\$ 8,198,644</u>	<u>\$ 51,376,248</u>	<u>\$ 59,574,892</u>	<u>\$ 50,957,718</u>	<u>\$ 8,617,174</u>

The general fund is the chief operating fund of Currituck County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$18,018,303, while total fund balance reached \$24,157,275. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 56.95 percent of total General Fund expenditures, while total fund balance represents 76.35 percent of that same amount.

Fund balances in the County Governmental Facilities Fund, the School Capital Projects Fund and the Transfer Tax Capital Fund are for ongoing and future capital construction projects.

At June 30, 2005, the governmental funds of Currituck County reported a combined fund balance of \$59,574,892, a 16.91 percent increase over last year. The primary reasons for this increase is the increases in fund balances in the General Fund and the Transfer Tax Capital Fund.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three 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; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increase revenues by \$2,960,088. Actual revenues exceeded revised budget by \$2,511,458, which is a result of conservative budgeting and significantly higher transfer tax collections.

Proprietary Funds. Currituck County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Solid Waste Fund at the end of the fiscal year amounted to \$2,815,593, and those for the Water and Sewer Districts totaled \$9,175,742. The total growth in net assets for the proprietary funds is shown in Figure 5, below.

Figure 5
Changes in Net Assets for Proprietary Funds

	June 30 2004	June 30 2005	Change in Net Assets
Solid Waste	\$ 3,837,935	\$ 3,372,141	\$ (465,794)
Ocean Sands Water and Sewer	6,066,513	6,529,938	463,425
Mainland Water	7,900,987	8,898,780	997,793
Southern Outer Banks Water	8,001,548	7,114,999	(886,549)
Non-Major Proprietary Funds			
Newtown Road Sewer	420,951	407,254	(13,697)
Moyock Commons Sewer	94,967	127,690	32,723
Total	<u>\$ 26,322,901</u>	<u>\$ 26,450,802</u>	<u>\$ 127,901</u>

Capital Asset and Debt Administration

Capital assets. Currituck County's capital assets for its governmental and business – type activities as of June 30, 2005, totals \$64,611,682, net of depreciation. These assets

include buildings, land, machinery and equipment, park facilities, water and sewer distribution systems and vehicles.

Major capital asset transactions during the year include:

- Completion of the renovation of the Maple Law Enforcement Center
- Continued expansion of the Airport runway and taxiway
- Substantial completion of a park facility at the Southern end of Currituck
- Completed construction of the Southern Outer Banks Water System
- Extended waterlines on the Currituck mainland

Currituck County's Capital Assets

Figure 6

**CURRITUCK COUNTY'S CAPITAL ASSETS
(net of depreciation)**

	Governmental Activities	Business-type Activities	Total	Total
	2005	2005	2005	2004
Land	\$ 11,721,371	\$ 1,153,124	\$ 12,874,495	\$ 12,453,203
Buildings and system	18,699,783	16,077,016	34,776,799	20,202,571
Furniture & Fixtures	2,608,536	39,710	2,648,246	2,650,217
Equipment	749,356	9,301,933	10,051,289	7,190,991
Vehicles and motorized equipment	1,609,315	114,866	1,724,181	1,565,614
Construction in progress	2,536,672	-	2,536,672	13,309,526
Total	\$ 37,925,033	\$ 26,686,649	\$ 64,611,682	\$ 57,372,122

Additional information on the County's capital assets can be found in note III.A. 5 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2005, Currituck County had total bonded debt outstanding of \$12,410,000 all of which is debt backed by the full faith and credit of the County. The County also had an installment purchase agreement for the construction of the Southern Outer Banks Water System, backed by the fund assets.

**Currituck County's Outstanding Debt
General Obligation and Installment Purchase Agreements**

	Governmental Activities		Business-type Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Installment Purchase	\$ -	\$ -	\$ 8,537,182	\$ 9,386,321	\$ 8,537,182	\$ 9,386,321	\$ 8,537,182	\$ 9,386,321
General obligation bonds	8,720,000	9,670,000	3,690,000	3,920,000	12,410,000	13,590,000	20,947,182	22,976,321
Total debt	\$ 8,720,000	\$ 9,670,000	\$ 12,227,182	\$ 13,306,321	\$ 20,947,182	\$ 22,976,321		

Figure 7

Currituck County's total debt decreased by \$2,029,139 (8.83 percent) during the past fiscal year, due to annual debt service payments.

As mentioned in the financial highlights section of this document, Currituck County's bond ratings were upgraded to A2 bond rating from Moody's Investor Service and A+ rating from Standard and Poor's Corporation.

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 for Currituck County is \$210,539,244. The County has no bonds authorized but un-issued at June 30, 2005.

Additional information regarding Currituck County's long-term debt can be found in note III.B.7. beginning on page 64 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The County is enjoying a low unemployment rate of 2.9% at June 30, 2005.
- Retail sales were 4.23% above sales for the previous fiscal year
- Ad valorem tax revenues increased by 5.04% due to increases in construction

Budget Highlights for the Fiscal Year Ending June 30, 2006

Governmental Activities: Currituck County's octennial revaluation is effective for the 2006 fiscal year. Property values increased 161%. In addition, there was an effective tax increase of Four Cents per One Hundred Dollars of property value. As a result, General fund revenues are expected to increase by 18.02% this year. The County will use these increases in revenues to accumulate funding for future school construction, eliminate the fire district tax and to finance programs currently in place.

Budgeted expenditures in the General Fund are anticipated to be \$42,687,482, approximately 14.24% increase over the prior year.

Business – type Activities: The major water and sewer districts that are currently operating will maintain level operations for the upcoming year. During the winter of 2005, the Southern Outer Banks Water Plant served its first customers and during the summer, the plant was approved for full operations. Increased revenues are anticipated for solid waste collection services and disposal due to increase in valuation, additional residential housing and an increase in the tipping fee. This increased revenue will fund current operations.

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 Currituck County Finance Director, Currituck County Finance Department, 153 Courthouse Road, Room 103, PO Box 39, Currituck, North Carolina 27929-0039 or e-mail shill@co.currituck.nc.us.

County of Currituck, North Carolina
Statement of Net Assets
June 30, 2005

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Whalehead Preservation Trust and Wildlife Museum	Currituck County ABC Board
ASSETS					
Cash and cash equivalents	\$ 59,111,394	\$ 12,204,252	\$ 71,315,646	\$ 533,916	\$ 492,205
Receivables (net)	993,868	606,983	1,600,851	7,411	-
Due from other governments	2,242,071	-	2,242,071	56,629	-
Due from component unit	1,367	-	1,367	-	-
Inventories	650	-	650	71,136	433,309
Prepaid items	-	-	-	9,184	1,233
Deferred charges - issuance costs	89,002	43,452	132,454	-	-
Deferred charges -refunding	474,872	209,848	684,720	-	-
Prepaid pension costs	29,178	-	29,178	-	-
Endowment fund	-	-	-	5,000	-
Capital assets:					
Land, improvements, non- depreciable collections and construction in progress	14,258,043	1,153,124	15,411,167	597,213	451,403
Other capital assets, net of depreciation	23,666,990	25,533,525	49,200,515	161,856	132,319
Total capital assets	37,925,033	26,686,649	64,611,682	759,069	583,722
Total assets	100,838,257	39,751,184	139,772,267	1,442,345	1,510,469
LIABILITIES					
Accounts payable and accrued expenses	1,642,857	774,571	2,417,428	142,032	492,573
Unearned revenue	17,574	-	17,574	386,385	-
Customer deposits	-	52,981	52,981	13,000	-
Deposits held in trust	333,238	-	333,238	-	-
Due to primary government	-	-	-	-	5,020
Premium on debt issued	563,874	245,648	-	-	-
Long-term liabilities:					
Due within one year	1,133,336	1,124,033	2,257,369	-	-
Due in more than one year	8,091,763	11,103,149	19,194,912	-	4,072
Total liabilities	11,782,642	13,300,382	24,273,502	541,417	501,665
NET ASSETS					
Invested in capital assets, net of related debt	37,925,033	14,459,467	52,384,500	759,069	583,722
Restricted for:					
Capital assets	-	-	-	-	127,722
Unrestricted (deficit)	51,159,760	11,991,335	63,151,095	141,859	297,360
Total net assets	\$ 89,084,793	\$ 26,450,802	\$ 115,535,595	\$ 900,928	\$ 1,008,804

The notes to the financial statements are an integral part of this statement.

County of Currituck County, North Carolina
Statement of Activities
For the Year Ended June 30, 2005

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 4,415,836	\$ 670,821	\$ 53,482	\$ -
Public safety	9,519,057	1,534,985	641,533	-
Transportation	295,590	141,666	-	369,256
Economic and physical development	3,794,111	54,923	183,018	-
Environmental protection	295,732	-	25,094	-
Human services	3,682,371	-	2,080,364	-
Cultural and recreation	1,536,324	33,382	-	-
Education	8,956,381	-	-	-
Interest on long-term debt	404,700	-	-	-
Total governmental activities	32,900,102	2,435,777	2,983,491	369,256
Business-type activities:				
Solid Waste	3,874,034	1,818,615	1,519,203	-
Water and Sewer	4,334,864	3,967,236	389,607	-
Total business-type activities	8,208,898	5,785,851	1,908,810	-
	\$ 41,109,000	\$ 8,221,628	\$ 4,892,301	\$ 369,256
Component units:				
Whalehead Preservation Trust	\$ 1,449,336	\$ 344,801	\$ 48,597	\$ 1,056,773
ABC Board	2,910,060	3,016,586	-	-
Total component units	\$ 4,359,396	\$ 3,361,387	\$ 48,597	\$ 1,056,773

General revenues:

Taxes:

- Property taxes, levied for general purpose
- Property taxes, levied for fire protection
- Property taxes, levied for watershed improvement
- Local option sales taxes
- Land transfer taxes
- Occupancy taxes
- Animal taxes
- Deed stamp excise tax
- Franchise taxes
- Other taxes

Grants and contributions not restricted to specific programs

Investment earnings, unrestricted

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets-beginning

Prior period adjustment

Net assets-ending

The notes to the financial statements are an integral part of this statement.

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Whalehead Preservation Trust and Wildlife Museum	Currituck County ABC Board	
(3,691,533)		\$ (3,691,533)			
(7,342,539)		(7,342,539)			
215,332		215,332			
(3,556,170)		(3,556,170)			
(270,638)					
(1,602,007)		(1,602,007)			
(1,502,942)		(1,502,942)			
(8,956,381)		(8,956,381)			
(404,700)		(404,700)			
(27,111,578)	-	(27,111,578)			
	(536,216)	(536,216)			
	21,979	21,979			
-	(514,237)	(514,237)			
(27,111,578)	(514,237)	(27,625,815)			
			\$ 835	\$ -	
			-	106,526	
			835	106,526	
16,329,896	-	16,329,896	-	-	
1,394,766	-	1,394,766	-	-	
201,300	-	201,300	-	-	
6,972,140	-	6,972,140	-	-	
7,508,030	-	7,508,030	-	-	
4,667,481	-	4,667,481	-	-	
12,079	-	12,079	-	-	
1,500,746	-	1,500,746	-	-	
209,387	-	209,387	-	-	
92,270	-	92,270	-	-	
155,552	-	155,552	-	-	
1,147,418	262,625	1,410,043	1,633	2,361	
395,381	-	395,381	-	-	
(379,513)	379,513	-	-	-	
40,206,933	642,138	40,849,071	1,633	2,361	
13,095,355	127,901	13,223,256	2,468	108,887	
75,962,022	26,092,901	102,054,923	898,460	899,917	
27,416	230,000	257,416	-	-	
\$ 89,084,793	\$ 26,450,802	\$ 115,535,595	\$ 900,928	\$ 1,008,804	

County of Currituck, North Carolina
Balance Sheet
Governmental Funds
June 30, 2005

	County General	Governmental Facilities Fund	School Capital Projects Fund	Transfer Tax Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 23,490,809	\$ 8,159,192	\$ 10,351,267	\$ 11,194,180	\$ 5,915,946	\$ 59,111,394
Taxes receivable, net	710,797	-	-	-	68,977	779,774
Other receivables, net	163,709	381	-	-	50,004	214,094
Due from other governments	1,684,066	52,373	-	-	505,632	2,242,071
Due from component unit	1,367	-	-	-	-	1,367
Due from multi-year grant fund	9,789	-	-	-	-	9,789
Inventories	650	-	-	-	-	650
Total assets	\$ 26,061,187	\$ 8,211,946	\$ 10,351,267	\$ 11,194,180	\$ 6,540,559	\$ 62,359,139

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable and accrued liabilities	\$ 842,304	\$ 574,510	\$ 194,975	\$ -	\$ 31,068	\$ 1,642,857
Miscellaneous liabilities	333,238	-	-	-	-	333,238
Due to other funds	-	-	-	-	9,789	9,789
Deferred revenue	728,370	-	-	-	69,993	798,363
Total liabilities	1,903,912	574,510	194,975	-	110,850	2,784,247

Fund balances:

Reserved for:

Inventories	650	-	-	-	-	650
State statute	1,859,589	52,754	-	-	555,636	2,467,979
Subsequent year's budget	4,278,733	500,000	150,000	-	801,136	5,729,869
Encumbrances	-	146	-	-	-	146
Register of Deeds	-	-	-	-	-	-
Unreserved	18,018,303	7,084,536	10,006,292	11,194,180	-	46,303,311
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	1,339,239	1,339,239
Capital projects funds	-	-	-	-	3,733,698	3,733,698
Total fund balances	24,157,275	7,637,436	10,156,292	11,194,180	6,429,709	59,574,892
Total liabilities and fund balances	\$ 26,061,187	\$ 8,211,946	\$ 10,351,267	\$ 11,194,180	\$ 6,540,559	

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Prepaid pension costs related to Law Enforcement Officer's Separation Allowance	29,178
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	37,925,033
Liabilities for earned but deferred revenues in fund statements.	780,789
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 7).	(9,225,099)
Net assets of governmental activities	\$ 89,084,793

The notes to the financial statements are an integral part of this statement.

County of Currituck, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2005

	County			Transfer Tax Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Governmental Facilities Fund	School Capital Projects Fund			
REVENUES						
Ad valorem taxes	\$ 16,463,406	\$ -	\$ -	\$ -	\$ 1,596,066	\$ 18,059,472
Other taxes and licenses	11,469,897	-	-	7,508,030	2,085,103	21,063,030
Unrestricted intergovernmental	155,552	-	-	-	-	155,552
Restricted intergovernmental	3,015,205	353,418	-	-	242,438	3,611,061
Permits and fees	1,959,085	-	-	-	-	1,959,085
Sales and services	416,792	-	-	-	-	416,792
Investment earnings	526,961	104,556	198,230	200,395	117,276	1,147,418
Miscellaneous	313,648	-	-	-	-	313,648
Total revenues	<u>34,320,546</u>	<u>457,974</u>	<u>198,230</u>	<u>7,708,425</u>	<u>4,040,883</u>	<u>46,726,058</u>
EXPENDITURES						
Current:						
General government	4,834,172	-	-	-	205,052	5,039,224
Public safety	8,332,431	560,212	-	-	1,523,644	10,416,287
Transportation	275,182	306,735	-	-	-	581,917
Environmental protection	256,698	-	-	-	38,427	295,125
Economic and physical development	3,740,053	384,716	-	-	157,950	4,282,719
Human services	3,684,564	-	-	-	-	3,684,564
Cultural and recreational	1,001,452	1,614,222	-	-	591,578	3,207,252
Intergovernmental:						
Education	8,245,617	-	710,764	-	-	8,956,381
Debt service:						
Principal	950,000	-	-	-	-	950,000
Interest	404,700	-	-	-	-	404,700
Debt issuance cost	-	-	-	-	-	-
Total expenditures	<u>31,724,869</u>	<u>2,865,885</u>	<u>710,764</u>	<u>-</u>	<u>2,516,651</u>	<u>37,818,169</u>
Excess (deficiency) of revenues over expenditures	<u>2,595,677</u>	<u>(2,407,911)</u>	<u>(512,534)</u>	<u>7,708,425</u>	<u>1,524,232</u>	<u>8,907,889</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	1,209,656	5,092,500	1,000,000	-	771,939	8,074,095
Transfers to other funds	(2,061,939)	-	-	(4,358,792)	(2,032,877)	(8,453,608)
Total other financing sources and uses	<u>(852,283)</u>	<u>5,092,500</u>	<u>1,000,000</u>	<u>(4,358,792)</u>	<u>(1,260,938)</u>	<u>(379,513)</u>
Net change in fund balance	1,743,394	2,684,589	487,466	3,349,633	263,294	8,528,376
Fund balances-beginning	22,325,083	4,952,847	9,668,826	7,844,547	6,166,415	50,957,718
Prior period adjustment	88,798	-	-	-	-	88,798
Fund balances-ending	<u>\$ 24,157,275</u>	<u>\$ 7,637,436</u>	<u>\$ 10,156,292</u>	<u>\$ 11,194,180</u>	<u>\$ 6,429,709</u>	<u>\$ 59,574,892</u>

The notes to the financial statements are an integral part of this statement.

County of Currituck, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2005

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

Net changes in fund balances - total governmental funds	\$ 8,528,376
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	4,036,520
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(217,578)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(133,510)
Principal payments on debt owed are recorded as a use of funds on the fund statements, but again affect only the statements of net assets in the government-wide statements	950,000
Actuarial increase in prepaid pension costs that do not use current financial resources and are not reported as revenues in the funds	1,762
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(70,215)</u>
Total changes in net assets of governmental activities	<u><u>\$13,095,355</u></u>

The notes to the financial statements are an integral part of this statement.

County of Currituck, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2005

	2005			Variance With Final Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Ad valorem taxes	\$ 14,575,000	\$ 14,575,000	\$ 16,463,406	\$ 1,888,406	\$ 15,672,595
Other taxes and licenses	9,746,458	11,370,858	11,469,897	99,039	11,022,728
Unrestricted intergovernmental	140,500	142,000	155,552	13,552	147,669
Restricted intergovernmental	2,063,223	3,129,099	3,015,205	(113,894)	3,150,394
Permits and fees	1,639,680	1,781,083	1,959,085	178,002	2,065,709
Sales and services	294,639	317,474	416,792	99,318	296,943
Investment earnings	200,000	238,820	526,961	288,141	220,446
Miscellaneous	189,500	254,754	313,648	58,894	669,244
Total revenues	<u>28,849,000</u>	<u>31,809,088</u>	<u>34,320,546</u>	<u>2,511,458</u>	<u>33,245,728</u>
Expenditures					
Current:					
General government	4,500,125	5,468,713	4,834,172	634,541	4,052,448
Public safety	8,339,266	9,352,086	8,332,431	1,019,655	8,920,692
Transportation	275,183	299,829	275,182	24,647	199,260
Environmental protection	162,303	278,903	256,698	22,205	140,586
Economic and physical development	4,079,511	4,517,347	3,740,053	777,294	2,835,436
Human services	3,694,020	4,061,826	3,684,564	377,262	3,279,706
Cultural and recreational	1,055,437	1,081,398	1,001,452	79,946	1,246,442
Intergovernmental:					
Education	8,245,617	8,245,617	8,245,617	-	7,419,867
Debt service	1,354,700	1,354,700	1,354,700	-	1,553,947
Total expenditures	<u>31,706,162</u>	<u>34,660,419</u>	<u>31,724,869</u>	<u>2,935,550</u>	<u>29,648,384</u>
Revenues over (under) expenditures	<u>(2,857,162)</u>	<u>(2,851,331)</u>	<u>2,595,677</u>	<u>5,447,008</u>	<u>3,597,344</u>
Other financing sources (uses):					
Refunding bonds issued	-	-	-	-	8,770,000
Premium on debt issued	-	-	-	-	626,527
Payment to refunding bond escrow agent	-	-	-	-	(9,427,636)
Transfers to other funds	(1,220,971)	(2,060,971)	(2,061,939)	-	(1,550,275)
Transfers from other funds	2,080,817	2,080,817	1,209,656	-	1,557,382
Total other financing sources (uses)	<u>859,846</u>	<u>19,846</u>	<u>(852,283)</u>	<u>(872,129)</u>	<u>(24,002)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>(1,997,316)</u>	<u>(2,831,485)</u>	<u>1,743,394</u>	<u>4,574,879</u>	<u>3,573,342</u>
Appropriated fund balance	<u>\$ 1,997,316</u>	<u>\$ 2,831,485</u>	<u>\$ -</u>	<u>\$ (2,831,485)</u>	<u>\$ -</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,743,394</u>	<u>\$ 1,743,394</u>	<u>3,573,342</u>
Fund balances:					
Beginning of year, July 1			22,325,083		18,751,741
Prior period adjustment			88,798		-
End of year, June 30			<u>\$ 24,157,275</u>		<u>\$ 22,325,083</u>

The notes to the financial statements are an integral part of this statement.

County of Currituck, North Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2006

	Enterprise Funds					Totals	
	Solid Waste Fund	Ocean Sands Water and Sewer District Fund	Mainland Water Fund	Southern Outer Banks Water System Fund	Non-Major Proprietary Funds	June 30, 2005	June 30, 2004
	ASSETS						
Current assets:							
Cash and cash equivalents	\$ 2,985,690	\$ 4,009,428	\$ 4,589,579	\$ 466,623	\$ 152,932	\$ 12,204,252	\$ 17,577,670
Taxes receivable, net	71,507	2,494	-	-	985	74,986	76,726
Receivables, net	106,917	111,610	180,206	124,934	8,330	531,997	483,755
Deferred charges - bond issuance	-	-	43,452	-	-	43,452	46,795
Deferred charges - refunding	-	-	209,848	-	-	209,848	225,990
Total current assets	<u>3,164,114</u>	<u>4,123,532</u>	<u>5,023,085</u>	<u>591,557</u>	<u>162,247</u>	<u>13,064,535</u>	<u>18,410,936</u>
Noncurrent assets:							
Capital assets:							
Land, improvements, and construction in progress	62,962	963,012	5,150	35,000	87,000	1,153,124	12,668,894
Other capital assets, net of depreciation	493,586	1,475,218	8,088,640	15,185,242	290,839	25,533,525	10,597,139
Total capital assets	<u>556,548</u>	<u>2,438,230</u>	<u>8,093,790</u>	<u>15,220,242</u>	<u>377,839</u>	<u>26,686,649</u>	<u>23,266,033</u>
Total noncurrent assets	<u>556,548</u>	<u>2,438,230</u>	<u>8,093,790</u>	<u>15,220,242</u>	<u>377,839</u>	<u>26,686,649</u>	<u>23,266,033</u>
Total assets	<u>3,720,662</u>	<u>6,561,762</u>	<u>13,116,875</u>	<u>15,811,799</u>	<u>540,086</u>	<u>39,751,184</u>	<u>41,676,969</u>
LIABILITIES							
Current liabilities:							
Accounts payable	348,521	31,824	205,218	152,842	4,926	743,331	1,669,862
Customer deposits	-	-	52,165	600	216	52,981	51,821
Taxes collected in advance	-	-	-	-	-	-	6,420
Accrued salaries	-	-	25,064	6,176	-	31,240	55,090
General obligation bonds payable	-	-	245,000	-	-	245,000	230,000
Notes payable	-	-	-	879,033	-	879,033	849,140
Premium on debt issued	-	-	245,648	-	-	245,648	264,555
Total current liabilities	<u>348,521</u>	<u>31,824</u>	<u>773,095</u>	<u>1,038,651</u>	<u>5,142</u>	<u>2,187,233</u>	<u>3,126,888</u>
Noncurrent liabilities:							
Liabilities payable from restricted assets:							
General obligation bonds payable	-	-	3,445,000	-	-	3,445,000	3,920,000
Notes payable	-	-	-	7,658,149	-	7,658,149	8,537,181
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>3,445,000</u>	<u>7,658,149</u>	<u>-</u>	<u>11,103,149</u>	<u>12,457,181</u>
Total liabilities	<u>348,521</u>	<u>31,824</u>	<u>4,218,095</u>	<u>8,696,800</u>	<u>5,142</u>	<u>13,300,382</u>	<u>15,584,069</u>
NET ASSETS							
Invested in capital assets, net of related debt	556,548	2,438,230	4,403,790	6,683,060	377,839	14,459,467	9,729,712
Unrestricted	2,815,593	4,091,708	4,494,990	431,939	157,105	11,991,335	16,363,189
Total net assets	<u>\$ 3,372,141</u>	<u>\$ 6,529,938</u>	<u>\$ 8,898,780</u>	<u>\$ 7,114,999</u>	<u>\$ 534,944</u>	<u>\$ 26,450,802</u>	<u>\$ 26,092,901</u>

The notes to the financial statements are an integral part of this statement.

County of Currituck, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Enterprise Funds					Totals	
	Solid Waste Fund	Ocean Sands Water and Sewer Fund	Mainland Water Fund	Southern	Non-Major Proprietary Funds	June 30, 2005	June 30, 2004
				Outer Banks Water System Fund			
OPERATING REVENUES							
Charges for services	\$ 1,818,615	\$ 568,537	\$ 1,668,399	\$ 132,617	\$ 74,768	\$ 4,262,936	\$ 3,926,067
Water and sewer taps	-	9,200	567,000	923,952	-	1,500,152	3,983,009
Miscellaneous	-	2,225	-	19,822	716	22,763	3,848
Total operating revenues	1,818,615	579,962	2,235,399	1,076,391	75,484	5,785,851	7,912,924
OPERATING EXPENSES							
Administration	286	17,853	148,116	257,739	1,547	425,541	228,372
Water operations	-	106,528	911,889	972,932	-	1,991,349	2,316,033
Sewer operations	-	288,728	-	-	71,572	360,300	245,459
Landfill operations	3,841,513	-	-	-	-	3,841,513	3,282,646
Depreciation	32,235	133,230	487,521	441,106	16,942	1,111,034	674,771
Total operating expenses	3,874,034	546,339	1,547,526	1,671,777	90,061	7,729,737	6,747,281
Operating income (loss)	(2,055,419)	33,623	687,873	(595,386)	(14,577)	(1,943,886)	1,165,643
NONOPERATING REVENUES (EXPENSES)							
Tax revenue	1,468,705	351,737	-	-	30,880	1,851,322	1,841,343
Sale of capital assets	-	-	-	-	-	-	6,000
Unrestricted intergovernmental revenues	50,498	-	6,990	-	-	57,488	53,563
Investment earnings	70,422	78,065	82,340	29,075	2,723	262,625	185,149
Interest expenses	-	-	(158,923)	(320,238)	-	(479,161)	(245,364)
Total nonoperating revenue (expenses)	1,589,625	429,802	(69,593)	(291,163)	33,603	1,692,274	1,840,691
Income (loss) before contributions and transfers	(465,794)	463,425	618,280	(886,549)	19,026	(251,612)	3,006,334
Transfer	-	-	379,513	-	-	379,513	649,718
Change in net assets	(465,794)	463,425	997,793	(886,549)	19,026	127,901	3,656,052
Total net assets - beginning	3,837,935	6,066,513	7,670,987	8,001,548	515,918	26,092,901	22,436,849
Prior period adjustment	-	-	230,000	-	-	230,000	-
Total net assets - ending	\$ 3,372,141	\$ 6,529,938	\$ 8,898,780	\$ 7,114,999	\$ 534,944	\$ 26,450,802	\$ 26,092,901

The notes to the financial statements are an integral part of this statement.

County of Currituck, North Carolina
Statement of Cash Flows
Enterprise Fund
For The Fiscal Year Ended June 30, 2006

						Totals	
						June 30,	June 30,
	Solid Waste Fund	Ocean Sands Water and Sewer Fund	Mainland Water Fund	Southern Outer Banks Water System Fund	Non-Major Proprietary Funds	2005	2004
Cash flows from operating activities:							
Cash received from customers	\$ 1,807,559	\$ 572,361	\$ 2,190,832	\$ 1,093,895	\$ 72,247	\$ 5,736,894	\$ 7,778,166
Cash paid for goods and services	(3,932,490)	(407,084)	(443,284)	(1,969,247)	(74,042)	(6,826,147)	(6,168,104)
Cash paid to employees for services	-	-	(503,619)	(239,316)	-	(742,935)	(536,382)
Customer deposits received	-	-	1,259	-	-	1,259	4,840
Customer deposits returned	-	(100)	-	-	-	(100)	(100)
Other operating revenue	-	-	-	-	716	716	3,216
Net cash provided (used) by operating activities	(2,124,931)	165,177	1,245,188	(1,114,668)	(1,079)	(1,830,313)	1,081,636
Cash flows from noncapital financing activities							
Tax revenues	1,493,167	350,592	-	-	31,415	1,875,174	1,863,779
Transfer from other funds	-	-	379,513	-	-	379,513	649,718
Net cash provided by noncapital financing	1,493,167	350,592	379,513	-	31,415	2,254,687	2,513,497
Cash flows from capital and related financing activities:							
Proceeds from issuance of debt	-	-	-	-	-	-	13,950,000
Acquisition and construction of capital assets	(4,101)	-	(707,594)	(3,819,955)	-	(4,531,650)	(8,546,202)
Principal paid on bond maturities and equipment contracts	-	-	(230,000)	(849,140)	-	(1,079,140)	(4,746,865)
Interest paid on bond maturities and equipment contracts	-	-	(158,335)	(320,238)	-	(478,573)	(245,364)
Grants	21,967	-	6,980	-	-	28,947	53,563
Proceeds from sale of assets	-	-	-	-	-	-	6,000
Capital contributions	-	-	-	-	-	-	-
Net cash used by capital and related financing activities	17,866	-	(1,088,949)	(4,989,333)	-	(6,060,416)	469,132
Cash flows from investing activities:							
Interest on investments	70,422	78,065	82,340	29,075	2,723	262,625	185,149
Net increase (decrease) in cash and cash equivalents	(543,476)	593,834	618,092	(6,074,926)	33,059	(5,373,417)	4,249,414
Cash and cash equivalents, July 1	3,529,167	3,415,594	3,971,487	6,541,549	119,873	17,577,670	13,328,256
Cash and cash equivalents, June 30	<u>\$ 2,985,691</u>	<u>\$ 4,009,428</u>	<u>\$ 4,589,579</u>	<u>\$ 466,623</u>	<u>\$ 152,932</u>	<u>\$ 12,204,253</u>	<u>\$ 17,577,670</u>
Reconciliation of operating income to net cash provided by operating activities:							
Operating income (loss)	\$ (2,055,419)	\$ 33,623	\$ 687,873	\$ (595,386)	\$ (14,577)	\$ (1,943,886)	\$ 539,147
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	32,235	133,230	487,521	441,106	16,942	1,111,034	674,771
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	(11,056)	(7,601)	(44,567)	17,504	(2,521)	(48,241)	(131,542)
(Increase) decrease in taxes receivable	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(90,691)	6,025	137,766	(979,899)	(923)	(927,722)	(5,242)
(Increase) in accrued vacation	-	-	(24,664)	2,007	-	(22,657)	(238)
Increase (Decrease) in customer deposits	-	(100)	1,259	-	-	1,159	4,740
Total adjustments	<u>(69,512)</u>	<u>131,554</u>	<u>557,315</u>	<u>(519,282)</u>	<u>13,498</u>	<u>113,573</u>	<u>542,489</u>
Net cash provided (used) by operating activities	<u>\$ (2,124,931)</u>	<u>\$ 165,177</u>	<u>\$ 1,245,188</u>	<u>\$ (1,114,668)</u>	<u>\$ (1,079)</u>	<u>\$ (1,830,313)</u>	<u>\$ 1,081,636</u>

The notes to the financial statements are an integral part of this statement.

Exhibit 9

County of Currituck, North Carolina
 Statement of Fiduciary Net Assets
 Fiduciary Funds
 For the Year Ended June 30, 2005

	Pension Trust Fund	Agency Fund
Assets:		
Cash and cash equivalents	\$ 393,462	\$ 13,492
Due from other governments	-	29,853
Total assets	<u>393,462</u>	<u>43,345</u>
Liabilities:		
Accounts payable	-	13,492
Due to other governments	-	29,853
Total liabilities	<u>-</u>	<u>43,345</u>
Net assets:		
Assets held in trust for pension benefits	<u>\$ 393,462</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

County of Currituck, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For The Fiscal Year Ended June 30, 2005

	Post-employment June 30 2005	Benefits Fund June 30 2004
Additions:		
Employer contributions		
Law enforcement separation allowance	\$ 36,615	\$ 38,730
Postemployment benefits	84,660	68,941
	<u>121,275</u>	<u>107,671</u>
Investment income:		
Interest	6,318	3,130
Total additions	<u>127,593</u>	<u>110,801</u>
Deductions:		
Benefits		
Law enforcement separation allowance	27,556	29,711
Postemployment benefits	85,109	77,040
Administrative expense	271	257
Total deductions	<u>112,936</u>	<u>107,008</u>
Change in net assets	14,657	3,793
Net assets:		
Beginning of year, July 1		
Law enforcement separation allowance	76,393	67,068
Postemployment benefits	302,412	307,944
Beginning of year, totals	<u>378,805</u>	<u>375,012</u>
End of year, June 30		
Law enforcement separation allowance	86,319	76,393
Postemployment benefits	307,143	302,412
Net assets - end of year, totals	<u>\$ 393,462</u>	<u>\$ 378,805</u>

The notes to the financial statements are an integral part of this statement.

County of Currituck, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2005

I. Summary of Significant Accounting Policies

The accounting policies of Currituck County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Founded in 1668, Currituck (Indian for "land of the wild goose") is the most northeastern county in North Carolina. Of the 100 counties established under North Carolina General Statute 153A-10, Currituck County is one of the State's four original counties. A five-member Board of Commissioners governs the County.

As required by generally accepted accounting principles, these financial statements present the County and its component units; legally separate entities for which the County is financially accountable. The blended component unit, although it is a legally separate entity, is, in substance, part of the County's operations. The two discretely presented component units are reported in separate columns in the County's combined financial statements in order to emphasize that they are legally separate from the County.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Ocean Sands Water and Sewer District	Blended	Ocean Sands Water and Sewer District (Ocean Sands) is part of the Ocean Sands planned unit development on the North Carolina Outer Banks. North Carolina law authorizes counties to create water and sewer districts, such as Ocean Sands, to facilitate the construction, operations and financing of water and sewer utility improvements in defined areas. Under North Carolina General Statute 162A-89, the County Board of Commissioners also serves as the governing board of Ocean Sands.	None issued.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Currituck County Alcoholic Beverage Control Board	Discrete	The Currituck County Alcoholic Beverage Control Board (ABC Board) is a corporate body with powers outlined by North Carolina General Statute 18B-701. The County Board of Commissioners appoints the members of the ABC Board's governing board. The ABC Board is required by state statute to distribute its surpluses, after other required distributions, to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as a proprietary fund.	Currituck County ABC Board 6664 Caratoke Highway Grandy, NC 27939
The Whalehead Preservation Trust	Discrete	The Whalehead Preservation Trust and The Currituck Wildlife Museum (the Whalehead Trust) was established by the County Board of Commissioners. The members of the Whalehead Trust's governing board are appointed by the County Board of Commissioners to develop and implement a museum master plan and to implement a campaign designed to provide adequate funding for the museum restoration and operation. The Whalehead Trust solicits public and private contributions that are utilized to carry out its objectives. Daily tours are also conducted during the summer season, which generates admission fee income. None of the funds raised have been restricted during the current period. The County has assumed the obligation, through a portion of the Occupancy Tax, to provide financial support to the Whalehead Trust. The Whalehead Trust, which has a June 30 year-end, is presented as a proprietary fund.	The Whalehead Preservation Trust PO Box 307 Corolla, NC 27927

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the County and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been

made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or 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.

County Governmental Facilities Fund. This fund accounts for financial resources to be used for the acquisition or construction of governmental facilities.

School Capital Projects Fund. This fund accounts for financial resources to be used for the acquisition, construction or major renovations for the Currituck County schools.

Transfer Tax Capital Fund. This fund accounts for financial resources accumulated from the excise tax on instruments conveying real property in Currituck County, approved by the General Assembly in September 1985, to be used by the county only for capital expenditures for solid waste disposal and county-operated buildings and related equipment or to retire any indebtedness incurred by the county for these purposes.

The County reports the following major enterprise funds:

Solid Waste Fund. This fund accounts for the operation, maintenance, and development of the Maple transfer station, various convenience centers throughout the County and residential collection on the Currituck Outer Banks.

Ocean Sands Water and Sewer District Fund. This fund is used to account for financial resources accumulated through a district tax and users fees for the operations of the water and sewer district within the Ocean Sands Water and Sewer District in Corolla.

Mainland Water Fund. This fund is used to account for the operations of the water system on the Currituck mainland.

The County reports the following fiduciary fund types:

Pension Trust Fund. The County has a Post-Employment Benefits Fund that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system and the health care benefits extended to certain qualifying retired employees.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; and the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Currituck County Board of Education.

Measurement Focus, 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, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 funds 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 and sewer system. Operating expenses for enterprise funds 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 nonoperating 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 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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Currituck County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2004 through February 2005 apply to the fiscal year ended June 30, 2005. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. For motor vehicles that are renewed and billed under the annual system, taxes are due on May 1 of each year and the uncollected taxes are reported as a receivable on the financial statements offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2005 because they are intended to finance the County's operations during the 2006 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

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

The County has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and related standards. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Guinea Mill Watershed Improvement, Moyock Watershed Improvement, Northwest Watershed Improvement, Whalehead Watershed Improvement, Fire Districts, Revaluation, Emergency Telephone System, and Fire Equipment Replacement Special Revenue Funds, the Land Banking, Capital Improvements, School Capital, and Transfer Tax Capital Projects Funds and the Solid Waste, Ocean Sands Water and Sewer, Mainland Water, Newtown Road Sewer, Moyock Commons Sewer and Southern Outer Banks Water System Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the County Governmental Facilities and the School Capital Projects Funds, which are consolidated with the capital project funds for reporting purposes and the Multi-year Grant Fund, which is reported with the special revenue funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The County Manager is authorized by the budget ordinance to transfer appropriations within the funds under the following conditions:

1. He may transfer amounts between departments within the same fund up to one thousand dollars, providing an official report on such transfers to the Board of Commissioners at their next regularly scheduled meeting.
2. He may make interfund loans for a period of not more than sixty days (60).
3. He may not transfer any amounts between funds or from any contingency line items within any funds.

The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Currituck ABC Board and the Whalehead Preservation Trust 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.

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2004. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

4. 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.

5. Inventories and Prepaid Items

The inventories of the County, the ABC Board, and the Whalehead Preservation Trust are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when consumed (consumption method). The inventory of the County's enterprise funds as well as those of the ABC Board and the Whalehead Preservation Trust consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds and that of the ABC Board and the Whalehead Preservation Trust is recorded as an expense as it is consumed or sold.

6. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Certain items acquired before July 1, 1970 are recorded at an estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The capitalization threshold for County assets is \$5,000. Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	40
Furniture and equipment	5-7
Vehicles	5-7

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Buildings	30
Furniture and equipment	5-10
Vehicles	5
Leasehold improvements	7-10

For the Whalehead Preservation Trust, capital assets are defined as assets with an estimated useful life in excess of two years. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Equipment and furniture	5-7
Computers	3

7. Long-term Obligations

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

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as another financing source.

8. Compensated Absences

The vacation policy of the County provides for the accumulation of up to Two Hundred Forty (240) hours of earned vacation leave with such leave being fully vested when earned. For the County's governmental funds, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported. For the County's proprietary funds an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The ABC Board employees earn one week of vacation in the first year, two weeks per year from two until fifteen years of service are completed and three weeks per year for additional years of service. Employees may choose to take the vacation time or be compensated for it. Accumulated earned vacation at June 30, 2005 and 2004 amounted to approximately \$4,072 and \$5,475, respectively. The current portion of the accumulated vacation pay for the ABC Board is not considered material.

The sick leave policies of the County 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. Since none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

9. Net Assets/Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

The governmental fund types classify fund balances as follows:

Reserved

Reserved for inventories - portion of fund balance not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved for encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts that remain unperformed at year-end.

Reserved for register of deeds automation enhancement and preservation – portion of fund balance reserved for computer and imaging technology in the office of the register of deeds.

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2005-2006 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$29,509,901 consists of several elements as follows:

Description	Amount
Prepaid pension costs resulting from actuarial study, which are not reported in the funds	\$ 29,178
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	49,992,206
Less accumulated depreciation	(12,067,173)
Net capital assets	<u>37,925,033</u>
Deferred charges related to advance refunding bond issue	563,874
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	780,789
Bonds, leases, and installment financing	(8,720,000)
Compensated absences	(505,099)
Premium on debt issued	(563,874)
Total adjustment	<u>\$ 29,509,901</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$4,566,979 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 5,836,638
Cost of disposed capital asset not recorded on fund statement	(217,578)
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.	(1,800,118)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	950,000
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 are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(70,215)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/03	(924,124)
Recording of tax receipts deferred in the fund statements as of 6/30/04	790,614
Change in prepaid pension cost for law enforcement separation allowance	<u>1,762</u>
Total adjustment	<u>\$ 4,566,979</u>

II. Stewardship, Compliance, and Accountability
Excess of Expenditures over Appropriations

The Canal #2 water salinity study being conducted by the State of North Carolina and recorded in the Multi-year Grant Fund was over expended in previous years and a project authorization budget amendment has not been approved to date.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in these units' names. 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 County and the ABC Board, these deposits are considered to be held by their agents in the entities' names. 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 County or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County and the ABC Board do not have policies regarding custodial credit risk for deposits.

At June 30, 2005, the County's deposits had a carrying amount of \$15,789,963 and a bank balance of \$16,098,485. Of the bank balance, \$300,000 was covered by federal depository insurance and \$15,798,485 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2005, Currituck County had \$1,525 cash on hand.

At June 30, 2005, the carrying amount of deposits for Currituck County ABC Board was \$492,205. Of this amount, \$100,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Dedicated Method.

At June 30, 2005, the Whalehead Preservation Trust's deposits had a balance of \$533,916 and a bank balance of \$551,078. Of the bank balance, \$100,000 was covered by federal depository insurance and \$433,916 was uninsured and not collateralized. The organization has no policy regarding custodial credit risks for deposits.

2. Investments

As of June 30, 2005, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
Commercial Paper	\$ 13,766,850	\$ 5,427,846	\$ 8,339,004	\$ -
Federal agencies	36,019,989	-	10,369,989	25,650,000
NC Capital Management Trust:				
Cash Portfolio	5,360,315	N/A	N/A	N/A
Term Portfolio*	783,298	-	783,298	-
Total Investments	\$ 55,930,452	\$ 5,427,846	\$ 19,492,291	\$ 25,650,000

* Because of the NC Capital Management Trust Term Portfolio had a duration of 0.9 years, it was presented as an investment with a maturity of 6-12 months.

Interest Rate Risk. Although the County does not have a formal policy of the length of maturities in the investment portfolio, the County staggers maturities and does not purchase investments with maturities greater than three years.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on managing credit risk. As of June 30, 2005, 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 Cash Portfolio carried a credit rating of AAAM by Standard & Poor’s as of June 30, 2005. The County’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County’s investments in US Agencies (Federal Home Loan Bank) 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. As of June 30, 2005, the County had no investments held by a counterparty that were not in the County’s name. The County had no 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 Lockhart Funding Commercial Paper, Cooper Association Tractor Commercial Paper, General Electric Credit Corporation Commercial Paper and the Federal Home Loan Bank securities. These investments are 5.91%, 6.91%, 9.83% and 59.66%, respectively of the County’s total investments.

3. Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the 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 the 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
2002	\$ 446,488	\$ 146,204	\$ 592,692
2003	460,273	109,315	569,588
2004	435,373	64,218	499,591
2005	488,833	28,108	516,941
Total	\$ 1,830,967	\$ 347,845	\$ 2,178,812

4. Receivables

Receivables at the government-wide level at June 30, 2005, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Total
Governmental Activities:				
General	\$ 163,709	\$ 720,796	\$ 1,685,433	\$ 2,569,938
County Gov't Facilities	381	-	52,373	52,754
School Capital Projects	-	-	-	-
Transfer Tax	-	-	-	-
Other Governmental	50,004	70,286	505,632	625,922
Total receivables	214,094	791,082	2,243,438	3,248,614
Allowance for doubtful accounts	-	(11,308)	-	(11,308)
Total-governmental activities	\$ 214,094	\$ 779,774	\$ 2,243,438	\$ 3,237,306
Business-type Activities				
Solid Waste	\$ 106,917	\$ 72,110	-	\$ 179,027
Ocean Sands Water and Sewer	111,610	2,494	-	114,104
Mainland Water	180,206	-	-	180,206
Southern Outer Banks Water	124,934	-	-	124,934
Other Proprietary	8,330	985	-	9,315
Total receivables	531,997	75,589	-	607,586
Allowance for doubtful accounts	-	(603)	-	(603)
Total - business-type activities	\$ 531,997	\$ 74,986	\$ -	\$ 606,983

The due from other governments that is owed to the County consists of the following:

Clerk of Court fee revenues	\$ 15,621
Emergency management grants	46,228
Local option sales tax	1,890,532
Payment in lieu of taxes	57,109
Planning grant	19,500
Social services grant	114,461
NC Department of Correction	21,340
NC Department of Transportation	19,814
Other miscellaneous revenues	<u>58,833</u>
Total	<u>\$2,243,438</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,300,079	\$ 638,870	\$ (217,578)	\$ 11,721,371
Construction in progress	1,793,756	2,536,672	(1,793,756)	2,536,672
Total capital assets not being depreciated	13,093,835	3,175,542	(2,011,334)	14,258,043
Capital assets being depreciated:				
Buildings	22,766,136	3,184,610	-	25,950,746
Furniture and fixtures	3,557,519	399,547	-	3,957,066
Equipment	2,150,070	268,111	-	2,418,181
Vehicles and motor equipment	3,142,386	602,586	(336,802)	3,408,170
Total capital assets being depreciated	31,616,111	4,454,854	(336,802)	35,734,163
Less accumulated depreciation for:				
Buildings	6,303,536	947,427	-	7,250,963
Furniture & Fixtures	957,166	391,364	-	1,348,530
Equipment	1,648,137	20,688	-	1,668,825
Vehicles and motor equipment	1,695,018	440,639	(336,802)	1,798,855
Total accumulated depreciation	10,603,857	1,800,118	(336,802)	12,067,173
Total capital assets being depreciated, net	21,012,254			23,666,990
Governmental activity capital assets, net	\$ 34,106,089			\$ 37,925,033

Primary Government

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

General government	\$ 697,684
Public safety	810,980
Transportation	113,270
Economic and physical development	39,115
Human services	54,262
Cultural and recreational	84,807
Total depreciation expense	<u>\$ 1,800,118</u>

Proprietary Funds

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Solid Waste				
Capital assets not being depreciated:				
Land	\$ 62,962	\$ -	\$ -	\$ 62,962
Capital assets being depreciated:				
Buildings	701,386	-	-	701,386
Equipment	95,905	4,101	-	100,006
Vehicles	12,736	-	-	12,736
Total capital assets being depreciated	810,027	4,101	-	814,128
Less accumulated depreciation for:				
Buildings	212,291	23,535	-	235,826
Equipment	75,804	3,605	-	79,409
Vehicles	212	5,095	-	5,307
Total accumulated depreciation	288,307	\$ 32,235	\$ -	320,542
Total capital assets being depreciated, net	521,720			493,586
Solid Waste capital assets, net	584,682			556,548
Ocean Sands Water and Sewer District				
Capital assets not being depreciated:				
Land	963,012	-	-	963,012
Total capital assets not being depreciated	963,012	-	-	963,012
Capital assets being depreciated:				
Plant and distribution systems	3,692,275	-	-	3,692,275
Furniture and maintenance equipment	380,073	-	(14,969)	365,104
Total capital assets being depreciated	4,072,348	-	(14,969)	4,057,379
Less accumulated depreciation for:				
Plant and distribution systems	2,133,691	123,076	-	2,256,767
Furniture and maintenance equipment	330,209	10,154	(14,969)	325,394
Total accumulated depreciation	2,463,900	\$ 133,230	\$ (14,969)	2,582,161
Total capital assets being depreciated, net	1,608,448			1,475,218
Ocean Sands Water and Sewer District capital assets, net	2,571,460			2,438,230

continued

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Mainland Water				
Capital assets not being depreciated:				
Land	\$ 5,150	\$ -	\$ -	\$ 5,150
Capital assets being depreciated:				
Buildings	2,690,708			2,690,708
Equipment	10,483,028	686,829	(15,352)	11,154,505
Vehicles	219,385	20,765		240,150
Total capital assets being depreciated	13,393,121	707,594	(15,352)	14,085,363
Less accumulated depreciation for:				
Buildings	1,231,693	84,970		1,316,663
Equipment	4,152,883	379,354	(15,352)	4,516,885
Vehicles	139,977	23,198		163,175
Total accumulated depreciation	5,524,553	\$ 487,522	\$ (15,352)	5,996,723
Total capital assets being depreciated, net	7,868,568			8,088,640
Mainland Water capital assets, net	7,873,718			8,093,790
Newtown Road Sewer District				
Capital assets not being depreciated:				
Land	87,000	-	-	87,000
Total capital assets not being depreciated	87,000	-	-	87,000
Capital assets being depreciated:				
Equipment	508,262	-	-	508,262
Total capital assets being depreciated	508,262	-	-	508,262
Less accumulated depreciation for:				
Equipment	200,481	16,942		217,423
Total accumulated depreciation	200,481	\$ 16,942		217,423
Total capital assets being depreciated, net	307,781			290,839
Newtown Road Sewer District capital assets, net	394,781			377,839
Southern Outer Banks Water System				
Capital assets not being depreciated:				
Land	35,000	-	-	35,000
Construction in process	11,515,770	-	(11,515,770)	-
Total capital assets not being depreciated	11,550,770	-	(11,515,770)	35,000
Capital assets being depreciated:				
Buildings	313,395	14,233,367	-	14,546,762
Equipment	89,570	1,053,423	-	1,142,993
Vehicles	40,405	48,936	-	89,341
Total capital assets being depreciated	443,370	15,335,726	-	15,779,096
Less accumulated depreciation for:				
Buildings	80,118	229,233	-	309,351
Equipment	58,539	167,085	-	225,624
Vehicles	14,091	44,788	-	58,879
Total accumulated depreciation	152,748	441,106	-	593,854
Total capital assets being depreciated, net	290,622			15,185,242
Southern Outer Banks Water System capital assets, net	11,841,392			15,220,242
Business-type activities capital assets, net	\$ 23,266,033			\$ 26,686,649

Construction commitments

Currituck County has active construction projects as of June 30, 2005 for the construction of a fire station at Waterlily, a Cooperative Extension building, and an extension of the runway at the airport. The Cooperative extension building is in the final design stage and no construction contracts have been signed. At June 30, 2005, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Cooperative extension building	\$ 525,904	\$ -
Fire station, Waterlily	\$ 253,124	\$ 166,255
Runway extension	\$ 1,757,644	\$ 345,393
Total	<u>\$ 2,536,672</u>	<u>\$ 511,648</u>

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2005, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 25,503	\$ 425,900	\$ -	\$ 451,403
Capital assets being depreciated:				
Buildings	204,623	8,058	-	212,681
Furniture and equipment	128,489	24,623	-	153,112
Vehicles	34,827	-	-	34,827
Leasehold improvements	5,631	-	-	5,631
Total capital assets being depreciated	<u>373,570</u>	<u>32,681</u>	<u>-</u>	<u>406,251</u>
Less accumulated depreciation for:				
Buildings	154,576	7,559		162,135
Furniture and equipment	81,172	16,761		97,933
Vehicles	5,224	6,965		12,189
Leasehold improvements	981	694		1,675
Total accumulated depreciation	<u>241,953</u>	<u>31,979</u>	<u>-</u>	<u>273,932</u>
ABC capital assets, net	<u>\$ 157,120</u>			<u>\$ 583,722</u>

Activity for the Whalehead Preservation Trust and Currituck Wildlife Museum as of June 30, 2005, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Museum collection	\$ 559,611	\$ 37,592	\$ -	\$ 597,203
Total capital assets not being depreciated	559,611	37,592	-	597,203
Capital assets being depreciated:				
Furniture, fixtures and equipment	227,673	9,483	-	237,156
Total capital assets being depreciated	227,673	9,483	-	237,156
Less accumulated depreciation for:				
Furniture, fixtures and equipment	52,553	22,748	-	75,301
Total accumulated depreciation	52,553	22,748	-	75,301
Total capital assets being depreciated, net	175,120			161,855
Whalehead Preservation Trusts capital assets, net	\$ 734,731			\$ 759,058

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2005, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 842,304	\$ -	\$ 333,238	\$ 1,175,542
County Gov't Facilities	574,510	-	-	574,510
School Capital Projects	194,975	-	-	194,975
Transfer Tax	-	-	-	-
Other Governmental	31,068	-	-	31,068
Total-governmental activities	\$ 1,642,857	\$ -	\$ 333,238	\$ 1,976,095
Business-type Activities:				
Solid Waste	\$ 348,521	\$ -	\$ -	\$ 348,521
Ocean Sands Water and Sewer	31,824	-	-	31,824
Mainland Water	205,218	25,064	-	230,282
Southern Outer Banks Water	152,842	6,176	-	159,018
Other Proprietary	4,926	-	-	4,926
Total - business-type activities	\$ 743,331	\$ 31,240	\$ -	\$ 774,571

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.91% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 11.48% of annual covered payroll. The contribution requirements of members and of Currituck County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2005, 2004, and 2003 were \$433,508, 369,462, and \$315,591, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2005, 2004, and 2003 were \$20,639, \$18,354, and \$13,330, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description.

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

All full-time County law enforcement officers are covered by the Separation Allowance. At June 30, 2005, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Active plan members	<u>57</u>
Total	<u>60</u>

2. Summary of Significant Accounting Policies.

Basis of Accounting. Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3. Contributions.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$36,615, or 1.93% of annual covered payroll. 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 costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2003 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2004 was 26 years.

5 Year Trend Information

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2001	\$ 16,909	158.19%	\$ (21,095)
2002	26,269	100.92%	(21,336)
2003	28,132	92.30%	(19,169)
2004	30,483	127.05%	(27,416)
2005	34,853	105.06%	(29,178)

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the separation allowance for the current year were as follows:

Employer annual required contribution	\$ 35,303
Interest on net pension obligation	(1,988)
Adjustment to annual required contribution	1,538
Annual pension cost	<u>\$ 34,853</u>
Employer contributions made for fiscal year	36,615
Decrease in net pension obligation	\$ (1,762)
Net pension obligation beginning of fiscal year	<u>(27,416)</u>
Net pension obligation end of fiscal year	<u><u>\$ (29,178)</u></u>

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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 for the year ended June 30, 2005 were \$131,679, which consisted of \$95,331 from the County and \$36,348 from the law enforcement officers.

d. Supplemental Retirement Income Plan for County Employees

Plan Description. The County, by passage of a local resolution, has elected to contribute to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to County employees not engaged in law enforcement activities. 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 established a contribution amount equal to 4.86% of each employees 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, 2005 were \$519,964 which consisted of \$339,958 from the County and \$180,006 from the county employees.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. Currituck County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina

Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government 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.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2005, the County's required and actual contributions were \$20,077.

f. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. All assets and income of the plan are held in trust by a third party administrator for the exclusive benefit of the plan participants and their beneficiaries.

e. Other Post employment Benefits - Currituck County

Health Benefits

According to a County resolution, the County provides health care benefits, under the County health care plan, to regular full-time employees of the County. All employees previously covered under the County's Group Benefit Plan and retiring prior to age 65 from the County with at least ten years of creditable and continuous service who are eligible for retirement benefits from the North Carolina Local Governmental Employees Retirement System (LGERS) are eligible for continued coverage under the County's health care plan. Under the plan, the County will pay a pro-rata share, according to the following schedule, of a retiree's individual coverage but in no instance shall the benefit enjoyed exceed the cost of an active employee's individual coverage.

10 years but less than 15 years	50% of active employee rate
15 years but less than 20 years	75% of active employee rate
20 years or more	100% of active employee rate

Currently 23 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2005, the County made payments for postretirement health benefit premiums of \$85,109. The County obtains health care coverage through a multi-county risk pool.

When a qualified retiree ceases to be eligible for the County's Group Benefit Plan the same County participation rate will apply for the retiree selecting Medicare Supplemental coverage.

The County currently funds this benefit by an annual appropriation to the Post-Employment Benefits Fund. \$307,143 of the \$393,462 fund balance reserved for employees' pension benefits at June 30, 2005, has been allocated for this benefit.

Death 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 multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or 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 employee's death, but the benefit may not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2005, the County made contributions to the State for death benefits of \$10,338. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .11% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

3. Closure and Postclosure Care Costs - Maple Landfill Facility

The County closed its Maple landfill facility, Airport Road, on April 7, 1994, at which time its waste stream began to flow to a private, regional municipal solid waste landfill through the Albemarle Regional Solid Waste Authority. Federal and State laws required the County to place a final cover on the facility when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for five years after closure. Total estimated closure and postclosure care cost was \$512,949. As of June 30, 2002, this liability was paid in full. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2002. Actual costs may be higher due to inflation, changes in technology, or changes in the regulations. Since the County met the conditions of the extended closure date of April 9, 1994, it is subject to the financial assurance regulations. However, the County has accumulated resources for the payment of closure and postclosure care costs.

4. Deferred / Unearned Revenues

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

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 17,574
Taxes receivable, net (General)	710,796	-
Taxes receivable, net (Special Revenue)	⁶² 79,818	
Total	<u>\$ 790,614</u>	<u>\$ 17,574</u>

5. Risk Management

a. Health Care Plan

The County, in conjunction with several other counties, municipalities, and non-profit governmental organizations, established Northeast Albemarle Group Health: a multi-county health benefit insurance risk pool. Northeast Albemarle Group Health offers a comprehensive health benefits plan (Plan) to all employees of member units and to certain qualifying dependents. The costs associated with the Plan, which consist of claim payments and administrative expenses, are shared by a combination of employer contributions and employee payroll deductions. Stop loss insurance is purchased to pay individual claims in excess of a set limit occurring within the fiscal year ending June 30th. An executive committee administers the Plan. A third party administrator is responsible for processing claims.

b. General Liability

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, and professional liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The pools are reinsured a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, single occurrence losses of \$350,000 for workers' compensation.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through NFIP. The County currently has this coverage on the Whalehead Hunt Club at Corolla.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

The Whalehead Preservation Trust 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 Board of Directors carries commercial insurance to cover these risks of loss. The facility, which is owned by Currituck County, is insured under the County's property and liability insurance.

6. Contingent Liabilities

At June 30, 2005, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

a. Installment Purchase

As authorized by State law [G.S. 106A-20 and 153A-158.1], the County financed the construction of the Southern Outer Banks Water System reverse osmosis and convention water treatment plant and distribution system during the fiscal year ended June 30, 2005 by installment purchase. The capital assets associated with the installment purchase obligation are recorded in the Southern Outer Banks Water System Fund.

The installment purchase was executed on August 22, 2003. The transaction requires twenty semiannual principal and interest payments due on August 22 and February 22 in the amount of \$584,688.76, with decreasing interest and increasing principal. The interest rate is 3.49%. Payments began February 22, 2004 and the final payment is due August 22, 2013.

b. General Obligation Indebtedness

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. The Mainland Water System issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds are recorded in the Mainland Water Fund because they are expected to be repaid from the operating revenues of that fund. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2005, are comprised of the following individual issues:

Serviced by the County's General Fund:

\$8,770,000 2004 General Obligation Refunding Bonds, dated April 1, 2004 with annual principal payments due June 1 and semi-annual interest payments due June 1 and December 1, \$950,000 2006; interest at 3%, \$930,000 2007; interest at 4%, \$920,000 2008 and \$900,000 2009; interest at 3%, \$875,000 2010; interest at 4%, \$865,000 2011, \$855,000 2012 and \$850,000 2013; interest at 5%, \$845,000 2014; interest at 4%, \$730,000 2015; interest at 5%.

\$8,720,000

General obligation bonds serviced by the Mainland Water System Fund:

\$4,150,000 2004 General Obligation Refunding Bonds, dated April 1, 2004 with annual principal payments due June 1 and semi-annual interest payments due June 1 and December 1, \$245,000 2006; interest at 3%, \$250,000 2007; interest at 4%, \$260,000 2008 and \$265,000 2009; interest at 3%, \$275,000 2010; interest at 4%, \$285,000 2011, \$305,000 2012 and \$315,000 2013; interest at 5%, \$330,000 2014; interest at 4%, \$345,000 2015; interest at 5%, \$275,000 2016; interest at 3.5%, \$270,000 2017; interest at 3.6%, \$270,000; interest at 3.7%.

3,690,000

Total General Obligation Bond debt

\$12,410,000

Annual debt service requirements to maturity for the County's and the Districts' general obligation bonds are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 950,000	354,100	\$ 245,000	\$ 149,135
2007	930,000	325,600	250,000	141,785
2008	920,000	288,400	260,000	131,785
2009	900,000	260,800	265,000	123,985
2010	875,000	233,800	275,000	116,035
2011-2015	4,145,000	573,950	1,580,000	377,725
2016-2018	-	-	815,000	59,035
Total	\$ 8,720,000	\$ 2,036,650	\$ 3,690,000	\$ 1,099,485

At June 30, 2005, Currituck County had no bonds authorized but un-issued and a legal debt margin of \$210,539,244.

c. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2005:

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005	Current Portion of Balance
Governmental activities:					
General obligation debt	\$ 9,670,000	\$ -	\$ 950,000	\$ 8,720,000	\$ 950,000
Compensated absences	434,884	183,336	113,121	505,099	183,336
Total governmental activities	\$ 10,104,884	\$ 183,336	\$ 1,063,121	\$ 9,225,099	\$ 1,133,336
Business-type activities:					
General obligation debt	\$ 3,920,000		\$ 230,000	\$ 3,690,000	\$ 245,000
Installment purchase	9,386,322		849,140	8,537,182	879,033
Total business-type activities	\$ 13,306,322	\$ -	\$ 1,079,140	\$ 12,227,182	\$ 1,124,033
Discretely presented component units:					
Compensated absences	\$ 5,475	\$ -	\$ 1,403	\$ 4,072	\$ -
Total discretely presented component units long-term liabilities	\$ 5,475	\$ -	\$ 1,403	\$ 4,072	\$ -

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave as it is earned.

d. Advance Refundings

During the prior fiscal year, the County issued \$8,770,000 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 \$8,900,000 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 assets. The carrying amount of the old debt exceeded the reacquisition price by \$130,000. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$777,500 and resulted in an economic gain of \$695,568.

C. Inter-fund Balances and Activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2005, consists of the following:

From the General fund to the Fire District fund to supplement Rescue operations for the Carova Beach Volunteer Fire and Rescue Squad.	\$ 92,441
From the General fund to the Revaluation fund to accumulate resources for the octennial revaluation of real property.	149,000
From the General fund to the Multi-year Grant fund for the County match.	968
From the General fund to the County Government Facilities fund to accumulate resources to construct a facility for Parks and Recreation.	1,520,000
From the General fund to the County Government Facilities fund for the County match portion of grant for taxiway at the Maple airport.	70,000
Total transfers from the General fund	<u>\$ 1,832,409</u>
From the Transfer Tax Capital fund to the General fund for the 2004 School refunding debt payment	\$ 155,779
From the Transfer Tax Capital fund to the General fund for paving parking lot at the Barco library.	21,000
From the Transfer Tax Capital fund to the County Government Facilities fund for construction of a Fire Station at Waterlily.	1,002,500
From the Transfer Tax Capital fund to the County Government Facilities fund to accumulate resources for future Emergency Operations Center.	1,000,000
From the Transfer Tax Capital fund to the County Government Facilities fund to accumulate resources for future Recreation facility.	500,000
From the Transfer Tax Capital fund to the School Facilities fund to accumulate resources for future school construction.	1,000,000
From the Transfer Tax Capital fund to the Land Banking fund to accumulate resources for future land purchases.	200,000
From the Transfer Tax Capital fund to the Land Banking fund to accumulate resources for farmland preservation.	100,000
From the Transfer Tax Capital fund to the Mainland Water fund for a County-wide fire hydrant project.	379,513
Total transfers from the Transfer Tax Capital fund	<u>\$ 4,358,792</u>
From the Capital Improvements fund to the General fund for capital improvements of County buildings	\$ 200,000
From the Capital Improvements fund to the County Government Facilities fund to accumulate resources for future Emergency Operations Center.	1,000,000
From the School Capital fund to the General fund for capital purchases for the Currituck County Schools.	832,877
Total transfers from other governmental funds	<u>\$ 2,032,877</u>

IV. Joint Ventures

Albemarle Regional Health Services

The Board of Commissioners vote to join the all ready existing joint venture that operates Albemarle Regional Health Services with the State of North Carolina and four other counties became effective July 1, 1999. The area Boards of Commissioners appoints the fifteen member governing board. The County has an ongoing financial responsibility for Albemarle Regional Health Services because the County is required by State statute to provide public health services either directly or jointly with other counties. The County contributed \$45,000 to Albemarle Regional Health Services during the fiscal year ended June 30, 2005 for administrative and program expenses. 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, 2005. Complete financial statements may be obtained from the administrative offices at Albemarle Regional Health Services, Post Office Box 189, Elizabeth City, North Carolina 27909.

Albemarle Mental Health

The County participates in a joint venture to operate Albemarle Mental Health with the State of North Carolina and five other counties. The fifteen member governing board is appointed by the area Boards of Commissioners as follows: Camden County (1), Chowan County (3), Currituck County (2), Dare County (3), Pasquotank County (4), and Perquimans County (2). The County has an ongoing financial responsibility for Albemarle Mental Health because the County is required by State statute to provide mental health services either directly or jointly with other counties. The County contributes support on a per capita basis, currently one dollar per capita, as well as transferring the proceeds of the 5¢-bottle tax. During the fiscal year ended June 30, 2005, the County contributed \$29,565 for administrative and program expenses. 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, 2005. Complete financial statements may be obtained from the administrative offices at Albemarle Mental Health, Post Office Box 326, Elizabeth City, North Carolina 27909.

Albemarle Regional Solid Waste Authority

The County participates in a joint venture to operate the Albemarle Regional Solid Waste Authority (Authority) with seven other counties, each of which appoints one voting and one nonvoting member to the Authority's governing board. The Authority was created to serve the solid waste disposal needs of the member counties and has subsequently contracted with a private regional landfill for waste disposal. The County has an ongoing financial responsibility for the Authority because it is legally obligated under an intergovernmental agreement for a portion of the Authority's administrative expenses, determined on a per capita basis among the members. The County contributed \$49,900 to the Authority during the fiscal year ended June 30, 2005, for administrative expenses. 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, 2005. Complete financial statements for the Authority may be obtained from the Authority's administrative offices at Albemarle Regional Solid Waste Authority, Post Office Box 189, Elizabeth City, North Carolina 27907.

East Albemarle Regional Library

The County participates in a joint venture to operate the East Albemarle Regional Library (Library) with four other counties. The Library's nine member Board of Trustees is appointed by the area Boards of Commissioners as follows: Dare County (3), Currituck County (3), and Camden and Pasquotank Counties (3). Each county is responsible for the cost of its own facilities, the maintenance and operation of those facilities and the majority of the related personnel costs. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. The County's annual appropriation is shown as a department in the General Fund and for the year ended June 30, 2005 expenditures were \$243,838. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected the financial statement at June 30, 2005. Complete financial statements for the Library may be obtained from the Library's administrative offices at East Albemarle Regional Library, 205 East Main Street, Elizabeth City, North Carolina 27909.

V. Jointly Governed Organization

Albemarle Commission

The County, in conjunction with nine other counties and fourteen municipalities, established the Albemarle Commission (Commission) to coordinate funding received from various federal and State agencies. Each participating county appoints four members and each participating municipality appoints two members of the Commission's governing board. The County paid membership fees of \$11,779 to the Commission during the fiscal year ended June 30, 2005.

VI. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary assistance to needy families	\$ 110,117	\$ -
Medicaid	8,512,111	4,070,511
Food stamp program	1,122,308	-
Energy assistance	16,095	-
Adoption assistance	58,785	16,962
Adult assistance	-	87,801
Title IV-E, foster care	25,017	721
Total	<u>\$ 9,844,433</u>	<u>\$ 4,175,995</u>

VII. Summary Disclosure of Significant Commitments and Contingencies

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 grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VIII. Prior Period Adjustments

On the June 30, 2004 financial statements, the balance sheet of the governmental funds contained an addition error. A prior period adjustment was recorded as follows:

General Fund fund balance, June 30, 2004 as originally stated	\$ 22,325,083
Prior period adjustment	<u>88,798</u>
General Fund fund balance, June 30, 2004 as restated	<u><u>\$ 22,413,881</u></u>

On the June 30, 2004 financial statements, the net assets of the Mainland Water Fund were understated by \$230,000. This was a result of debt payments made during the prior year refunding.

Retained earnings, June 30, 2004 as originally stated	\$7,670,987
Prior period adjustment	<u>230,000</u>
Retained earnings, June 30, 2004 as restated	<u><u>\$7,900,987</u></u>

On the June 30, 2004 financial statements, the statement of net assets inadvertently omitted the prepaid pension costs relating to the law-enforcement separation allowance. A prior period adjustment was recorded as follows:

Governmental activities net assets, June 30, 2004 as originally stated	\$ 75,962,022
Prior period adjustment	<u>27,416</u>
Governmental activities net assets, June 30, 2004 as restated	<u><u>\$ 75,989,438</u></u>

Required Supplemental Financial Data

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

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

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

County of Currituck, North Carolina
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/1998	53,359	128,029	74,670	41.68%	868,500	8.60%
12/31/1999	64,489	141,561	77,072	45.56%	1,063,028	7.25%
12/31/2000	66,095	245,356	179,261	26.94%	1,212,791	14.78%
12/31/2001	65,454	251,094	185,640	26.07%	1,223,022	15.18%
12/31/2002	74,944	256,185	181,242	29.25%	1,368,951	13.24%
12/31/2003	73,834	278,849	205,015	26.48%	1,619,302	12.66%
12/31/2004	121,688	316,302	194,614	38.47%	1,995,744	9.75%

County of Currituck, North Carolina
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Schedule of Employer Contributions

Year Ending June 30	Annual Required Contributions	Percentage Contributed
1998	\$ 22,212	100%
1999	16,427	100%
2000	14,422	100%
2001	16,909	158%
2002	26,269	101%
2003	28,132	92%
2004	30,483	127%
2005	34,853	105%

Notes to the Required Schedules:

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

Valuation date	12/31/2004
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	26 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9-9.8%
*Includes inflation at	3.75%
Cost of living adjustments	None

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County of Currituck, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			2004	
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Taxes	\$ -	\$ -	\$ 16,358,007	\$ -	\$ 15,558,177
Interest	-	-	105,399	-	114,418
Total	<u>14,575,000</u>	<u>14,575,000</u>	<u>16,463,406</u>	<u>1,888,406</u>	<u>15,672,595</u>
Other taxes and licenses:					
Sexually oriented business license	-	-	326	-	400
Animal tax	-	-	12,079	-	11,830
Marriage license	-	-	19,100	-	16,900
Franchise tax	-	-	209,387	-	190,649
Deed stamp excise tax	-	-	1,500,746	-	1,351,771
Article 39 local option sales tax	-	-	3,758,709	-	3,819,779
Article 44 local option sales tax	-	-	1,302,069	-	1,273,669
Occupancy tax	-	-	4,667,481	-	4,357,730
Total	<u>9,746,458</u>	<u>11,370,858</u>	<u>11,469,897</u>	<u>99,039</u>	<u>11,022,728</u>
Unrestricted intergovernmental:					
Gasoline tax refund	-	-	2,569	-	1,363
Payments in lieu of taxes-outside sources	-	-	61,810	-	61,992
Beer and wine tax	-	-	91,173	-	84,314
Total	<u>140,500</u>	<u>142,000</u>	<u>155,552</u>	<u>13,552</u>	<u>147,669</u>
Restricted intergovernmental:					
Federal and State grants	-	-	2,841,413	-	2,961,104
Safe roads act	-	-	4,062	-	5,080
Crime control act	-	-	9,627	-	60,608
Court facility fees	-	-	86,752	-	75,250
Jail fees	-	-	25,402	-	6,290
Officer fees	-	-	38,110	-	33,497
ABC bottles taxes	-	-	9,839	-	8,565
Total	<u>2,063,223</u>	<u>3,129,099</u>	<u>3,015,205</u>	<u>(113,894)</u>	<u>3,150,394</u>
Permits and fees:					
Ambulance service fees	-	-	414,546	-	365,080
Administration and filing fees	-	-	137,105	-	105,195
Register of deeds fees	-	-	427,064	-	446,582
Building permit fees	-	-	826,382	-	938,758
Re-inspection fees	-	-	97,812	-	72,555
Fire inspection fees	-	-	300	-	102
Planning fees	-	-	36,963	-	114,468
Land disturbance permit	-	-	4,650	-	-
Zoning violation fees	-	-	2,225	-	250
Homeowners' recovery fees	-	-	3,985	-	4,850
CAMA permits	-	-	7,100	-	16,025
Street naming fees	-	-	-	-	30
Animal control fees	-	-	953	-	814
Beach driving permits	-	-	-	-	1,000
Total	<u>1,639,680</u>	<u>1,781,083</u>	<u>1,959,085</u>	<u>178,002</u>	<u>2,065,709</u>
Sales and services:					
Rents	-	-	77,536	-	95,603
Airport fees	-	-	47,644	-	41,165
Vending sales	-	-	9,966	-	7,339
Jail housing	-	-	44,729	-	45,300
Aviation fuel sales	-	-	94,021	-	69,816

continued

County of Currituck, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Budget Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Tax data fees	-	-	50	-	1,970
Sale of fixed assets	-	-	109,464	-	7,250
Recreation fees	-	-	33,382	-	28,500
Total	<u>294,639</u>	<u>317,474</u>	<u>416,792</u>	<u>99,318</u>	<u>296,943</u>
Investment earnings	<u>200,000</u>	<u>238,820</u>	<u>526,961</u>	<u>288,141</u>	<u>220,446</u>
Miscellaneous:					
Sale of materials	-	-	11,742	-	69,299
Donations	-	-	2,602	-	5,130
Insurance recoveries	-	-	50,829	-	320,632
ABC Education distribution	-	-	12,968	-	-
ABC Law enforcement distribution	-	-	9,263	-	-
ABC profits	-	-	175,364	-	232,166
Other	-	-	50,880	-	42,017
Total	<u>189,500</u>	<u>254,754</u>	<u>313,648</u>	<u>58,894</u>	<u>669,244</u>
Total revenues	<u>28,849,000</u>	<u>31,809,088</u>	<u>34,320,546</u>	<u>2,511,458</u>	<u>33,245,728</u>
Expenditures:					
General government:					
Administration:					
Salaries and employee benefits	-	-	290,584	-	260,222
Other operating expenditures	-	-	68,674	-	119,576
Total	<u>372,274</u>	<u>375,981</u>	<u>359,258</u>	<u>16,723</u>	<u>379,798</u>
Legal:					
Salaries and employee benefits	-	-	43,870	-	38,406
Other operating expenditures	-	-	440,099	-	204,861
Total	<u>225,891</u>	<u>485,891</u>	<u>483,969</u>	<u>1,922</u>	<u>243,267</u>
Governing body:					
Salaries and employee benefits	-	-	52,967	-	52,964
Other operating expenditures	-	-	21,526	-	35,765
Total	<u>96,971</u>	<u>96,971</u>	<u>74,493</u>	<u>22,478</u>	<u>88,729</u>
Elections:					
Salaries and employee benefits	-	-	57,904	-	49,409
Other operating expenditures	-	-	82,457	-	28,486
Total	<u>431,001</u>	<u>483,498</u>	<u>140,361</u>	<u>343,137</u>	<u>77,895</u>
Finance					
Salaries and employee benefits	-	-	161,564	-	128,745
Other operating expenditures	-	-	58,797	-	55,357
Total	<u>228,416</u>	<u>228,416</u>	<u>220,361</u>	<u>8,055</u>	<u>184,102</u>
Information Technology:					
Salaries and employee benefits	-	-	106,249	-	99,177
Other operating expenditures	-	-	111,171	-	89,765
Capital outlay	-	-	69,510	-	110,429
Total	<u>274,862</u>	<u>305,111</u>	<u>286,930</u>	<u>18,181</u>	<u>299,371</u>
Human resources:					
Salaries and employee benefits	-	-	83,368	-	82,029
Other operating expenditures	-	-	12,620	-	21,688
Total	<u>103,276</u>	<u>103,276</u>	<u>95,988</u>	<u>7,288</u>	<u>103,717</u>

continued

County of Currituck, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Budget Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Public information:					
Salaries and employee benefits	-	-	58,166	-	48,394
Other operating expenditures	-	-	35,550	-	55,306
Total	90,066	96,366	93,716	2,650	103,700
Taxes:					
Salaries and employee benefits	-	-	339,541	-	311,541
Other operating expenditures	-	-	73,825	-	91,585
Total	445,932	445,532	413,366	32,166	403,126
Public works:					
Salaries and employee benefits	-	-	284,070	-	189,284
Other operating expenditures	-	-	308,186	-	225,108
Capital outlay	-	-	161,791	-	177,664
Total	807,448	807,448	754,047	53,401	592,056
Satellite office:					
Operating expenditures	-	-	40,929	-	27,127
Total	29,322	43,222	40,929	2,293	27,127
Register of deeds:					
Salaries and employee benefits	-	-	212,345	-	205,771
Other operating expenditures	-	-	844,303	-	795,149
Capital outlay	-	-	121,133	-	-
Total	726,457	1,255,685	1,177,781	77,904	1,000,920
Court facilities:					
Operating expenditures	-	-	146,717	-	118,216
Total	153,608	153,608	146,717	6,891	118,216
Agency appropriations:					
Operating expenditures	-	-	21,000	-	18,900
Total	23,100	23,100	21,000	2,100	18,900
Central services:					
Operating expenditures	-	-	525,256	-	411,524
Total	491,501	564,608	525,256	39,352	411,524
Total general government	4,500,125	5,468,713	4,834,172	634,541	4,052,448
Public safety:					
Sheriff:					
Salaries and employee benefits	-	-	2,527,120	-	2,344,725
Other operating expenditures	-	-	373,726	-	295,237
Capital outlay	-	-	328,028	-	311,501
Total	3,269,215	3,404,175	3,228,874	175,301	2,951,463
Jail:					
Salaries and employee benefits	-	-	814,724	-	507,246
Other operating expenditures	-	-	542,573	-	364,668
Capital outlay	-	-	25,023	-	4,567
Total	1,019,707	1,442,130	1,382,320	59,810	876,481
Animal control:					
Salaries and employee benefits	-	-	98,366	-	99,620
Other operating expenditures	-	-	81,048	-	76,355

continued

County of Currituck, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Budget Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Capital outlay	-	-	18,335	-	79,043
Total	208,484	208,484	197,749	10,735	255,018
Jury commission:					
Operating expenditures	-	-	1,800	-	242
Total	1,800	1,800	1,800	-	242
Emergency medical services:					
Salaries and employee benefits	-	-	1,990,190	-	1,887,308
Other operating expenditures	-	-	145,880	-	130,082
Capital outlay	-	-	254,380	-	199,357
Total	2,515,335	2,530,335	2,390,450	139,885	2,216,747
Emergency management:					
Salaries and employee benefits	-	-	44,759	-	39,887
Other operating expenditures	-	-	78,044	-	45,448
Capital outlay	-	-	91,328	-	74,796
Total	117,704	237,365	214,131	23,234	160,131
Communications:					
Salaries and employee benefits	-	-	407,963	-	367,870
Other operating expenditures	-	-	37,954	-	36,903
Capital outlay	-	-	-	-	2,755
Total	1,034,777	1,034,777	445,917	588,860	407,528
Fire prevention:					
Salaries and employee benefits	-	-	84,570	-	54,159
Other operating expenditures	-	-	20,362	-	11,737
Capital outlay	-	-	34,532	-	6,048
Total	164,244	164,244	139,464	24,780	71,944
Medical examiner:					
Contracted services	-	-	10,950	-	7,050
Total	8,000	8,000	10,950	(2,950)	7,050
Disaster recovery:					
Salaries and employee benefits	-	-	-	-	146,808
Other operating expenditures	-	-	320,776	-	1,827,280
Total	-	320,776	320,776	-	1,974,088
Total public safety	8,339,266	9,352,086	8,332,431	1,019,655	8,920,692
Transportation:					
Airport:					
Salaries and employee benefits	-	-	19,899	-	112,475
Other operating expenditures	-	-	144,325	-	1,496
Capital outlay	-	-	-	-	-
Total	163,249	188,871	164,224	24,647	113,971
Inter-county transportation:					
Contracted services	-	-	110,958	-	85,289
Total	111,934	110,958	110,958	-	85,289
Total transportation	275,183	299,829	275,182	24,647	199,260

continued

County of Currituck, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Budget Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Environmental protection:					
Forestry:					
Contracted services	-	-	48,591	-	44,496
Total	58,012	58,012	48,591	9,421	44,496
Soil and water conservation:					
Salaries and employee benefits	-	-	74,623	-	71,674
Other operating expenditures	-	-	133,484	-	24,416
Total	104,291	220,891	208,107	12,784	96,090
Total environmental protection	162,303	278,903	256,698	22,205	140,586
Economic and physical development:					
Cooperative extension:					
Salaries and employee benefits	-	-	126,663	-	114,603
Other operating expenditures	-	-	36,054	-	35,779
Contracted services	-	-	134,780	-	127,384
Total	297,825	312,872	297,497	15,375	277,766
Support our students:					
Salaries and employee benefits	-	-	30,243	-	20,877
Other operating expenditures	-	-	40,221	-	40,202
Capital outlay	-	-	-	-	2,670
Total	75,000	83,300	70,464	12,836	63,749
Economic development:					
Salaries and employee benefits	-	-	55,686	-	52,660
Other operating expenditures	-	-	21,206	-	9,057
Capital outlay	-	-	-	-	17,617
Total	75,497	78,797	76,892	1,905	79,334
Planning and inspections:					
Salaries and employee benefits	-	-	840,338	-	728,076
Other operating expenditures	-	-	160,068	-	133,591
Capital outlay	-	-	53,609	-	22,748
Total	1,040,116	1,063,772	1,054,015	9,757	884,415
Occupancy tax:					
Tourism	1,456,138	1,545,261	987,539	557,722	934,105
General purpose	44,000	108,088	74,795	33,293	53,578
Museum	1,090,935	1,325,257	1,178,851	146,406	542,489
Total	2,591,073	2,978,606	2,241,185	737,421	1,530,172
Total economic and physical development	4,079,511	4,517,347	3,740,053	777,294	2,835,436
Human services:					
Health:					
Contracted services	-	-	45,000	-	65,000
Total	45,000	45,000	45,000	-	65,000
Mental health:					
Contracted services	-	-	29,565	-	28,291
Total	30,000	30,000	29,565	435	28,291

continued

County of Currituck, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			2004	
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Actual
	Original	Final			
Social services:					
Administration:					
Salaries and employee benefits	-	-	1,517,508	-	1,360,850
Other operating expenditures	-	-	267,086	-	260,109
Capital outlay	-	-	4,074	-	14,591
Total	1,911,992	1,929,695	1,788,668	141,027	1,635,550
Public Assistance:					
Electronic issuance	-	-	4,352	-	4,096
Medical Transportation	-	-	30,000	-	19,889
TANF	-	-	1,701	-	(55)
Medical assistance program	-	-	674,653	-	512,302
Special assistance for adults	-	-	87,111	-	91,842
State foster care and boarding home payments	-	-	14,176	-	15,657
Title IV-E foster care	-	-	3,704	-	1,593
Special assistance for the blind	-	-	1,302	-	992
Enhanced personal care services	-	-	-	-	-
Title IV-E adoption assistance	-	-	16,882	-	12,831
Title IV-B adoption assistance	-	-	21,960	-	14,759
Child daycare	-	-	601,231	-	559,338
Smart start child daycare	-	-	159,369	-	149,427
Home care block grant	-	-	27,462	-	23,485
Other assistance	-	-	62,109	-	42,713
Total	1,596,764	1,937,909	1,706,012	231,897	1,448,869
Total social services	3,508,756	3,867,604	3,494,680	372,924	3,084,419
Smart Start - Eat Smart, Move More:					
Operating expenditures	-	-	7,032	-	2,529
Contracted services	-	-	3,000	-	2,000
Total	4,774	10,130	10,032	98	4,529
Juvenile crime prevention control					
Currituck wilderness camp program	-	-	6,005	-	5,786
JCPC council	-	-	11,315	-	10,700
Mediation	-	-	550	-	2,200
Partnership of adolescents and support services	-	-	63,839	-	56,932
Restitution	-	-	8,103	-	6,504
Teen court	-	-	15,475	-	15,345
Total	105,490	109,092	105,287	3,805	97,467
Total human services	3,694,020	4,061,826	3,684,564	377,262	3,279,706
Cultural and recreational:					
Senior citizens centers:					
Salaries and employee benefits	-	-	129,118	-	120,675
Other operating expenditures	-	-	106,150	-	110,167
Capital outlay	-	-	14,343	-	19,820
Total	285,313	288,163	249,611	38,552	250,662
Libraries:					
Salaries and employee benefits	-	-	165,232	-	152,735
Other operating expenditures	-	-	59,643	-	57,510
Capital outlay	-	-	18,963	-	1,899
Total	252,241	252,241	243,838	8,403	212,144

continued

County of Currituck, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			2004	
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Actual
	Original	Final			
Recreation:					
Salaries and employee benefits	-	-	221,649	-	177,015
Other operating expenditures	-	-	185,702	-	166,574
Capital outlay	-	-	100,652	-	440,047
Total	517,883	540,994	508,003	32,991	783,636
Total culture and recreation	1,055,437	1,081,398	1,001,452	79,946	1,246,442
Education:					
Public schools - current	-	-	7,362,740	-	6,550,964
Public schools - capital outlay	-	-	832,877	-	818,903
Community college	-	-	50,000	-	50,000
Total education	8,245,617	8,245,617	8,245,617	-	7,419,867
Debt service:					
Principal retirement	-	-	950,000	-	900,000
Interest and other charges	-	-	404,700	-	555,056
Debt issuance costs	-	-	-	-	98,891
Total debt service	1,354,700	1,354,700	1,354,700	-	1,553,947
Total expenditures	31,706,162	34,660,419	31,724,869	2,935,550	29,648,384
Revenues over (under) expenditures	(2,857,162)	(2,851,331)	2,595,677	5,447,008	3,597,344
Other financing sources (uses):					
Transfers to other funds:					
Special Revenue Funds	-	-	(471,939)	-	(400,557)
Capital Projects Funds	-	-	(1,590,000)	-	(500,000)
Enterprise Funds	-	-	-	-	(649,718)
Total transfers to other funds	-	-	(2,061,939)	-	(1,550,275)
Transfers from other funds:					
Capital Projects Funds	-	-	1,209,656	-	1,557,382
Total transfers from other funds	-	-	1,209,656	-	1,557,382
Refunding bonds issued	-	-	-	-	8,770,000
Premium on debt issued	-	-	-	-	626,527
Payment to refunding bond escrow agent	-	-	-	-	(9,427,636)
Total other financing sources (uses)	859,846	19,846	(852,283)	(872,129)	(24,002)
Revenues and other financing sources over (under) expenditures and other financing uses	(1,997,316)	(2,831,485)	1,743,394	4,574,879	3,573,342
Appropriated fund balance	1,997,316	2,831,485	-	(2,831,485)	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	\$ -	1,743,394	\$ 1,743,394	3,573,342
Fund balances:					
Beginning of year, July 1			22,325,083		18,751,741
Prior period adjustment			88,798		-
End of year, June 30			\$ 24,157,275		\$ 22,325,083

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County of Currituck, North Carolina
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2005

Special Revenue Funds

	Multi-year Grant Fund	Emergency Telephone System Fund	Revaluation Fund	Fire District Fund	Fire Equipment Replacement Fund	Guinea Mill Watershed Improvement Fund	Moyock Watershed Improvement Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ 457,194	\$ 42,379	\$ 1,016,266	\$ 232,896	\$ 11,177	\$ 21,720
Accounts receivable, net	28,489	21,457	-	-	-	58	-
Taxes receivable, net	-	-	-	66,747	-	440	216
Due from other governments	-	-	-	-	-	-	-
Total assets	\$ 28,489	\$ 478,651	\$ 42,379	\$ 1,083,013	\$ 232,896	\$ 11,675	\$ 21,936
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 18,700	\$ 6	\$ 8,690	\$ 3,672	\$ -	\$ -	\$ -
Due to operating fund	9,789	-	-	-	-	-	-
Deferred revenue	-	-	-	67,763	-	440	216
Total liabilities	28,489	6	8,690	71,435	-	440	216
Fund balances:							
Reserved for subsequent year's budget	-	379,320	-	69,118	-	9,870	10,000
Reserved by state statute	28,489	21,457	-	-	-	58	-
Unreserved	(28,489)	77,868	33,689	942,460	232,896	1,307	11,720
Total fund balances	-	478,645	33,689	1,011,578	232,896	11,235	21,720
Total liabilities and fund balances	\$ 28,489	\$ 478,651	\$ 42,379	\$ 1,083,013	\$ 232,896	\$ 11,675	\$ 21,936

Capital Projects Funds

Northwest Watershed Improvement Fund	Whalehead Watershed Improvement Fund	Total Non- Major Special Revenue Funds
\$ 1,359	\$ 316,429	\$ 2,099,420
-	-	50,004
8	1,566	68,977
-	-	-
\$ 1,367	\$ 317,995	\$ 2,218,401

Land Banking Fund	Capital Improvements Fund	School Capital Fund	Total Non- Major Capital Projects Funds	Total Non- Major Governmental Funds
\$ 1,538,688	\$ 2,070,282	\$ 207,556	\$ 3,816,526	\$ 5,915,946
-	-	-	-	50,004
-	-	-	-	68,977
-	278,513	227,119	505,632	505,632
\$ 1,538,688	\$ 2,348,795	\$ 434,675	\$ 4,322,158	\$ 6,540,559

\$ -	\$ -	\$ 31,068
-	-	9,789
8	1,566	69,993
8	1,566	110,850

\$ -	\$ -	\$ -	\$ -	\$ 31,068
-	-	-	-	9,789
-	-	-	-	69,993
-	-	-	-	110,850

-	250,000	718,308
-	-	50,004
1,359	66,429	1,339,239
1,359	316,429	2,107,551
\$ 1,367	\$ 317,995	\$ 2,218,401

-	82,828	-	82,828	801,136
-	278,513	227,119	505,632	555,636
1,538,688	1,987,454	207,556	3,733,698	5,072,937
1,538,688	2,348,795	434,675	4,322,158	6,429,709
\$ 1,538,688	\$ 2,348,795	\$ 434,675	\$ 4,322,158	\$ 6,540,559

County of Currituck, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds					
	Multi-year Grant Fund	Emergency Telephone System Fund	Revaluation Fund	Fire District Fund	Fire Equipment Replacement Fund	Guinea Mill Watershed Improvement Fund
REVENUES						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 1,394,766	\$ -	\$ 3,983
Other taxes and licenses	-	173,741	-	-	-	-
Restricted						
intergovernmental	155,417	87,021	-	-	-	-
Investment earnings	-	7,484	1,927	19,389	1,124	216
Total revenues	155,417	268,246	1,927	1,414,155	1,124	4,199
EXPENDITURES						
Current:						
General government	92	-	204,960	-	-	-
Public safety	-	109,313	-	1,414,331	-	-
Economic and physical development	157,950	-	-	-	-	-
Environmental protection	-	-	-	-	-	2,932
Cultural and recreation	-	-	-	-	-	-
Total expenditures	158,042	109,313	204,960	1,414,331	-	2,932
Excess (deficiency) of revenues over expenditures	(2,625)	158,933	(203,033)	(176)	1,124	1,267
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	968	-	149,000	92,441	229,530	-
Total other financing sources and uses	968	-	149,000	92,441	229,530	-
Net change in fund balances	(1,657)	158,933	(54,033)	92,265	230,654	1,267
Fund balances - beginning	1,657	319,712	87,723	919,312	2,242	9,968
Fund balances - ending	\$ -	\$ 478,645	\$ 33,690	\$ 1,011,577	\$ 232,896	\$ 11,235

	Moyock Watershed Improvement Fund	Northwest Watershed Improvement Fund	Whalehead Watershed Improvement Fund	Total Non- Major Special Revenue Funds
\$	12,524	\$ 1,342	\$ 183,451	\$ 1,596,066
	-	-	-	173,741
	-	-	-	242,438
	344	17	7,091	37,592
	12,868	1,359	190,542	2,049,837
	-	-	-	205,052
	-	-	-	1,523,644
	-	-	-	157,950
	2,070	-	33,425	38,427
	-	-	-	-
	2,070	-	33,425	1,925,073
	10,798	1,359	157,117	124,764
	-	-	-	471,939
	-	-	-	471,939
	10,798	1,359	157,117	596,703
	10,922	-	159,312	1,510,848
\$	21,720	\$ 1,359	\$ 316,429	\$ 2,107,551

Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Non-Major Governmental Funds
Land Banking Fund	Capital Improvements Fund	School Capital Fund		
\$ -	\$ -	\$ -	\$ -	\$ 1,596,066
-	1,053,394	857,968	1,911,362	2,085,103
-	-	-	-	242,438
28,270	45,008	6,406	79,684	117,276
28,270	1,098,402	864,374	1,991,046	4,040,883
-	-	-	-	205,052
-	-	-	-	1,523,644
-	-	-	-	157,950
-	-	-	-	38,427
591,578	-	-	591,578	591,578
591,578	-	-	591,578	2,516,651
(563,308)	1,098,402	864,374	1,399,468	1,524,232
300,000	(1,200,000)	(832,877)	(1,732,877)	(1,260,938)
300,000	(1,200,000)	(832,877)	(1,732,877)	(1,260,938)
(263,308)	(101,598)	31,497	(333,409)	263,294
1,801,996	2,450,393	403,178	4,655,567	6,166,415
\$ 1,538,688	\$ 2,348,795	\$ 434,675	\$ 4,322,158	\$ 6,429,709

County of Currituck, North Carolina
Multi-year Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2005

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Restricted intergovernmental:					
Canal #2 water salinity study	\$ 37,900	\$ 37,900	\$ -	\$ 37,900	\$ -
CDBG	402,500	379,026	-	379,026	(23,474)
CDBG - 2002	400,000	238,932	155,417	394,349	(5,651)
Investment Earnings	-	194	-	194	194
Total revenues	<u>840,400</u>	<u>\$ 656,052</u>	<u>\$ 155,417</u>	<u>811,469</u>	<u>\$ (28,931)</u>
Expenditures					
General government:					
Canal #2 water salinity study	37,900	38,680	92	38,772	(872)
Total general government	<u>37,900</u>	<u>38,680</u>	<u>92</u>	<u>38,772</u>	<u>(872)</u>
Economic and physical development:					
CDBG scattered site project - 2000					
Administration	46,375	43,691	-	43,691	2,684
Contracted services	371,000	348,835	-	348,835	22,165
Total CDBG scattered site project 2000	417,375	392,526	-	392,526	24,849
CDBG scattered site project - 2002					
Administration	22,551	24,137	-	24,137	(1,586)
Clearance	35,328	19,860	15,468	35,328	-
Housing Rehabilitation	61,559	4,281	57,278	61,559	-
Relocation	280,562	193,772	85,204	278,976	1,586
Total CDBG scattered site project 2002	400,000	242,050	157,950	400,000	-
Total economic and physical development	<u>817,375</u>	<u>634,576</u>	<u>157,950</u>	<u>792,526</u>	<u>24,849</u>
Total expenditures	<u>855,275</u>	<u>673,256</u>	<u>158,042</u>	<u>831,298</u>	<u>23,977</u>
Revenues under expenditures	<u>(14,875)</u>	<u>(17,204)</u>	<u>(2,625)</u>	<u>(19,829)</u>	<u>(4,954)</u>
Other financing sources:					
Transfers in:					
General Fund	14,875	14,875	968	15,843	968
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (2,329)</u>	<u>(1,657)</u>	<u>\$ (3,986)</u>	<u>\$ (3,986)</u>
Fund balance:					
Beginning of year, July 1			1,657		
End of Year, June 30			<u>\$ -</u>		

County of Currituck, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Other taxes and licenses:					
911 system subscriber fees	\$ 169,200	\$ 169,200	\$ 173,741	\$ 4,541	\$ 171,743
Restricted intergovernmental:					
Wireless 911 funds	66,000	66,000	87,021	21,021	79,259
Investment earnings	3,000	3,000	7,484	4,484	2,315
Total revenues	<u>238,200</u>	<u>238,200</u>	<u>268,246</u>	<u>30,046</u>	<u>253,317</u>
Expenditures					
Public safety	238,200	262,120	109,313	152,807	141,871
Debt service	-	-	-	-	-
Total expenditures	<u>238,200</u>	<u>262,120</u>	<u>109,313</u>	<u>152,807</u>	<u>141,871</u>
Revenues over (under) expenditures	-	(23,920)	158,933	182,853	111,446
Appropriated fund balance	-	23,920	-	(23,920)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	158,933	<u>\$ 158,933</u>	111,446
Fund balances:					
Beginning of year, July 1					
E-911 fund			197,565		140,452
Wireless 911			122,147		67,814
Beginning of year, totals			<u>319,712</u>		<u>208,266</u>
End of year, June 30					
E-911 fund			356,498		197,565
Wireless 911			122,147		122,147
End of year, totals			<u>\$ 478,645</u>		<u>\$ 319,712</u>

County of Currituck, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,927	\$ 927	\$ 2,519
Expenditures:					
Current:					
General government:					
Contract services	175,500	222,956	204,960	17,996	247,562
Capital outlay	-	-	-	-	-
Total expenditures	175,500	222,956	204,960	17,996	247,562
Revenues over (under) expenditures	(174,500)	(221,956)	(203,033)	18,923	(245,043)
Other financing sources:					
Operating transfer in:					
General Fund	149,000	149,000	149,000	-	63,000
Revenues and other sources over (under) expenditures	(25,500)	(72,956)	(54,033)	18,923	(182,043)
Appropriated fund balance	25,500	72,956	-	(72,956)	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	\$ -	(54,033)	\$ (54,033)	(182,043)
Fund balances:					
Beginning of year, July 1			87,723		269,766
End of year, June 30			\$ 33,690		\$ 87,723

County of Currituck, North Carolina
Fire District Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Current year	\$ 1,208,757	\$ 1,212,257	\$ 1,344,714	\$ 132,457	\$ 1,275,591
Prior years	-	-	40,484	40,484	43,319
Interest	4,200	4,200	9,568	5,368	10,335
Total ad valorem taxes	<u>1,212,957</u>	<u>1,216,457</u>	<u>1,394,766</u>	<u>178,309</u>	<u>1,329,245</u>
Investment earnings	9,300	9,300	19,389	10,089	8,331
Total revenues	<u>1,222,257</u>	<u>1,225,757</u>	<u>1,414,155</u>	<u>188,398</u>	<u>1,337,576</u>
Expenditures:					
Current:					
Public safety:					
Crawford Fire District	184,500	244,400	239,761	4,639	175,500
Fruitville Fire District	283,213	298,113	298,113	-	248,432
Moyock Fire District	163,889	190,389	190,389	-	172,177
Poplar Branch Fire District	694,068	694,068	686,068	8,000	656,600
Total expenditures	<u>1,325,670</u>	<u>1,426,970</u>	<u>1,414,331</u>	<u>12,639</u>	<u>1,252,709</u>
Revenues over (under) expenditures	(103,413)	(201,213)	(176)	201,037	84,867
Other financing sources:					
Transfers from general fund	92,441	92,441	92,441	-	95,297
Revenues and other financing sources under expenditures	(10,972)	(108,772)	92,265	201,037	180,164
Appropriated fund balance	10,972	108,772	-	(108,772)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	92,265	<u>\$ 92,265</u>	180,164
Fund balances:					
Beginning of year, July 1			919,312		739,148
End of year, June 30			<u>\$ 1,011,577</u>		<u>\$ 919,312</u>

County of Currituck, North Carolina
Fire Equipment Replacement Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,124	\$ 124	\$ 1,257
Expenditures:					
Current:					
Public safety	230,530	230,530	-	230,530	306,704
Total expenditures	230,530	230,530	-	230,530	306,704
Revenues over (under) expenditures	(229,530)	(229,530)	1,124	230,654	(305,447)
Other financing sources:					
Transfers from general fund	229,530	229,530	229,530	-	242,260
Revenues and other financing sources under expenditures	-	-	230,654	230,654	(63,187)
Appropriated fund balance	-	-	-	0	-
Revenues, other finance sources and appropriated fund balance over (under) expenditures	\$ -	\$ -	230,654	\$ 230,654	(63,187)
Fund balances:					
Beginning of year, July 1			2,242		65,429
End of year, June 30			\$ 232,896		\$ 2,242

County of Currituck, North Carolina
Guinea Mill Watershed Improvement Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Current year	\$ 3,088	\$ 3,088	\$ 3,812	\$ 724	\$ 2,875
Prior years	-	-	137	137	222
Interest	-	-	34	34	43
Total ad valorem taxes	<u>3,088</u>	<u>3,088</u>	<u>3,983</u>	<u>895</u>	<u>3,140</u>
Investment earnings	<u>112</u>	<u>112</u>	<u>216</u>	<u>104</u>	<u>94</u>
Total revenues	<u>3,200</u>	<u>3,200</u>	<u>4,199</u>	<u>999</u>	<u>3,234</u>
Expenditures:					
Current:					
Environmental protection:	<u>13,229</u>	<u>13,229</u>	<u>2,932</u>	<u>10,297</u>	<u>1,350</u>
Total expenditures	<u>13,229</u>	<u>13,229</u>	<u>2,932</u>	<u>10,297</u>	<u>1,350</u>
Revenues over (under) expenditures	(10,029)	(10,029)	1,267	11,296	1,884
Appropriated fund balance	<u>10,029</u>	<u>10,029</u>	<u>-</u>	<u>(10,029)</u>	<u>-</u>
Revenues, other finance sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	1,267	<u>\$ 1,267</u>	(438)
Fund balances:					
Beginning of year, July 1			<u>9,968</u>		<u>8,084</u>
End of year, June 30			<u>\$ 11,235</u>		<u>\$ 9,968</u>

County of Currituck, North Carolina
Moyock Watershed Improvement Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Current year	\$ 11,456	\$ 11,456	\$ 11,956	\$ 500	\$ 11,549
Prior years taxes	-	-	488	\$ 488	267
Interest	-	-	80	80	47
Total ad valorem taxes	<u>11,456</u>	<u>11,456</u>	<u>12,524</u>	<u>1,068</u>	<u>11,863</u>
Investment earnings	-	-	344	344	129
Total revenues	<u>11,456</u>	<u>11,456</u>	<u>12,868</u>	<u>1,412</u>	<u>11,992</u>
Expenditures:					
Current:					
Environmental protection:	<u>14,435</u>	<u>14,435</u>	<u>2,070</u>	<u>12,365</u>	<u>12,430</u>
Total expenditures	<u>14,435</u>	<u>14,435</u>	<u>2,070</u>	<u>12,365</u>	<u>12,430</u>
Revenues over (under) expenditures	(2,979)	(2,979)	10,798	13,777	(438)
Appropriated fund balance	<u>2,979</u>	<u>2,979</u>	<u>-</u>	<u>(2,979)</u>	<u>-</u>
Revenues, other finance sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	10,798	<u>\$ 10,798</u>	(438)
Fund balances:					
Beginning of year, July 1			<u>10,922</u>		<u>11,360</u>
End of year, June 30			<u>\$ 21,720</u>		<u>\$ 10,922</u>

County of Currituck, North Carolina
Northwest Watershed Improvement Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes:				
Current year	\$ 1,214	\$ 1,214	\$ 1,338	\$ 124
Interest	-	-	4	4
Total ad valorem taxes	1,214	1,214	1,342	128
Investment earnings	-	-	17	17
Total revenues	1,214	1,214	1,359	145
Expenditures:				
Current:				
Environmental protection:	1,214	1,214	-	1,214
Total expenditures	1,214	1,214	-	1,214
Revenues over (under) expenditures	\$ -	\$ -	1,359	\$ 1,359
Fund balances:				
Beginning of year, July 1			-	
End of year, June 30			\$ 1,359	

This fund was established July 1, 2004 and therefore there is no comparative data to report.

County of Currituck, North Carolina
Whalehead Watershed Improvement Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Current year	\$ 168,022	\$ 168,022	\$ 182,923	\$ 14,901	\$ 175,977
Prior year taxes	-	-	306.00	306.00	-
Interest	-	-	222	222	227
Total ad valorem taxes	<u>168,022</u>	<u>168,022</u>	<u>183,451</u>	<u>15,429</u>	<u>176,204</u>
Investment earnings	-	-	7,091	7,091	1,767
Total revenues	<u>168,022</u>	<u>168,022</u>	<u>190,542</u>	<u>22,520</u>	<u>177,971</u>
Expenditures:					
Current:					
Environmental protection:	<u>315,631</u>	<u>315,631</u>	<u>33,425</u>	<u>282,206</u>	<u>18,659</u>
Total expenditures	<u>315,631</u>	<u>315,631</u>	<u>33,425</u>	<u>282,206</u>	<u>18,659</u>
Revenues over (under) expenditures	\$ (147,609)	\$ (147,609)	157,117	\$ 304,726	159,312
Appropriated fund balance	<u>147,609</u>	<u>147,609</u>	<u>-</u>	<u>(147,609)</u>	<u>-</u>
Revenues, other finance sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	157,117	<u>\$ 157,117</u>	159,312
Fund balances:					
Beginning of year, July 1			<u>159,312</u>		<u>-</u>
End of year, June 30			<u>\$ 316,429</u>		<u>\$ 159,312</u>

County of Currituck, North Carolina
Land Banking Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Investment earnings	-	-	28,270	28,270	16,371
Total revenues	-	-	28,270	28,270	16,371
Expenditures:					
Capital outlay	1,400,000	1,400,000	591,578	808,422	2,770
Total expenditures	1,400,000	1,400,000	591,578	808,422	2,770
Revenues over (under) expenditures	(1,400,000)	(1,400,000)	(563,308)	836,692	13,601
Other finances sources:					
Transfers from transfer tax fund	300,000	300,000	300,000	-	300,000
Revenues and other financing sources over (under) expenditures	\$ (1,100,000)	\$ (1,100,000)	(263,308)	\$ 836,692	313,601
Appropriated fund balance	1,100,000	1,100,000	-	(1,100,000)	-
Revenues, other finance sources and appropriated fund balance over (under) expenditures	\$ -	\$ -	(263,308)	\$ (263,308)	(438)
Fund balances:					
Beginning of year, July 1			1,801,996		1,488,395
End of year, June 30			\$ 1,538,688		\$ 1,801,996

County of Currituck, North Carolina
Capital Improvements Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Other taxes and licenses:					
Article 40 supplemental sales tax	668,367	668,367	673,982	5,615	666,235
Article 42 supplemental sales tax	377,680	377,680	379,412	1,732	373,335
Investment earnings	15,000	15,000	45,008	30,008	18,079
Total revenues	<u>1,061,047</u>	<u>1,061,047</u>	<u>1,098,402</u>	<u>37,355</u>	<u>1,057,649</u>
Expenditures:					
Contingency	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	1,061,047	1,061,047	1,098,402	37,355	1,057,649
Other financing uses:					
Transfers to other funds:					
General fund	200,000	200,000	200,000	-	200,000
County Government Facilities fund	1,000,000	1,000,000	1,000,000	-	500,000
Total other financing uses	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>700,000</u>
Revenues and appropriated fund balance over (under) other financing uses	<u>(138,953)</u>	<u>(138,953)</u>	<u>(101,598)</u>	<u>37,355</u>	<u>357,649</u>
Appropriated fund balance	138,953	138,953	-	(138,953)	-
Revenues, other financing uses and appropriated fund balance over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(101,598)</u>	<u>\$ (101,598)</u>	<u>357,649</u>
Fund balances:					
Beginning of year, July 1			2,450,393		2,092,744
End of year, June 30			<u>\$ 2,348,795</u>		<u>\$ 2,450,393</u>

County of Currituck, North Carolina
School Capital Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Other taxes and licenses:					
Article 40 supplemental sales tax	279,446	279,446	288,850	9,404	285,529
Article 42 supplemental sales tax	553,431	553,431	569,118	15,687	560,003
Investment earnings	-	-	6,406	6,406	1,006
Total revenues	<u>832,877</u>	<u>832,877</u>	<u>864,374</u>	<u>31,497</u>	<u>846,538</u>
Other financing uses:					
Transfers to other funds:					
General fund	832,877	832,877	832,877	-	818,903
Total other financing uses	<u>832,877</u>	<u>832,877</u>	<u>832,877</u>	-	<u>818,903</u>
Revenues over other financing sources	<u>\$ -</u>	<u>\$ -</u>	31,497	<u>\$ 31,497</u>	27,635
Fund balances:					
Beginning of year, July 1			403,178		375,543
End of year, June 30			<u>\$ 434,675</u>		<u>\$ 403,178</u>

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County of Currituck, North Carolina
County Government Facilities Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2005

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Intergovernmental revenues:					
State aid to airports	\$ 2,947,500	\$ 1,470,628	\$ 353,418	\$ 1,824,046	\$ (1,123,454)
Park grant	250,000	250,000	-	250,000	-
Total	3,197,500	1,720,628	353,418	2,074,046	(1,123,454)
Investment earnings	84,000	499,927	104,556	604,483	520,483
Total revenues	3,281,500	2,220,555	457,974	2,678,529	(602,971)
Expenditures					
Public safety:					
Maple Law Enforcement Center and Jail	3,284,000	2,988,311	257,672	3,245,983	38,017
Jail Kitchen	800,000	-	46,047	46,047	753,953
Waterlily Fire Station	1,002,500	-	256,493	256,493	746,007
Total public safety	5,086,500	2,988,311	560,212	3,548,523	1,537,977
Economic and physical development:					
Cooperative extension building	2,000,000	286,250	384,716	670,966	1,329,034
Transportation:					
Airport terminal building	500,000	495,389	364	495,753	4,247
Partial parallel and connector taxiway	700,000	-	57,824	57,824	642,176
Runway expansion and environmental assessment	2,425,000	1,652,212	248,547	1,900,759	524,241
Total transportation	3,625,000	2,147,601	306,735	2,454,336	1,170,664
Cultural and recreational:					
Community park development	2,500,000	692,898	1,589,972	2,282,870	217,130
Recreation facility - Maple	770,000	-	24,250	24,250	745,750
Total cultural and recreational	3,270,000	692,898	1,614,222	2,307,120	962,880
Total expenditures	13,981,500	6,115,060	2,865,885	8,980,945	5,000,555
Revenues under expenditures	(10,700,000)	(3,894,505)	(2,407,911)	(6,302,416)	(5,603,526)
Other financing sources:					
Transfers from other funds:					
General fund	4,997,500	4,158,334	1,590,000	5,748,334	750,834
Capital improvements fund	-	1,500,000	1,000,000	2,500,000	2,500,000
Transfer tax capital fund	5,202,500	2,200,000	2,502,500	4,702,500	(500,000)
Total other financing sources	10,200,000	7,858,334	5,092,500	12,950,834	2,750,834
Revenues and other sources over (under) expenditures	\$ (500,000)	\$ 3,963,829	2,684,589	\$ 6,648,418	\$ 7,148,418
Appropriated fund balance	500,000	-	-	-	(500,000)
Revenues, other sources and appropriated fund balance over (under) expenditures	\$ -	\$ 3,963,829	2,684,589	\$ 6,648,418	\$ 6,648,418
Fund balances:					
Beginning of year, July 1			4,952,847		
End of year, June 30			<u>\$ 7,637,436</u>		

County of Currituck, North Carolina
School Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2005

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Public School Capital Building Fund	386,664	-	-	-	(386,664)
Investment earnings	321,633	1,141,743	198,230	1,339,973	1,018,340
Total revenues	708,297	1,141,743	198,230	1,339,973	631,676
Expenditures					
Intergovernmental - education:					
Currituck County High School Modual Classes	150,000	-	-	-	150,000
Moyock Elementary School, renovation	1,850,000	-	710,764	710,764	1,139,236
Moyock Middle School, construction	7,286,478	7,286,039	-	7,286,039	439
Total expenditures	9,286,478	7,286,039	710,764	7,996,803	1,289,675
Revenues over (under) expenditures	(8,578,181)	(6,144,296)	(512,534)	(6,656,830)	(657,999)
Other financing sources:					
Transfers from					
General Fund	-	4,000,000	-	4,000,000	4,000,000
Transfer Tax Capital Fund	8,428,181	8,961,396	1,000,000	9,961,396	1,533,215
Total other financing sources	8,428,181	12,961,396	1,000,000	13,961,396	5,533,215
Revenues and other sources over (under) expenditures	\$ (150,000)	\$ 6,817,100	487,466	\$ 7,304,566	\$ 4,875,216
Appropriated fund balance	150,000	-	-	-	(150,000)
Revenues, other sources and appropriated fund balance over (under) expenditures	\$ -	\$ 6,817,100	487,466	\$ 7,304,566	\$ 7,304,566
Fund balances:					
Beginning of year, July 1			9,668,826		
End of year, June 30			<u>\$ 10,156,292</u>		

County of Currituck, North Carolina
Transfer Tax Capital Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	2005			Variance with Final Positive (Negative)	2004
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Other taxes and licenses					
Land transfer tax	2,348,640	3,351,140	7,508,030	4,156,890	6,741,575
Investment earnings	40,000	40,000	200,395	160,395	68,715
Total revenues	<u>2,388,640</u>	<u>3,391,140</u>	<u>7,708,425</u>	<u>4,317,285</u>	<u>6,810,290</u>
Expenditures:					
Fees Paid to Officials	700	700	-	700	-
Capital outlay	-	-	-	-	4,000,000
Total expenditures	<u>700</u>	<u>700</u>	<u>-</u>	<u>700</u>	<u>4,000,000</u>
Revenues over (under) expenditures	<u>2,387,940</u>	<u>3,390,440</u>	<u>7,708,425</u>	<u>4,317,985</u>	<u>2,810,290</u>
Other financing uses:					
Transfers to general fund	1,047,940	1,047,940	176,779	(871,161)	538,479
Transfers to County government facilities	1,500,000	2,502,500	2,502,500		
Transfers to school facilities fund	1,000,000	1,000,000	1,000,000	-	2,850,000
Transfers to land banking fund	300,000	300,000	300,000		
Transfers to mainland water fund	-	379,513	379,513	-	300,000
Total other financing uses	<u>3,847,940</u>	<u>5,229,953</u>	<u>4,358,792</u>	<u>871,161</u>	<u>3,688,479</u>
Revenues and other financing uses over (under) expenditures	<u>(1,460,000)</u>	<u>(1,839,513)</u>	<u>3,349,633</u>	<u>5,189,146</u>	<u>(878,189)</u>
Appropriated fund balance	1,460,000	1,839,513	-	(1,839,513)	-
Revenues, other financing uses and appropriated fund balance over expenditures	<u>\$ -</u>	<u>\$ -</u>	3,349,633	<u>\$ 3,349,633</u>	(878,189)
Fund balances:					
Beginning of year, July 1			7,844,547		8,722,736
End of year, June 30			<u>\$ 11,194,180</u>		<u>\$ 7,844,547</u>

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County of Currituck, North Carolina
Combining Statement of Net Assets
Non-Major Proprietary Funds
June 30, 2005

	Enterprise Funds		
	Newtown	Moyock	Total
	Road Sewer Fund	Commons Sewer Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 30,233	\$ 122,699	\$ 152,932
Taxes receivable, net	-	985	985
Receivables, net	868	7,462	8,330
Total current assets	<u>31,101</u>	<u>131,146</u>	<u>162,247</u>
Noncurrent assets:			
Capital assets:			
Land, improvements, and construction in progress	87,000	-	87,000
Other capital assets, net of depreciation	290,839	-	290,839
Total capital assets	<u>377,839</u>	<u>-</u>	<u>377,839</u>
Total assets	<u>408,940</u>	<u>131,146</u>	<u>540,086</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,470	3,456	4,926
Customer deposits	216	-	216
Total liabilities	<u>1,686</u>	<u>3,456</u>	<u>5,142</u>
NET ASSETS			
Invested in capital assets, net of related debt	377,839	-	377,839
Unrestricted	29,415	127,690	157,105
Total net assets	<u>\$ 407,254</u>	<u>\$ 127,690</u>	<u>\$ 534,944</u>

County of Currituck, North Carolina
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Non-Major Proprietary Funds
For the Year Ended June 30, 2005

	Enterprise Funds		Totals
	Newtown Road Sewer Fund	Moyock Commons Sewer Fund	
OPERATING REVENUES			
Charges for services	\$ 7,748	\$ 67,020	\$ 74,768
Miscellaneous	165	551	716
Total operating revenues	<u>7,913</u>	<u>67,571</u>	<u>75,484</u>
OPERATING EXPENSES			
Administration	1	1,546	1,547
Water and sewer district	5,229	66,343	71,572
Depreciation	16,942	-	16,942
Total operating expenses	<u>22,172</u>	<u>67,889</u>	<u>90,061</u>
Operating income (loss)	<u>(14,259)</u>	<u>(318)</u>	<u>(14,577)</u>
NONOPERATING REVENUES (EXPENSES)			
Tax revenue	-	30,880	30,880
Interest and investment revenue	562	2,161	2,723
Total nonoperating revenue (expenses)	<u>562</u>	<u>33,041</u>	<u>33,603</u>
Change in net assets	(13,697)	32,723	19,026
Total net assets - beginning	420,951	94,967	515,918
Total net assets - ending	<u>\$ 407,254</u>	<u>\$ 127,690</u>	<u>\$ 534,944</u>

County of Currituck, North Carolina
Combining Statement of Cash Flows
Non-Major Proprietary Fund
For The Fiscal Year Ended June 30, 2005

	Newtown Road Sewer Fund	Moyock Commons Sewer Fund	Totals June 30, 2005	Totals June 30, 2004
Cash flows from operating activities:				
Cash received from customers	\$ 7,765	\$ 64,482	\$ 72,247	\$ 60,618
Cash paid for goods and services	(5,054)	(68,988)	(74,042)	(61,099)
Customer deposits received	-	-	-	99
Customer deposits returned	-	-	-	-
Other operating revenue	165	551	716	2,166
Net cash provided (used) by operating activities	<u>2,876</u>	<u>(3,955)</u>	<u>(1,079)</u>	<u>1,784</u>
Cash flows from noncapital financing activities				
Tax revenues	-	31,415	31,415	29,741
Cash flows from investing activities:				
Interest on investments	562	2,161	2,723	998
Net increase (decrease) in cash and cash equivalents	3,438	29,621	33,059	32,523
Cash and cash equivalents, July 1	26,795	93,078	119,873	87,350
Cash and cash equivalents, June 30	<u>\$ 30,233</u>	<u>\$ 122,699</u>	<u>\$ 152,932</u>	<u>\$ 119,873</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (14,259)	\$ (318)	\$ (14,577)	\$ (9,239)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	16,942	-	16,942	16,942
Changes in assets and liabilities:				
Increase (decrease) in accounts receivable	17	(2,538)	(2,521)	(1,721)
Increase (decrease) in accounts payable and accrued liabilities	176	(1,099)	(923)	(4,297)
Increase in customer deposits	-	-	-	99
Total adjustments	<u>17,135</u>	<u>(3,637)</u>	<u>13,498</u>	<u>11,023</u>
Net cash provided (used) by operating activities	<u>\$ 2,876</u>	<u>\$ (3,955)</u>	<u>\$ (1,079)</u>	<u>\$ 1,784</u>

County of Currituck, North Carolina
Newton Road Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2005

	2005			2004
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Charges for services:				
Sewer charges	\$ -	\$ 7,360	\$ -	\$ 7,122
Penalties and interest, sewer	-	388	-	221
Other operating revenues, sewer	-	165	-	1,525
Total, sewer operating revenues	<u>7,400</u>	<u>7,913</u>	<u>513</u>	<u>8,868</u>
Nonoperating revenues:				
Interest earnings	<u>509</u>	<u>562</u>	<u>53</u>	<u>230</u>
Total revenues	<u>7,909</u>	<u>8,475</u>	<u>566</u>	<u>9,098</u>
Expenditures:				
Administration:				
Telephone and postage	-	1	-	100
	<u>100</u>	<u>1</u>	<u>99</u>	<u>100</u>
Sewer treatment operations:				
Utilities	-	273	-	293
Gas, oil, etc.	-	48	-	-
Repairs and maintenance	-	2,646	-	2,596
Lab tests	-	1,200	-	800
System supplies	-	80	-	-
Contracted services	-	982	-	300
Total	<u>7,809</u>	<u>5,229</u>	<u>2,580</u>	<u>3,989</u>
Total expenditures	<u>7,909</u>	<u>5,230</u>	<u>2,679</u>	<u>4,089</u>
Revenues over expenditures	<u>\$ -</u>	<u>3,245</u>	<u>\$ 3,245</u>	<u>5,009</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation		<u>(16,942)</u>		<u>(16,942)</u>
Total reconciling items		<u>(16,942)</u>		<u>(16,942)</u>
Change in net assets		<u>\$ (13,697)</u>		<u>\$ (11,933)</u>

County of Currituck, North Carolina
Moyock Commons Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2005

	2005			2004	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Charges for services:					
Sewer charges	\$ -	\$ -	\$ 67,020	\$ -	\$ 54,996
Penalties and interest	-	-	551	-	641
Total, sewer operating revenues	<u>41,097</u>	<u>53,597</u>	<u>67,571</u>	<u>26,474</u>	<u>55,637</u>
Nonoperating revenues:					
Tax revenue	-	-	30,880	-	29,398
Unrestricted intergovernmental revenues	-	-	-	-	-
Interest earnings	-	-	2,161	-	768
Total nonoperating revenues	<u>28,049</u>	<u>28,049</u>	<u>33,041</u>	<u>4,992</u>	<u>30,166</u>
Total revenues	<u>69,146</u>	<u>81,646</u>	<u>100,612</u>	<u>31,466</u>	<u>85,803</u>
Expenditures:					
Administration:					
Telephone and postage	-	-	286	-	269
Supplies	-	-	153	-	78
Dues and subscriptions	-	-	1,090	-	1,090
Software license fees	-	-	17	-	16
	<u>2,646</u>	<u>2,646</u>	<u>1,546</u>	<u>1,100</u>	<u>1,453</u>
Sewer treatment operations:					
Utilities	-	-	6,874	-	6,329
Repairs and maintenance	-	-	11,908	-	10,689
Lab tests	-	-	5,239	-	6,799
Chemicals	-	-	1,110	-	376
Contracted services	-	-	33,762	-	27,067
Professional services	-	-	7,450	-	-
Total	<u>64,500</u>	<u>77,000</u>	<u>66,343</u>	<u>(1,843)</u>	<u>51,260</u>
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Total expenditures	<u>69,146</u>	<u>81,646</u>	<u>67,889</u>	<u>1,257</u>	<u>52,713</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>32,723</u>	<u>\$ 32,723</u>	<u>33,090</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items			-		-
Change in net assets			<u>\$ 32,723</u>		<u>\$ 33,090</u>

County of Currituck, North Carolina
Southern Outer Banks Water System Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2005

	2005			2004	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Charges for services:					
Water sales	\$ -	\$ -	\$ 132,617	\$ -	\$ 89,256
Water tap fees	-	-	923,952	-	3,242,339
Penalties and interest	-	-	19,552	-	527
Other operating revenues	-	-	270	-	105
Total, water operating revenues	<u>350,000</u>	<u>350,000</u>	<u>1,076,391</u>	<u>726,391</u>	<u>3,332,227</u>
Nonoperating revenues:					
Interest earnings	-	-	29,075	-	64,640
Total nonoperating revenues	<u>100,000</u>	<u>100,000</u>	<u>29,075</u>	<u>(70,925)</u>	<u>64,640</u>
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>1,105,466</u>	<u>655,466</u>	<u>3,396,867</u>
Other financing sources:					
Proceeds from debt issuance	-	-	-	-	9,800,000
Transfer from operating fund	-	-	-	-	649,718
	<u>6,694,409</u>	<u>6,694,409</u>	<u>-</u>	<u>(6,694,409)</u>	<u>10,449,718</u>
Total revenues and other financing sources	<u>7,144,409</u>	<u>7,144,409</u>	<u>1,105,466</u>	<u>(6,038,943)</u>	<u>13,846,585</u>
Expenditures:					
Administration:					
Salaries and benefits	-	-	239,316	-	33,640
Telephone and postage	-	-	4,083	-	1,724
Advertising	-	-	908	-	1,111
Supplies	-	-	6,592	-	4,388
Dues and subscriptions	-	-	2,340	-	-
Other administrative expenditures	-	-	4,500	-	13,200
Total administration expenditures	<u>323,765</u>	<u>329,265</u>	<u>257,739</u>	<u>71,526</u>	<u>54,063</u>
Water treatment operations:					
Utilities	-	-	22,606	-	25,652
Gas, oil, etc	-	-	5,490	-	-
Repairs and maintenance	-	-	27,207	-	10,674
Lab tests	-	-	21,672	-	1,453
Chemicals	-	-	28,579	-	4,843
Uniforms	-	-	1,625	-	-
Contracted services	-	-	298,063	-	102,567
Professional services	-	-	565,683	-	-
Total water treatment operations	<u>5,117,124</u>	<u>5,117,477</u>	<u>970,925</u>	<u>4,146,199</u>	<u>145,189</u>

County of Currituck, North Carolina
Southern Outer Banks Water System Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2005

	2005			2004	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Debt service:					
Interest and other charges	-	-	320,238	-	171,010
Debt principal	-	-	849,140	-	413,679
Total	<u>1,169,378</u>	<u>1,169,378</u>	<u>1,169,378</u>	<u>-</u>	<u>584,689</u>
Capital outlays	534,142	528,289	3,819,956	(3,285,814)	9,097,618
Total expenditures	<u>7,144,409</u>	<u>7,144,409</u>	<u>6,217,998</u>	<u>926,411</u>	<u>9,881,559</u>
Revenues, other financing sources and appropriated retained earnings over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(5,112,532)	<u>\$ (5,112,532)</u>	3,965,026
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items:					
Capital outlays			3,819,956		9,097,618
Proceeds from debt issuance			-		(9,800,000)
Debt principal			849,140		413,679
Accrued vacation			(2,007)		-
Depreciation			(441,106)		(29,370)
Total reconciling items			<u>4,225,983</u>		<u>(318,073)</u>
Change in net assets			<u>\$ (886,549)</u>		<u>\$ 3,646,953</u>

County of Currituck, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2005

	2005			2004	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Operating revenues:					
Charges for services:					
Solid waste disposal charges	\$ -	\$ -	\$ 1,717,825	\$ -	\$ 1,620,384
Tipping fees	-	-	100,790	-	97,442
Total	1,479,660	1,778,833	1,818,615	39,782	1,717,826
Nonoperating revenues:					
Ad valorem taxes	-	-	1,468,705	-	1,368,791
White goods tax	-	-	8,012	-	14,806
Tire tax	-	-	20,519	-	23,750
Other solid waste grants	-	-	21,967	-	13,367
Investment earnings	-	-	70,422	-	35,086
Total	1,426,309	1,596,736	1,589,625	(7,111)	1,455,800
Appropriated retained earnings	-	546,235	-	(546,235)	-
Total revenues and appropriated retained earnings	2,905,969	3,921,804	3,408,240	(513,564)	3,173,626
Expenditures:					
Solid waste administration:					
Salaries and employee benefits	-	-	-	-	10,581
Telephone and postage	-	-	317	-	271
Other administrative expenditures	-	-	(31)	-	419
Total	800	800	286	514	11,271
Solid waste operations:					
Salaries and employee benefits	-	-	-	-	42,465
Utilities	-	-	3,186	-	3,939
Repair and maintenance	-	-	8,036	-	10,432
Rent	-	-	18,900	-	18,605
Gas, oil, etc.	-	-	1,633	-	1,401
Supplies	-	-	1,558	-	1,231
Uniforms	-	-	-	-	-
Contract services, other	-	-	70,695	-	28,028
Contract services, collection	-	-	1,364,655	-	1,261,036
Contract services, disposal	-	-	2,021,743	-	1,648,193
Site work and landscaping	-	-	16,347	-	10,937
White goods disposal	-	-	25,895	-	34,442
Tire disposal	-	-	27,095	-	22,232
Monitoring wells	-	-	4,500	-	4,300
Recycling	-	-	277,270	-	195,405
Total	2,850,669	3,866,504	3,841,513	24,991	3,282,646

County of Currituck, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2005

	2005			2004	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Capital outlays	54,500	54,500	4,101	50,399	-
Total expenditures	<u>2,905,969</u>	<u>3,921,804</u>	<u>3,845,900</u>	<u>75,904</u>	<u>3,293,917</u>
Revenues and appropriated retained earnings over expenditures	<u>\$ -</u>	<u>\$ -</u>	(437,660)	<u>\$ (437,660)</u>	(120,291)
 Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items:					
Capital outlays			4,101		-
Depreciation			(32,235)		(29,138)
Decrease in accrued vacation pay			-		-
Total reconciling items			<u>(28,134)</u>		<u>(29,138)</u>
Change in net assets			<u>\$ (465,794)</u>		<u>\$ (149,429)</u>

County of Currituck, North Carolina
Ocean Sands Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2005

	2005			Variance Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for services:					
Water sales	\$ -	\$ -	\$ 265,108	\$ -	\$ 255,888
Water impact fees	-	-	15,000	-	27,450
Water tap fees	-	-	4,600	-	6,075
Penalties and interest, water	-	-	2,525	-	1,831
Other operating revenues, water	-	-	1,113	-	525
Total, water operating revenues	<u>237,262</u>	<u>237,262</u>	<u>288,346</u>	<u>51,084</u>	<u>291,769</u>
Sewer charges	-	-	263,457	-	254,764
Sewer impact fees	-	-	19,900	-	29,000
Sewer tap fees	-	-	4,600	-	6,075
Penalties and interest, sewer	-	-	2,547	-	1,889
Other operating revenues, sewer	-	-	1,113	-	525
Total, sewer operating revenues	<u>237,262</u>	<u>237,262</u>	<u>291,617</u>	<u>54,355</u>	<u>292,253</u>
Total operating revenues	<u>474,524</u>	<u>474,524</u>	<u>579,962</u>	<u>105,438</u>	<u>584,022</u>
Nonoperating revenues:					
Tax revenue	-	-	351,737	-	443,154
Unrestricted intergovernmental revenues	-	-	-	-	-
Interest earnings	-	-	78,065	-	46,847
Total nonoperating revenues	<u>315,482</u>	<u>315,482</u>	<u>429,802</u>	<u>114,320</u>	<u>490,001</u>
Total revenues	<u>790,006</u>	<u>790,006</u>	<u>1,009,764</u>	<u>219,758</u>	<u>1,074,023</u>
Expenditures:					
Administration:					
Telephone and postage	-	-	1,671	-	935
Advertising	-	-	-	-	1,128
Fuel	-	-	250	-	-
Supplies	-	-	1,232	-	931
Dues and subscriptions	-	-	2,065	-	1,765
Software license fees	-	-	289	-	275
Contract services	-	-	12,346	-	12,346
	<u>21,246</u>	<u>22,046</u>	<u>17,853</u>	<u>4,193</u>	<u>17,380</u>

County of Currituck, North Carolina
Ocean Sands Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2005

	2005			Variance Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Water treatment operations:					
Utilities	-	-	18,466	-	16,117
Repairs and maintenance	-	-	18,561	-	17,183
Lab tests	-	-	4,254	-	2,312
System supplies	-	-	565	-	458
Chemicals	-	-	9,117	-	6,408
Contracted services	-	-	55,565	-	1,855,764
Professional services	-	-	-	-	10,054
Total	<u>549,380</u>	<u>466,380</u>	<u>106,528</u>	<u>359,852</u>	<u>1,908,296</u>
Sewer treatment operations:					
Utilities	-	-	54,318	-	50,249
Repairs and maintenance	-	-	68,290	-	12,036
Lab tests	-	-	13,451	-	10,962
System supplies	-	-	872	-	452
Chemicals	-	-	5,718	-	4,417
Contracted services	-	-	146,079	-	101,645
Professional services	-	-	-	-	10,449
Total	<u>201,380</u>	<u>285,480</u>	<u>288,728</u>	<u>(3,248)</u>	<u>190,210</u>
Capital outlay	<u>18,000</u>	<u>16,100</u>	<u>-</u>	<u>16,100</u>	<u>10,613</u>
Total expenditures	<u>790,006</u>	<u>790,006</u>	<u>413,109</u>	<u>376,897</u>	<u>2,126,499</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>596,655</u>	<u>596,655</u>	<u>(1,052,476)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items:					
Capital outlays			-		10,613
Depreciation			(133,230)		(140,416)
Total reconciling items			<u>(133,230)</u>		<u>(129,803)</u>
Change in net assets			<u>\$ 463,425</u>		<u>\$ (1,182,279)</u>

County of Currituck, North Carolina
Mainland Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2005

	2005			Variance Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for services:					
Water sales	\$ -	\$ -	\$ 1,594,567	\$ -	\$ 1,434,032
Water tap fees	-	-	567,000	-	728,520
Reconnection fees	-	-	29,203	-	22,167
Penalties and interest	-	-	44,629	-	29,625
Total	<u>1,459,281</u>	<u>1,931,752</u>	<u>2,235,399</u>	<u>776,118</u>	<u>2,214,344</u>
Nonoperating revenues:					
Interest earnings	-	-	82,340	-	37,578
Other nonoperating revenues	-	-	6,990	-	1,640
Total nonoperating revenues	<u>68,000</u>	<u>68,000</u>	<u>89,330</u>	<u>21,330</u>	<u>39,218</u>
Total revenues	<u>1,527,281</u>	<u>1,999,752</u>	<u>2,324,729</u>	<u>797,448</u>	<u>2,253,562</u>
Other financing sources (uses):					
Transfer from transfer tax capital fund	-	-	379,513	379,513	(4,367,740)
Pay-off 1989 debt	-	-	-	-	(4,367,740)
Refunding bonds issued	-	-	-	-	4,150,000
Premium on debt issued	-	-	-	-	264,555
Sales of capital assets	-	-	-	-	6,000
	<u>-</u>	<u>-</u>	<u>379,513</u>	<u>379,513</u>	<u>52,815</u>
Appropriated retained earnings	<u>947,402</u>	<u>1,429,729</u>	<u>-</u>	<u>(1,429,729)</u>	<u>-</u>
Total revenues, other financing sources and appropriated retained earnings	<u>2,474,683</u>	<u>3,429,481</u>	<u>2,704,242</u>	<u>(725,239)</u>	<u>2,306,377</u>
Expenditures:					
Administration:					
Salaries and benefits	-	-	38,316	-	37,496
Administrative support	-	-	79,000	-	74,306
Telephone and postage	-	-	17,480	-	15,374
Travel	-	-	1,972	-	4,855
Training and education	-	-	946	-	2,035
Advertising	-	-	1,055	-	351
Supplies	-	-	5,527	-	6,173
Dues and subscriptions	-	-	2,480	-	2,195
Software license fees	-	-	1,327	-	1,264
Other administration	-	-	13	-	56
	<u>163,035</u>	<u>163,035</u>	<u>148,116</u>	<u>14,918</u>	<u>144,105</u>

County of Currituck, North Carolina
Mainland Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2005

	2005			Variance Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Water treatment operations:					
Salaries and benefits	-	-	465,303	-	431,202
Utilities	-	-	61,289	-	56,610
Repairs and maintenance	-	-	58,015	-	71,350
Gas, oil, etc.	-	-	15,868	-	14,573
Lab tests	-	-	12,969	-	17,101
Chemicals	-	-	29,104	-	22,552
Uniforms	-	-	1,454	-	1,313
Purchase of water from another	-	-	232,871	-	166,514
Contracted services	-	-	1,975	-	32,743
Professional services	-	-	57,705	-	75,441
Total	<u>1,065,005</u>	<u>1,201,856</u>	<u>936,553</u>	<u>128,452</u>	<u>889,399</u>
Debt service:					
Interest and other charges	-	-	158,335	-	74,354
Bond issuance cost	-	-	-	-	46,795
Debt principal	-	-	230,000	-	230,000
Total	<u>388,335</u>	<u>388,335</u>	<u>388,335</u>	<u>-</u>	<u>351,149</u>
Capital outlay	858,308	1,676,255	707,594	150,714	569,695
Total expenditures	<u>2,474,683</u>	<u>3,429,481</u>	<u>2,180,598</u>	<u>294,085</u>	<u>1,954,348</u>
Revenues and appropriated retained earnings over expenditures	<u>\$ -</u>	<u>\$ -</u>	523,644	<u>\$ 523,644</u>	352,029
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items:					
Premium on debt issued			-		(264,555)
Capital outlays			707,594		569,695
Bond issuance cost			-		46,795
Proceeds from debt issuance			-		4,367,740
Refunding bonds issued			-		(4,150,000)
Debt principal			230,000		230,000
Depreciation			(487,521)		(458,905)
Amortization of issuance costs, refunding costs and premium			(588)		-
Accrued vacation			24,664		-
Total reconciling items			<u>474,149</u>		<u>340,770</u>
Change in net assets			<u>\$ 997,793</u>		<u>\$ 692,799</u>

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County of Currituck, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2005

	Balance July 1 2004	Additions	Deductions	Balance June 30 2005
Social Services				
Assets:				
Cash and cash equivalents	\$ 25,934	\$ 82,314	\$ 94,756	\$ 13,492
Liabilities:				
Accounts Payable	\$ 25,934	\$ 82,314	\$ 94,756	\$ 13,492
Fines and Forfeitures				
Assets:				
Cash and cash equivalents	\$ 39,288	\$ 315,888	\$ 355,176	\$ -
Due from other governments	20,259	29,853	20,259	29,853
Total assets	<u>\$ 59,547</u>	<u>\$ 345,741</u>	<u>\$ 375,435</u>	<u>\$ 29,853</u>
Liabilities:				
Intergovernmental payable	<u>\$ 59,547</u>	<u>\$ 325,482</u>	<u>\$ 355,176</u>	<u>\$ 29,853</u>
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 65,222	\$ 398,202	\$ 449,932	\$ 13,492
Due from other governments	20,259	29,853	20,259	29,853
Total assets	<u>\$ 85,481</u>	<u>\$ 428,055</u>	<u>\$ 470,191</u>	<u>\$ 43,345</u>
Liabilities:				
Accounts payable	25,934	82,314	94,756	13,492
Intergovernmental payable	59,547	325,482	355,176	29,853
Total liabilities	<u>\$ 85,481</u>	<u>\$ 407,796</u>	<u>\$ 449,932</u>	<u>\$ 43,345</u>

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County of Currituck, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2005

Fiscal Year	Uncollected Balance June 30, 2004	Additions	Collections And Credits	Uncollected Balance June 30, 2005
2004-2005	\$ -	\$ 17,672,087 (a)	\$ 17,253,685 (b)	\$ 418,402 (c)
2003-2004	428,680	9,513	318,700	119,493
2002-2003	149,980	9,211	83,666	75,525
2001-2002	83,541	7,064	45,090	45,515
2000-2001	131,883	-	85,846	46,037
1999-2000	34,962	-	14,233	20,729
1998-1999	22,856	-	7,149	15,707
1997-1998	18,770	-	5,245	13,525
1996-1997	19,320	-	3,982	15,338
1995-1996	17,902	-	2,939	14,963
1994-1995	10,427	-	10,427	-
	<u>918,321</u>	<u>17,697,875</u>	<u>17,830,962 (d)</u>	<u>785,234</u>
Plus: uncollected 2005-2006 ad valorem taxes receivable on annually registered vehicles				31,142
Less: allowance for uncollectible accounts:				
General Fund				(9,999)
Solid Waste Fund				<u>(603)</u>
Ad valorem taxes receivable - net:				<u>\$ 805,774</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 16,463,406
Ad valorem taxes - Solid Waste Fund				\$ 1,468,705
				<u>\$ 17,932,111</u>
Reconciling items:				
Interest collected				(127,789)
Taxes written off				26,640
Total reconciling items				<u>(101,149)</u>
Total collections and credits				<u>\$ 17,830,962 (d)</u>

County of Currituck, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2005

	County - wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 2,793,644,355	0.62	\$ 17,320,595	\$ 16,556,600	\$ 763,995
Motor vehicles taxed at prior year's rate	63,057,097	0.62	390,954	-	390,954
Penalties	-		17,824	17,824	-
Total	<u>2,856,701,452</u>		<u>17,729,373</u>	<u>16,574,424</u>	<u>1,154,949</u>
Discoveries:					
Current year taxes	1,375,323	0.62	8,527	8,527	-
Penalties	-		40	40	-
Total	<u>1,375,323</u>		<u>8,567</u>	<u>8,567</u>	<u>-</u>
Abatements	(10,621,452)		(65,853)	(27,101)	(38,752)
Total property valuation	<u>\$ 2,847,455,323</u>				
Net levy			17,672,087 (a)	16,555,890	1,116,197
Uncollected taxes at June 30, 2005			418,402 (c)	295,303	123,099
Current year's taxes collected			<u>\$ 17,253,685 (b)</u>	<u>\$ 16,260,587</u>	<u>\$ 993,098</u>
Current levy collection percentage			<u>97.63%</u>	<u>98.22%</u>	<u>88.97%</u>

County of Currituck, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2005

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100 %
Real Property	\$ 2,513,740,139
Personal Property	302,466,252
Public Service Companies ²	31,248,932
Total Assessed Valuation	\$ 2,847,455,323
Tax Rate per \$100	0.62
Levy (includes discoveries, releases and abatements) ³	\$ 17,672,087

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire districts, watershed improvement districts and Ocean Sands water and sewer district for the fiscal year ended June 30:

Fire protection districts	1,320,481
Guinea Mill watershed improvement district	3,050
Moyock watershed improvement district	11,896
Whalehead watershed improvement district	176,515
Moyock Commons sewer district	29,523
Ocean Sands water and sewer district	442,275
Total	\$ 19,655,827

¹ Percentage of appraised value has been established by statute.

² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³ The levy includes interest and penalties.

County of Currituck, North Carolina
Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2005

Taxpayer	Type of Business	2003 Assessed Valuation	Percentage of Total Assessed Valuation
Dominion Power	Utilities	\$ 25,047,778	0.88 %
Turnpike Properties	Land Development	19,001,921	0.67
Beach Mar IV, LLC	Land Development	10,668,899	0.37
Coastland Properties	Land Development	9,524,500	0.33
Coastland Corporation	Land Development	8,448,540	0.30
Currituck Associates Residential Partners	Land Development	7,385,785	0.26
Currituck Associates Golf Partnership	Land Development	6,109,632	0.21
Sandler at Mill Run LLC	Land Development	5,778,025	0.20
Carolina Telephone	Utilities	4,922,434	0.17
CLVS Holdings, Inc.	Land Development	3,942,435	0.14
Total		<u>\$ 100,829,949</u>	<u>3.53 %</u>

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CURRITUCK COUNTY, NORTH CAROLINA
GENERAL GOVERNMENTAL REVENUES BY SOURCE
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Ad Valorem Taxes	Other Taxes and Licenses	Intergovern- mental	Permits and Fees	Sales and Services
1996	\$ 10,982,543	\$ 5,592,805	\$ 2,013,505	\$ 487,230	\$ 45,336
1997	11,754,944	6,421,056	2,702,791	542,640	63,687
1998	12,566,354	7,768,334	2,320,126	706,154	108,017
1999	13,592,426	8,782,865	2,204,374	1,183,635	126,209
2000	14,084,762	9,861,714	3,434,490	984,046	144,978
2001	14,653,879	10,683,942	3,527,772	1,122,547	174,980
2002	15,135,413	12,427,393	6,895,942	1,432,312	194,263
2003	16,011,134	15,624,113	2,787,044	1,800,213	240,456
2004	17,193,047	19,821,148	4,825,765	2,065,709	296,943
2005	18,059,472	21,063,030	3,766,613	1,959,085	416,792

Notes: Includes General, Special Revenue, and Capital Projects Funds.

CURRITUCK COUNTY, NORTH CAROLINA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
 Last Ten Fiscal Years

Fiscal Year Ended June 30	General Government	Public Safety	Transportation	Environmental Protection	Economic and Physical Development
1996	2,180,320	3,486,440	130,314	42,513	1,319,016
1997	2,371,925	4,889,473	54,759	63,892	1,152,208
1998	2,259,064	4,441,176	85,278	116,119	1,205,415
1999	3,040,625	4,797,377	141,672	112,511	1,801,127
2000	2,725,860	5,503,206	338,090	194,073	2,110,928
2001	2,839,045	5,565,195	471,376	236,738	2,339,959
2002	2,972,758	6,674,795	317,674	196,662	1,826,188
2003	4,298,172	9,750,951	770,532	155,943	2,432,324
2004	8,302,780	11,541,352	1,799,434	173,025	3,150,728
2005	4,951,394	10,416,287	581,917	295,125	4,282,719

Notes: Includes General, Special Revenue, and Capital Projects Funds.

Table 1

<u>Investment Earnings</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 1,399,713	\$ 42,902	\$ 20,564,034
1,453,936	50,340	22,989,394
1,588,865	128,006	25,185,856
1,114,405	51,825	27,055,739
1,992,580	41,510	30,544,080
2,403,063	51,212	32,617,395
1,619,659	34,032	37,739,013
1,049,079	65,904	37,577,943
460,406	669,244	45,332,262
1,147,418	313,648	46,726,058

Table 2

<u>Human Services</u>	<u>Cultural and Recreational</u>	<u>Education</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
2,213,043	289,771	4,639,071	10,589,663	1,598,291	26,488,442
2,225,034	311,943	4,902,753	7,117,218	3,345,097	26,434,302
2,487,040	438,700	5,181,412	3,394,537	3,147,265	22,756,006
2,615,265	893,454	5,728,698	1,443,894	3,111,163	23,685,786
3,386,451	507,346	6,219,018	1,690,270	2,678,049	25,353,291
2,716,222	705,316	6,724,065	4,540,300	2,312,700	28,450,916
2,752,164	808,645	6,847,235	6,191,629	2,404,073	30,991,823
2,961,950	1,080,901	8,361,774	20,023	2,356,373	32,188,943
3,279,706	1,284,754	7,422,207	-	12,344,783	49,298,769
3,684,564	3,207,252	8,956,381	-	1,354,700	37,730,339

CURRITUCK COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS - COUNTY WIDE LEVY
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections
1996	\$ 9,873,365	\$ 9,293,356	94.13%	\$ 595,440	\$ 9,888,796
1997	10,382,080	9,815,282	94.54%	760,200	10,575,482
1998	11,343,942	10,794,115	95.15%	608,127	11,402,242
1999	13,158,843	12,707,630	96.57%	701,406	13,409,036
2000	14,016,104	13,530,061	96.53%	426,940	13,957,001
2001	14,410,038	13,882,561	96.34%	661,313	14,543,874
2002	15,091,042	14,638,016	97.00%	518,142	15,156,158
2003	15,903,078	15,411,378	96.91%	524,813	15,936,191
2004	16,817,442	16,388,762	97.45%	550,484	16,939,246
2005	17,672,087	17,253,685	97.63%	577,277	17,830,962

Notes: This schedule includes data from only the county-wide property tax levy.

CURRITUCK COUNTY, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING DISTRICTS
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Currituck County	Fire Districts			
		Poplar Branch	Fruitville	Moyock	Crawford
1996	0.650	0.060	0.070	0.085	0.080
1997	0.640	0.040	0.080	0.065	0.060
1998	0.640	0.040	0.080	0.065	0.060
1999	0.640	0.040	0.080	0.065	0.060
2000	0.640	0.040	0.080	0.065	0.060
2001	0.620	0.040	0.080	0.065	0.060
2002	0.620	0.040	0.080	0.065	0.060
2003	0.620	0.040	0.080	0.065	0.060
2004	0.620	0.040	0.080	0.065	0.060
2005	0.620	0.040	0.080	0.065	0.060

Note: ¹ This is the first year of operations for the district.
 Tax rates are computed as cents per hundred dollars of valuation.
 Tax rates are as reported by the Currituck County Tax Department.

Table 3

Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
100.16%	\$ 1,078,188	10.92%
101.86%	1,074,396	10.35%
100.51%	1,089,487	9.60%
101.90%	1,025,358	7.79%
99.58%	1,085,940	7.75%
100.93%	1,033,223	7.17%
100.43%	998,208	6.61%
100.21%	1,019,618	6.41%
100.72%	918,321	5.46%
100.90%	785,234	4.44%

Table 4

Improvement Districts			Utility District	
Guinea Mill Watershed	Moyock Watershed	Whalehead Watershed	Ocean Sands	Moyock Commons
--	--	--	0.310	--
--	--	--	0.310	--
--	--	--	0.310	--
--	--	--	0.310	--
--	--	--	0.310	0.010 ¹
0.010 ¹	--	--	0.310	0.500
0.010	--	--	0.230	0.500
0.010	0.030 ¹	--	0.200	0.500
0.010	0.030	0.070 ¹	0.200	0.500
0.010	0.030	0.070	0.150	0.500

Table 5

CURRITUCK COUNTY, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Company Property	Total Assessed Value
1996	\$ 1,418,709,199	\$ 42,583,645	\$ 40,929,345	\$ 1,502,222,189
1997	1,487,312,325	48,961,315	42,179,390	1,578,453,030
1998	1,668,265,741	58,495,944	44,278,905	1,771,040,590
1999	1,938,700,844	72,885,386	44,910,332	2,056,496,562
2000	2,062,237,254	81,824,359	44,684,827	2,188,746,440
2001	2,184,391,466	89,828,883	46,470,316	2,320,690,665
2002	2,288,334,577	99,664,034	43,623,001	2,431,621,612
2003	2,251,866,867	265,335,158	43,398,458	2,560,600,483
2004	2,381,230,573	284,119,201	44,396,839	2,709,746,613
2005	2,513,740,139	302,466,252	31,248,932	2,847,455,323

Note: Assessed valuations are established by the Board of County Commissioners at 100 percent of market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The last revaluation was completed in 1997.

Table 6

CURRITUCK COUNTY, NORTH CAROLINA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Commercial Construction		Residential Construction		Bank Deposits ²³ (in Thousands)	Property Value ¹	
	Number of Units	Value	Number of Units	Value		Commercial	Residential
1996	35	\$ 3,689,114	463	\$ 61,122,365	44,492	\$ 137,633,265	\$ 1,440,819,765
1997	82	10,616,168	490	73,092,770	46,796	152,493,856	1,618,546,734
1998	75	7,035,586	547	99,067,240	58,473	239,802,371	1,816,694,191
1999	82	10,616,168	522	90,977,543	57,811	242,480,804	1,946,265,636
2000	97	10,303,979	457	76,413,725	64,749	244,405,137	2,076,285,528
2001	53	30,398,133	457	64,511,389	77,934	253,947,815	2,177,673,797
2002	32	5,631,358	561	101,174,093	81,816	267,230,815	2,164,390,797
2003	41	14,510,985	668	136,441,048	106,559	281,405,359	2,279,195,124
2004	32	7,336,988	689	158,800,097	96,181	312,037,336	2,397,709,277
2005	25	7,504,760	553	169,204,034	118,300	320,047,007	2,527,408,316

Note: ¹ Estimated actual values

² North Carolina State Banking Commission

³ Expressed in thousands

Table 7

**CURRITUCK COUNTY, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2005**

Assessed value of taxable property		\$ 2,847,455,323	
		x 0.08	
Legal Debt limit - 8 percent of assessed value		<u>227,796,426</u>	
Gross debt:			
Total bonded debt	\$ 12,410,000		
Authorized and unissued bonds	--		
Lease financing agreements	<u>8,537,182</u>		
	20,947,182		
Less: water bonds	<u>3,690,000</u>	<u>17,257,182</u>	
Legal debt margin		<u>\$ 210,539,244</u>	
Actual Debt limit - percent of assessed value			0.61%

Table 8

CURRITUCK COUNTY, NORTH CAROLINA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Assessed Value	Gross Debt	Less Debt Payable From Enterprise Revenues	Net General Obligation Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	Population ¹	Net General Obligation Bonded Debt Per Capita
1996	\$ 1,502,222,189	\$ 22,442,550	\$ 5,632,750	\$ 16,809,800	1.12%	16,284	\$ 1,032
1997	1,578,453,030	21,389,650	5,418,750	15,970,900	1.01%	16,571	964
1998	1,771,040,590	20,322,150	5,200,750	15,121,400	0.85%	17,789	850
1999	2,056,496,562	22,812,230	4,978,750	17,833,480	0.87%	18,305	974
2000	2,188,746,440	20,742,729	4,752,750	15,989,979	0.73%	18,900	846
2001	2,320,690,665	18,988,784	4,520,750	14,468,034	0.62%	18,289	791
2002	2,431,621,612	17,011,111	4,283,750	12,727,361	0.52%	19,059	668
2003	2,560,600,483	14,841,750	4,141,750	10,700,000	0.42%	19,632	545
2004	2,709,746,613	13,590,000	3,920,000	9,670,000	0.36%	20,834	464
2005	2,847,455,323	12,410,000	3,690,000	8,720,000	0.31%	22,617	386

Notes: ¹ Currituck County Department of Planning and Inspections.

Table 9

CURRITUCK COUNTY, NORTH CAROLINA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service ¹	Total General Governmental Expenditures ²	Ratio of Debt Service to Total General Governmental Expenditures
1996	\$ 778,112	\$ 820,179	\$ 1,598,291	\$ 23,685,786	6.75%
1997	2,225,163	1,119,934	3,345,097	25,353,291	13.19%
1998	2,028,944	1,118,321	3,147,265	28,450,916	11.06%
1999	2,098,436	1,012,727	3,111,163	30,991,823	10.04%
2000	1,754,294	923,755	2,678,049	32,188,943	8.32%
2001	1,428,346	884,354	2,312,700	49,298,769	4.69%
2002	1,664,397	654,140	2,318,537	32,188,943	7.20%
2003	1,702,233	654,140	2,356,373	25,447,161	9.26%
2004	900,000	555,056	1,455,056	29,648,384	4.91%
2005	950,000	404,700	1,354,700	31,710,742	4.27%

Notes: ¹ General obligation bonds reported in the Enterprise Funds have been excluded.

² Includes General, Special Revenue, and Capital Projects Funds.
 Currituck County does not have any underlying debt.

Table 10

CURRITUCK COUNTY, NORTH CAROLINA
DEMOGRAPHIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ¹	Per Capita Income ¹	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
1996	16,284	19,654	36.60	3,137	3.10%
1997	16,571	20,109	37.06	3,218	2.80%
1998	17,789	22,162	37.45	3,172	2.70%
1999	18,305	23,319	37.25	3,294	2.30%
2000	18,900	24,515	38.35	3,354	2.50%
2001	18,289	27,308	38.61	3,392	2.43%
2002	19,059	26,481	38.87	3,400	2.00%
2003	19,653	26,574	39.12	3,427	1.80%
2004	20,834	n/a	39.14	3,685	2.40%
2005	22,617	n/a	n/a	3,854	2.90%

¹ North Carolina Department of Commerce

² North Carolina Office of State Planning

³ Currituck County Board of Education

⁴ North Carolina Employment Security Commission

Table 11

CURRITUCK COUNTY, NORTH CAROLINA
MISCELLANEOUS STATISTICS
 June 30, 2005

Date of Incorporation	1668
Form of Government	Commission - Manager
Area	261.4 Land Square Miles 443.63 Total Square Miles
Population (2003 estimate)	22,617
Income:	
2003 per capita personal income, North Carolina	\$28,071
2003 per capita personal income, Currituck	\$26,574
Education 2005:	
Schools	8
Teachers	254
Student Enrollment	3,854
SAT	1013
Libraries:	
Branches	2
Public Safety:	
Sheriff:	
Stations	1
Satellite Stations	3
Deputies	52
Emergency Medical Services:	
EMS Stations	8
Emergency Medical Technicians	49
Health:	
2003 number of physicians	6
2003 population /physician ratio	3,288
County:	
Number of Employees	
Fulltime	291
Part-time/Temporary	122



Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Board of County Commissioners
Currituck County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregated remaining fund information of the County of Currituck, North Carolina, as of and for the year ended June 30, 2005, which collectively comprises the County of Currituck's basic financial statements, and have issued our report thereon dated October 25, 2005. We did not audit the financial statements of the Currituck County ABC Board, or The Whalehead Preservation Trust and The Currituck Wildlife Museum. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Currituck County ABC Board and The Whalehead Preservation Trust and The Currituck Wildlife Museum 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. The financial statements of the Currituck County ABC Board and The Whalehead Preservation Trust and The Currituck Wildlife Museum were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Currituck County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Currituck County, North Carolina in a separate letter dated October 25, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Currituck County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted certain immaterial instances of noncompliance that we have reported to management of Currituck County in a separate letter October 25, 2005.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Pittard, Perry & Crone, Inc.

October 25, 2005



Certified Public Accountants and Consultants

Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Currituck County, North Carolina

Compliance

We have audited the compliance of Currituck County, North Carolina, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2005. Currituck County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Currituck County's management. Our responsibility is to express an opinion on Currituck County's compliance based on our audit.

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

In our opinion, Currituck County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Currituck County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Currituck County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Pittard, Perry & Crone, Inc.

October 25, 2005

CURRITUCK COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2005

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __X__ no
- Reportable condition(s) identified that are not considered to be material weaknesses _____ yes __X__ none reported

Noncompliance material to financial statements noted _____ yes __X__ no

Federal Awards

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

Internal control over major federal programs

- Material weakness(es) identified? _____ yes __X__ no
- Reportable condition(s) identified that are not considered to be material weaknesses _____ yes __X__ none reported

Noncompliance material to federal awards _____ yes __X__ no

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 _____ yes __X__ no

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
93.558 93.778	Temporary Assistance for Needy Families Medical Assistance Program
10.551 10.561	Food Stamp Cluster
93.558 93.596 93.575 93.667	Child Care Cluster

Dollar threshold used to distinguish between
Type A and Type B Programs

\$360,241

Auditee qualified as low-risk auditee?

yes

no

State Awards

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

Unqualified

Identification of major State programs:

None

CURRITUCK COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2005

There were no prior year audit findings.

COUNTY OF CURRITUCK
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ending June 30, 2005

GRANTOR, PASS THROUGH GRANTOR PROGRAM TITLE	CFDA	AMOUNT EXPENDED		COUNTY
		FEDERAL	STATE	
FEDERAL AWARDS -				
U.S. Department of Agriculture				
North Carolina Department of Health Human Resources: Division of Social Services				
Food Stamp Program - Noncash	10.551	\$ 1,122,308	\$ -	\$ -
Food Stamps Administrative Match	10.561	120,082	-	120,082
Total Food Stamp Cluster		1,242,390	-	120,082
North Carolina Department of Agriculture: Division of Food Distribution:				
Emergency Food Assistance Program - Food Commodities	10.569	3,266	-	-
Total Emergency Food Assistance Cluster		3,266	-	-
Total U.S. Department of Agriculture		1,245,656	-	120,082
U.S. Department of Housing and Urban Development				
Passed through NC Department of Commerce CDBG Small Cities				
	14.228	155,417	-	-
Total U.S. Department of Housing and Urban Development		155,417	-	-
U.S. Department of Transportation				
Federal Transit Administration Passed through through NC Dept of Transportation				
	20.605	63,593	\$ -	\$ -
State aid to airports passed through NC Dept of Transportation				
	20.106	353,418	-	-
Total U.S. Department of Transportation		417,011	-	-
U.S. Department of Health and Human Services				
Albemarle Commission				
Home and Community Care	93.044	26,317	-	-
North Carolina Department of Health and Human Services				
Division of Social Services:				
TANF Benefit Payments	93.558	110,117	-	-
Work First - Administration	93.558	58,985	-	58,985
Work First - Services	93.558	255,670	-	255,670
Low Income Home Energy Assistance	93.568	2,910	-	-
CIP Disaster	93.568	31,761	-	-
Energy Assistance Benefits	93.558	16,095	-	-
Special Permanency Planning	93.645	1,367	-	-
Permanency Planning	93.645	4,634	1,545	-
LINKS	93.674	460	115	-
CCDF	93.596	60,000	-	-
SSBG	93.667	45,023	4,482	4,482
NC Health Choice	93.767	19,774	803	-
Foster Care and Adoption				
Adoption Subsidy	93.659	58,785	16,962	-
Adoption Assistance	93.659	10,938	-	12,831
Foster Care	93.658	2,517	721	373
Optional	93.658	23,021	-	8,862
CPS	93.658	52,718	23,661	36,417
Total Foster Care and Adoption Cluster		147,979	41,344	58,483

continued

COUNTY OF CURRITUCK
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ending June 30, 2005

GRANTOR, PASS THROUGH GRANTOR PROGRAM TITLE	CFDA	AMOUNT EXPENDED		COUNTY
		FEDERAL	STATE	
Division of Child Development:				
Social Services Block Grant	93.667	26,027	-	-
Temporary Assistance for Needy Families	93.558	54,169	154,392	-
CCDF	93.575	195,661	-	-
Smart Start		-	161,466	-
CCDF	93.596	137,977	30,624	-
Total Child Care Cluster		413,834	346,482	-
Division of Medical Assistance:				
Direct Benefit Payments	93.778	8,512,111	4,070,511	671,716
Expansion	93.778	7,910	7,910	-
Administration	93.778	226,458	-	226,458
Transportation	93.778	35,131	13,984	30,000
Total U.S. Department of Health and Human Services		9,976,536	4,487,176	1,305,794
U.S. Department of Homeland Security				
Passed through NC Department of Crime Control and Public Safety				
Homeland Security	97.004	24,490	-	-
Predisaster Mitigation	97.047	5,250	-	-
Supplemental Plan	97.051	9,975	-	-
Hurricane Isabel	97.036	153,750	-	-
Total U.S. Department of Homeland Security		193,465	-	-
U. S . Department of Justice				
Office of Justice Programs				
Homeland Security	16.607	18,978	-	-
Juvenile Justice Prevention	16.54	954	-	-
Total U. S. Department of Justice		19,932	-	-
TOTAL FEDERAL AWARDS		12,008,017	4,487,176	1,425,876
STATE AWARDS -				
North Carolina Department of Health and Human Services				
Division of Social Services:				
State/County Special Assistance		-	87,801	87,801
State Foster Care Benefits		-	7,192	-
State Aid to Counties		-	14,028	-
CWS Adoption		-	46,209	-
State Adult Protective Services		-	18,787	-
Division of Child Development				
Smart Start		-	-	-
Total North Carolina Department of Health and Human Services		-	174,017	87,801
NC Department of Juvenile Justice and Delinquency Prevention				
Juvenile Crime Prevention Programs		-	83,572	-
Support Our Students		-	56,373	-
Total North Carolina Department of Health and Human Services		-	139,945	-
North Carolina Department of Environment and Natural Resources				
Division of Soil and Water Conservation				
Technical Assistance Funds		-	116,600	-
Total North Carolina Department of Environment and Natural Resources		-	116,600	-

continued

COUNTY OF CURRITUCK
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ending June 30, 2005

GRANTOR, PASS THROUGH GRANTOR PROGRAM TITLE	CFDA	AMOUNT EXPENDED		COUNTY
		FEDERAL	STATE	
North Carolina Department of Transportation				
Public Transportation Division:				
ROAP		-	63,535	-
DOT-8		-	145,838	-
Total North Carolina Department of Transportation		-	<u>209,373</u>	-
TOTAL STATE AWARDS		-	<u>639,935</u>	<u>87,801</u>
TOTAL FEDERAL AND STATE AWARDS		<u>12,008,017</u>	<u>5,127,111</u>	<u>1,513,677</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards

1 Basis of Presentation - The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Currituck County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the general purpose financial statements. Benefit payments are paid directly to recipients and are not included in the County's general purpose financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2 Subrecipients - Of the federal and State expenditures presented in the schedule, Currituck County provided federal and State awards to subrecipients as follows:

Program Title	CFDA	Federal Expenditures	State Expenditures
Support Our Students		-	70,464
Partnership of Adolescents and Support Services		-	63,839
Albemarle Dispute Settlement Center		-	550
Victim Compensation and Juvenile Restitution		-	8,103
Currituck Wilderness Camp Program		-	6,005
Teen Court		-	15,475
JCPC Council Administration		-	11,315
Smart Start		-	10,032
Elderly and Disabled Transportation		-	96,591