

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2007



County of Currituck, North Carolina

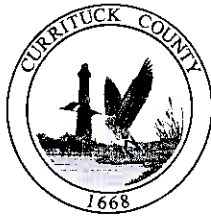
Prepared by the Currituck County Finance Department

County of Currituck, North Carolina
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BOARD OF COMMISSIONERS

Barry Nelms, Chairman
Gene Gregory, Vice-Chairman
Ernie Bowden
J. Owen Etheridge
Janet Taylor

COUNTY OF CURRITUCK

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Daniel F. Scanlon II, CPA

Donald Ike McRee
County Attorney
Gwen H. Keene, CMC
Clerk to the Board

October 31, 2007

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, 2007. 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, that 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 remained stable, 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). Currituck, located within sixteen miles of Interstate 64 and the Chesapeake Expressway, makes the county convenient to the Norfolk International Airport and to the deepwater ports in Hampton Roads. This favorable location continues to attract residents and the population has increased 32.55 percent from 1998 to 2007. 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.

Not surprisingly, the largest industries in Currituck County are intimately related to Travel and Tourism: Retail trade, construction, real estate and accommodation/services. The largest employers in Currituck County are Currituck County Schools and Currituck County Government, followed by several real estate brokerage and construction firms.

The ad valorem tax base grew from \$7,714,703,609 to \$7,903,781,250 an average increase of 2.45 percent. The octennial revaluation as required by the North Carolina General Statutes became effective on January 1, 2006. 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, 2007 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. Funds have been appropriated for the design of a recreation/community center in Maple and a park facility in Carova Beach.

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. These projects include continued expansion of the Currituck Regional Airport, a fire station in Knotts Island, and expansion of the mainland water system. Other ongoing private projects include additional supporting development in the areas of regional distribution & warehousing, aviation related services, printing services and large-scale big-box and outlet retail development. Coupled with supporting development, the County is aggressively targeting industrial and manufacturing corporations for its numerous industrial parks to further strengthen the non-tourism economic vitality of the County. The development of the airport, which includes a 150-plus acre industrial park and corporate aviation hangars, will continue building the County's taxable property base and attractive employment opportunities.

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. Both of the above boards are working together to meet the rapid growing needs to maintain quality education for the children of our County. Currently, the County two elementary schools under construction, one in Jarvisburg and the second in Shawboro, scheduled to open for the 2008-09 school year. (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.)

Throughout this fiscal year the Cooperative Extension building located in Barco has been under construction and has an anticipated opening in December 2007. Also in process is the design for a Recreation facility that will include a swimming pool and classrooms for community recreation, which will be located adjacent to the Cooperative Extension building. In addition, design plans are underway for a library in Moyock, a park in Carova Beach and expansion of the Mainland Water system which will include a reverse osmosis treatment plant, additional water tanks and extended water lines.

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 within a department up to

\$10,000 or 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 interfund 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 a continued 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, a library that will be in Moyock, a Park in Carova Beach, a building for Parks and Recreation in Maple. In addition, the County is working with the Board of Education to construct two elementary schools, one in Shawboro and the other in Jarvisburg, both needed due to increased school enrollment in 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 1 month to 5 years, with an average maturity of 451 days for U. S. Treasury obligations and 72 days for commercial paper. The average yield on investments was 4.63% for federal agency funds, 4.64% for certificates of deposit and 4.84% for commercial paper.

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, which continued through July 31, 2006. The County joined the North Carolina Association of County Commissioners health insurance benefits pool, effective August 1, 2006.

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 seventh 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.

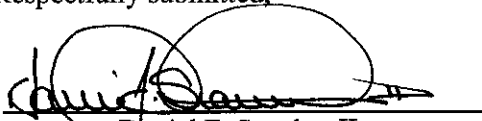
AWARDS AND ACKNOWLEDGEMENTS

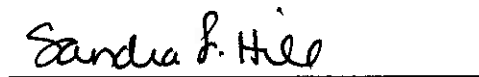
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Currituck for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the fifth consecutive 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to 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 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

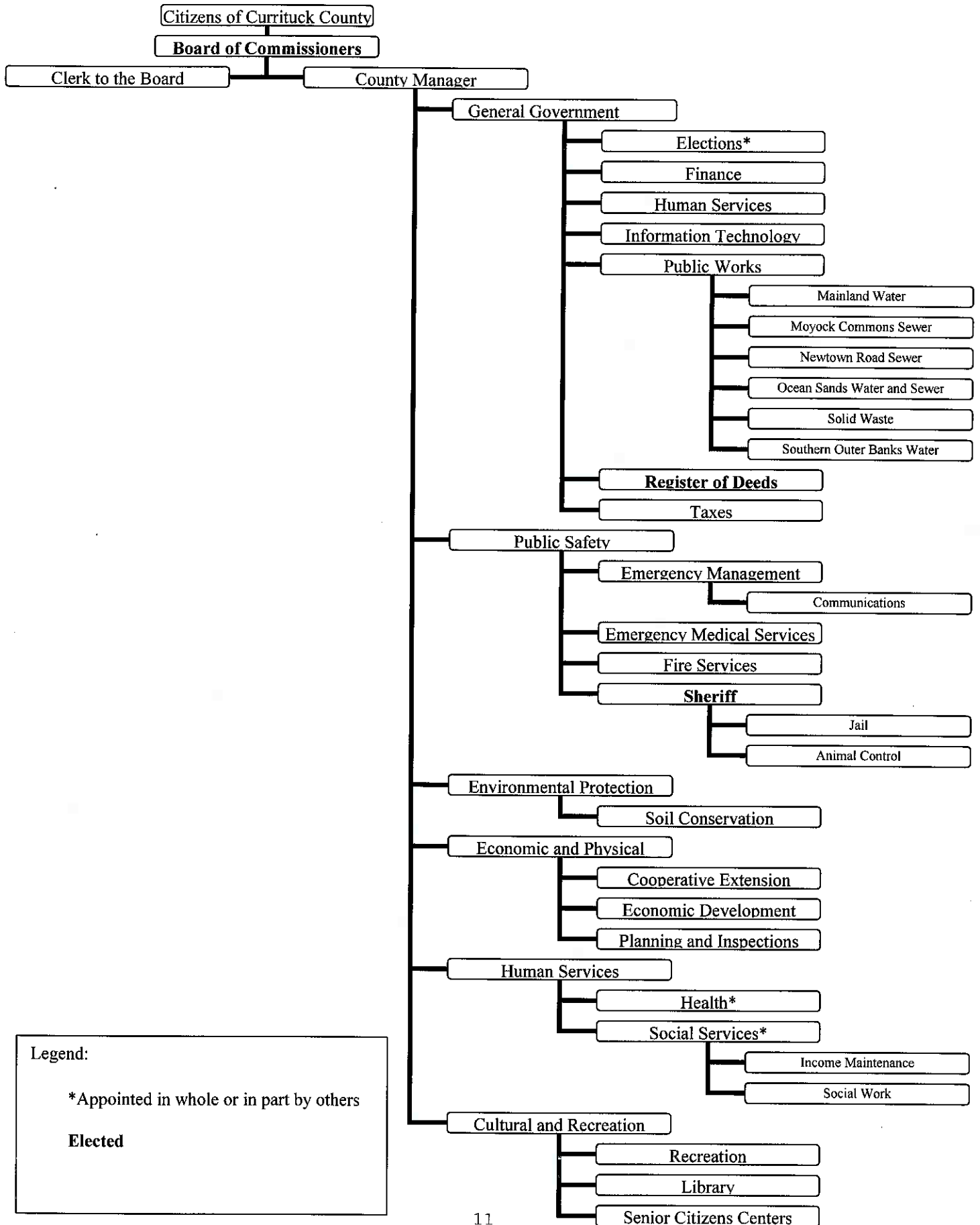
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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.



President

Executive Director



Legend:
 *Appointed in whole or in part by others
Elected

CURRITUCK, NORTH CAROLINA

Barry Nelms, Chairman

Gene Gregory, Vice-Chairman

Ernie Bowden

J. Owen Etheridge

Janet Taylor

OFFICIALS

County Manager	Daniel F. Scanlon, II
County Attorney	Donald "Ike" McRee
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	Peter Bishop
Emergency Management	Stanley Griggs
Emergency Medical Services	Michael Carter
Finance Director	Sandra L. Hill
Human Resources Director.....	Derinda Leary
Information Technology.....	Tina I. Scanlon
Library	Vickie Hagemeister
Planning & Inspections	Ben Woody
Public Works	Eric Weatherly
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 aggregate 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, 2007, 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 2.0 percent, 1.7 percent and 7.0 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. The financial statements of Currituck County ABC Board were not audited in accordance with *Government Auditing Standards*. 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, 2007, 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 November 28, 2007 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 statements, 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. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basis financial statements and, accordingly, we express no opinion on them.

Pattard Perry + Crane, Inc.
November 28, 2007

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, 2007. 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

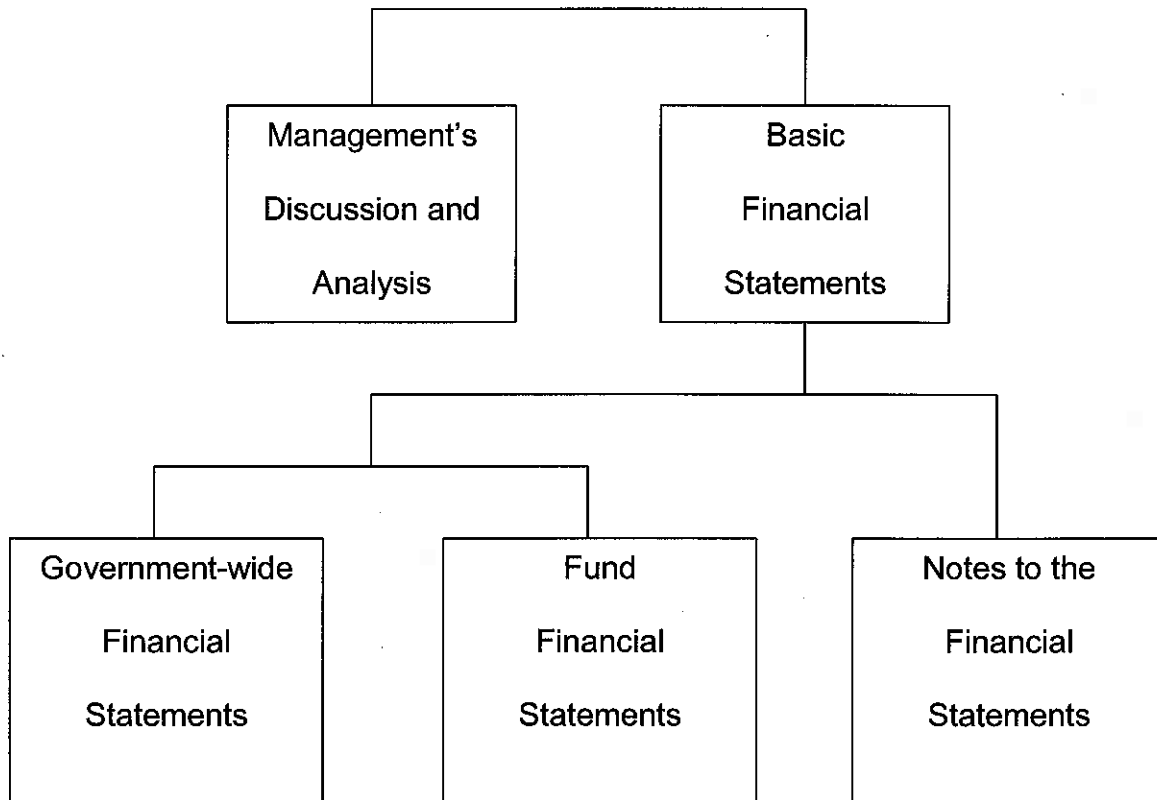
- The assets of Currituck County exceeded its liabilities at the close of the fiscal year by \$145,494,691.
- The government's total net assets increased by \$14,010,078, primarily due to increased net assets in the Governmental activities.
- As of the close of the current fiscal year, Currituck County's governmental funds reported combined ending fund balances of \$ 68,798,511, a decrease of \$789,430 in comparison with the prior year. Approximately 63.23 percent of this total amount or \$54,828,130 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 \$17,680,450, or 41.52 percent of total general fund expenditures for the fiscal year; \$3,388,292 of this amount is designated to fund next year's budget.
- Currituck County's total debt decreased by \$2,284,012 or 11.07 percent 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



Summary → Detail

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; that 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 fewer 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 \$145,494,691 as of June 30, 2007. The County's net assets increased by \$14,010,078 for the fiscal year ended June 30, 2007. One of the largest portions (47.14 %) 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, 2007, all long-term debt in governmental activities was for school buildings, which are not capital assets for the County and therefore do 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. Although the remaining balance of \$76,905,301 is unrestricted, the County has designated a significant portion of this balance for capital construction projects for schools and County facilities. As of June 30, 2007, the County has designated \$17,687,703 for future school construction and \$22,038,536 for governmental facilities.

Currituck County's Net Assets

Figure 2

CURRITUCK COUNTY'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 73,329,411	\$ 72,723,637	\$ 15,591,480	\$ 14,077,117	\$ 88,920,891	\$ 86,800,754
Capital assets	51,299,094	40,388,334	27,233,466	26,981,986	78,532,560	67,370,320
Total assets	\$ 124,628,505	\$ 113,111,971	\$ 42,824,946	\$ 41,059,103	\$ 167,453,451	\$ 154,171,074
Long-term liabilities outstanding	\$ 6,840,000	\$ 8,335,418	\$ 11,172,708	\$ 11,146,155	\$ 18,012,708	\$ 19,481,573
Other liabilities	4,185,608	2,338,097	989,982	866,791	5,175,590	3,204,888
Total liabilities	11,025,608	10,673,515	12,162,690	12,012,946	23,188,298	22,686,461
Net assets:						
Invested in capital assets, net of related debt	51,299,094	40,388,334	17,290,296	15,878,837	68,589,390	56,267,171
Unrestricted	62,303,803	62,050,122	14,601,498	13,167,320	76,905,301	75,217,442
Total net assets	\$ 113,602,897	\$ 102,438,456	\$ 31,891,794	\$ 29,046,157	\$ 145,494,691	\$ 131,484,613

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

- Ad valorem tax revenues increased by \$208,828
- Other taxes and license increased by \$1,307,597. Transfer tax was down by \$1,663,700; however, this was offset by an increase in occupancy tax of \$2,733,497
- Permits and fees had a decrease of \$162,911 over the prior year in total; however, ambulance fees increased by 23.21% while building permit fees and register of deeds fees decreased by 42.27% and 25.43%, respectively
- Inter-governmental revenues were down by \$225,329. The primary reason for this was a decrease in Federal and State grants of \$391,462
- 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
- Public safety expenditures increased by 31.27% primarily due to a 25.55% increase in public safety expenditures, which included \$1,099,666 in capital expenditures for public system computer technology and construction of the jail kitchen
- Transportation expenditures increased by \$164,355, 18.58 percent, due to continued expansion at the Currituck County airport
- Economic and physical development expenditures increased 317.78 percent over the previous year primarily due to construction of the Cooperative Extension building in Maple and purchase of the horse farm in Spot
- Currituck County's funding for education increased by 12.93% over the prior year reflecting continued growth in our school system operation and construction of an elementary school in Jarvisburg
- The general fund debt service was reduced by \$930,000 over the prior year

Currituck County Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	Total
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 2,042,141	\$ 2,434,377	\$ 8,895,637	\$ 8,482,776	\$ 10,937,778	\$ 10,917,153
Operating grants and contributions	3,812,979	2,668,362	2,032,174	2,103,115	5,845,153	4,771,477
Capital grants and contributions	888,757	1,291,573	-	164,047	888,757	1,455,620
General revenues:						
Property taxes	23,582,470	23,391,822	-	-	23,582,470	23,391,822
Other taxes	20,677,091	19,734,572	-	-	20,677,091	19,734,572
Investment earnings, unrestricted	3,475,928	2,459,638	672,453	468,355	4,148,381	2,927,993
Miscellaneous	-	92,859	-	-	-	92,859
Total revenues	54,479,366	52,073,203	11,600,264	11,218,293	66,079,630	54,332,256
Expenses:						
General government	5,155,428	4,583,886	-	-	5,155,428	4,583,886
Public safety	14,759,626	11,311,450	-	-	14,759,626	11,311,450
Transportation	576,920	791,450	-	-	576,920	791,450
Economic and physical development	3,430,161	3,539,620	-	-	3,430,161	3,539,620
Environmental protection	303,871	238,502	-	-	303,871	238,502
Human services	4,236,355	4,168,102	-	-	4,236,355	4,168,102
Cultural and recreation	376,240	1,232,301	-	-	376,240	1,232,301
Education	13,869,357	12,281,089	-	-	13,869,357	12,281,089
Interest on long-term debt	325,600	354,100	-	-	325,600	354,100
Solid Waste	-	-	4,274,781	4,235,412	4,274,781	4,235,412
Water and sewer	-	-	4,761,213	4,606,566	4,761,213	4,606,566
Total expenses	43,033,558	38,500,500	9,035,994	8,841,978	52,069,552	41,109,000
Increase in net assets before transfers and special items	11,445,808	13,572,703	2,564,270	2,376,315	14,010,078	15,949,018
Transfers	(281,367)	(219,040)	281,367	219,040	-	-
Increase in net assets	11,164,441	13,353,663	2,845,637	2,595,355	14,010,078	15,949,018
Net assets, July 1	102,438,456	89,084,793	29,046,157	26,450,802	131,484,613	115,535,595
Prior period adjustment	-	-	-	-	-	-
Net assets, June 30	\$ 113,602,897	\$ 102,438,456	\$ 31,891,794	\$ 29,046,157	\$ 145,494,691	\$ 131,484,613

Governmental activities. Governmental activities increased the County's net assets by \$11,164,441, thereby accounting for 79.69% 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 due to continued construction
- Increase in occupancy tax due to increased occupancy tax rate and tourism over the previous year
- Governmental capital construction

Business-type activities: Business-type activities increased Currituck County's net assets by \$2,845,637, accounting for 20.31 % of the total growth in the government's net assets. This growth is attributed to the Southern Outer Banks Water operations and growth in the Mainland Water customer. 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

	2007			2006	Change in Fund Balances
	Reserved	Unreserved	Total	Total	
General	\$ 2,582,266	\$ 21,068,742	\$ 23,651,008	\$ 27,439,731	\$ (3,788,723)
County Governmental Facilities	-	22,038,536	22,038,536	18,447,006	3,591,530
School Capital Projects	-	11,416,758	11,416,758	11,117,968	298,790
Transfer Tax Capital	-	4,342,359	4,342,359	6,133,134	(1,790,775)
Other Governmental	769,510	6,580,340	7,349,850	6,450,102	899,748
	<u>\$ 3,351,776</u>	<u>\$ 65,446,735</u>	<u>\$ 68,798,511</u>	<u>\$ 69,587,941</u>	<u>\$ (789,430)</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 \$21,068,742, while total fund balance reached \$23,651,008. 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 49.78 percent of total General Fund expenditures, while total fund balance represents 55.89 percent of that same amount. The decrease in this fund balance is primarily due to the purchase of property on Spot Road of \$3,231,070 and a transfer of \$3,084,706 to the School Capital Projects fund for construction of an elementary school.

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. The significant decrease in the Transfer Tax Capital Fund is due to a decrease in transfer tax collections of \$1,663,664 over the prior year, which was impacted by the rising borrowing rates. In addition, \$3,237,940 in transfer tax was transferred to the County Governmental construction fund to build a fire station at Knotts Island, a library in Moyock and to continue to accumulate funding for a future recreation facility.

At June 30, 2007, the governmental funds of Currituck County reported a combined fund balance of \$68,798,511, a 1.13 percent decrease over last year. The primary reason for

this decrease is the decrease in fund balances in the General Fund due to using resources for capital construction projects.

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 \$2,049,544. The significant variances in revenues exceeding budget were in ad valorem taxes, other taxes and licenses and investment earnings, which had favorable variances of \$1,687,047, \$1,061,638 and \$322,830, respectively. The final budget exceeded actual revenues in permits and fees by \$165,954, which was due to a negative variance in building permit fee collection of \$400,015 that was offset by other permits and fees. Exhibit 5 on page 33 shows all variances in the General Fund. Actual revenues exceeded revised budget by \$3,107,297, which is a result of conservative budgeting, higher tax revenues than projected and favorable earnings on investments.

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 \$4,203,827, and those for the Water and Sewer Districts totaled \$10,397,671. 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 2006	June 30 2007	Change in Net Assets
Solid Waste	\$ 4,075,540	\$ 4,762,799	\$ 687,259
Ocean Sands Water and Sewer	6,802,616	7,092,822	290,206
Mainland Water	10,173,071	10,772,015	598,944
Southern Outer Banks Water	7,420,287	8,375,587	955,300
Non-Major Proprietary Funds			
Newtown Road Sewer	392,952	484,134	91,182
Moyock Commons Sewer	181,691	404,437	222,746
Total	\$ 29,046,157	\$ 31,891,794	\$ 2,845,637

Capital Asset and Debt Administration

Capital assets. Currituck County's capital assets for its governmental and business – type activities as of June 30, 2007, totals \$78,532,560, 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:

- Cooperative Extension Building in Maple now under construction
- Continued construction of kitchen for detention center
- Continued expansion of the Airport runway and taxiway
- Public safety computer hardware/software
- Extended waterlines on the Currituck mainland
- Purchase of horse farm on Spot Road

Currituck County's Capital Assets

Figure 6

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

	Governmental Activities 2007	Business-type Activities 2007	Total 2007	Total 2006
Land	\$ 14,931,839	\$ 1,153,124	\$ 16,084,963	\$ 13,022,528
Buildings and system	21,920,633	17,058,933	38,979,566	36,486,581
Furniture & Fixtures	5,251,717	229,753	5,481,470	3,056,282
Equipment	2,365,525	8,683,009	11,048,534	9,796,820
Vehicles and motorized equipment	2,204,610	108,648	2,313,258	2,376,458
Construction in progress	4,624,680	-	4,624,680	2,631,651
Total	\$ 51,299,004	\$ 27,233,467	\$ 78,532,471	\$ 67,370,320

Additional information on the County's capital assets can be found in note III.A. 5, beginning on page 53 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2007, Currituck County had total bonded debt outstanding of \$10,035,000 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	
	2007	2006	2007	2006	2007	2006	2007	2006
Installment Purchase	\$ -	\$ -	\$ 6,748,170	\$ 7,658,149	\$ 6,748,170	\$ 7,658,149	\$ 6,748,170	\$ 7,658,149
General obligation bonds	6,840,000	7,770,000	3,195,000	3,445,000	10,035,000	11,215,000	10,035,000	11,215,000
Total debt	\$ 6,840,000	\$ 8,720,000	\$ 9,943,170	\$ 12,227,182	\$ 16,783,170	\$ 18,873,149	\$ 16,783,170	\$ 18,873,149

Figure 7

Currituck County's total debt decreased by \$2,284,012 (11.07 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 \$618,714,330. The County has no bonds authorized but un-issued at June 30, 2007.

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 2.8% at June 30, 2007
- Property values increased 2.45% over the previous year
- Occupancy tax increased 51.36% due to increased tourism

Budget Highlights for the Fiscal Year Ending June 30, 2008

Governmental Activities: Currituck County's octennial revaluation became effective for the 2006 fiscal year. General fund revenues are expected to increase 4.8% this year due to continued construction and tourism. The County will use these increases in revenues to continue to accumulate funding for future school construction and to finance programs currently in place.

Budgeted expenditures in the General Fund are anticipated to be \$43,493,386, approximately 21.05% 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. The Moyock Commons Sewer District has planned to replace the sewer system for expanded growth in the area; the Newtown Road Sewer District has been awarded a \$100,000 grant from the North Carolina Rural Center that will be matched with \$100,000 in County funds to replace the tanks in that system; and the Mainland Water System has started phase I of expansion of the distribution system and converting to a reverse osmosis system on the Currituck mainland. Solid waste operations are anticipated to remain constant for the upcoming budget with no major changes.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. This document is also available online at www.currituckgovernment.com under the Finance Department. 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, 2007

	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	\$ 68,705,964	\$ 14,836,102	\$ 83,542,066	\$ 764,469	\$ 639,390
Receivables (net)	773,332	541,048	1,314,380	34,626	-
Due from other governments	3,168,435	-	3,168,435	-	-
Internal balances	-	-	-	-	-
Due from component unit	17,805	-	17,805	-	-
Inventories	423	-	423	106,779	497,690
Prepaid items	-	-	-	10,340	17,921
Deferred charges - issuance costs	69,224	36,766	105,990	-	-
Deferred charges -refunding	369,344	177,564	546,908	-	-
Prepaid pension costs	224,884	-	224,884	-	-
Endowment fund	-	-	-	15,686	-
Capital assets:					
Land, improvements, non- depreciable collections and construction in progress	14,501,055	1,153,124	15,654,179	681,327	451,403
Other capital assets, net of depreciation	36,798,039	26,080,342	62,878,381	123,995	836,459
Total capital assets	51,299,094	27,233,466	78,532,560	805,322	1,287,862
Total assets	124,628,505	42,824,946	167,453,451	1,737,222	2,442,863
LIABILITIES					
Accounts payable and accrued expenses	2,655,280	670,266	3,325,546	45,122	671,825
Unearned revenue	23,753	-	23,753	44,855	-
Customer deposits	-	66,606	66,606	1,750	-
Deposits held in trust	447,243	-	447,243	-	-
Due to primary government	-	-	-	-	17,805
Premium on debt issued	438,568	207,864	646,432	-	-
Long-term liabilities:					
Due within one year	1,149,748	1,217,496	2,367,244	-	-
Due in more than one year	6,311,016	8,770,920	15,081,936	-	-
Total liabilities	11,025,608	10,933,152	21,958,760	91,727	689,630
NET ASSETS					
Invested in capital assets, net of related debt	51,299,094	17,290,296	68,589,390	805,322	1,287,862
Restricted for:					
Capital assets	-	-	-	305,342	161,927
Unrestricted (deficit)	62,303,803	14,601,498	76,905,301	534,831	303,444
Total net assets	\$ 113,602,897	\$ 31,891,794	\$ 145,494,691	\$ 1,645,495	\$ 1,753,233

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, 2007

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 5,155,428	\$ 610,955	\$ 898,407	\$ -
Public safety	14,759,626	1,074,519	399,120	-
Transportation	576,920	282,624	-	888,757
Economic and physical development	3,430,161	25,450	85,302	-
Environmental protection	303,871	-	27,965	-
Human services	4,236,355	-	2,380,359	-
Cultural and recreation	376,240	48,593	21,826	-
Education	13,869,357	-	-	-
Interest on long-term debt	325,600	-	-	-
Total governmental activities	<u>43,033,558</u>	<u>2,042,141</u>	<u>3,812,979</u>	<u>888,757</u>
Business-type activities:				
Solid Waste	4,274,781	2,792,248	1,992,464	-
Water and Sewer	4,761,213	6,103,389	39,710	-
Total business-type activities	<u>9,035,994</u>	<u>8,895,637</u>	<u>2,032,174</u>	<u>-</u>
	<u>\$ 52,069,552</u>	<u>\$ 10,937,778</u>	<u>\$ 5,845,153</u>	<u>\$ 888,757</u>
Component units:				
Whalehead Preservation Trust	\$ 943,326	\$ 305,804	\$ 14,617	\$ 1,060,005
ABC Board	3,317,316	3,702,240	-	-
Total component units	<u>\$ 4,260,642</u>	<u>\$ 4,008,044</u>	<u>\$ 14,617</u>	<u>\$ 1,060,005</u>

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

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
(3,646,066)		\$ (3,646,066)		
(13,285,987)		(13,285,987)		
594,461		594,461		
(3,319,409)		(3,319,409)		
(275,906)		(275,906)		
(1,855,996)		(1,855,996)		
(305,821)		(305,821)		
(13,869,357)		(13,869,357)		
(325,600)		(325,600)		
(36,289,681)	-	(36,289,681)		
-	509,931	509,931		
-	1,381,886	1,381,886		
-	1,891,817	1,891,817		
(36,289,681)	1,891,817	(34,397,864)		
			\$ 437,100	\$ -
			-	384,924
			437,100	384,924
23,449,289	-	23,449,289	-	-
-	-	-	-	-
133,181	-	133,181	-	-
8,189,840	-	8,189,840	-	-
3,237,940	-	3,237,940	-	-
8,056,036	-	8,056,036	-	-
12,930	-	12,930	-	-
652,112	-	652,112	-	-
330,910	-	330,910	-	-
197,323	-	197,323	-	-
3,475,928	672,453	4,148,381	1,270	1,894
-	-	-	7,508	-
(281,367)	281,367	-	-	-
47,454,122	953,820	48,407,942	8,778	1,894
11,164,441	2,845,637	14,010,078	445,878	386,818
102,438,456	29,046,157	131,484,613	909,961	1,366,415
-	-	-	289,656	-
\$ 113,602,897	\$ 31,891,794	\$ 145,494,691	\$ 1,645,495	\$ 1,753,233

County of Currituck, North Carolina
Balance Sheet
Governmental Funds
June 30, 2007

	Major				Nonmajor	Total Governmental Funds
	County			Transfer Tax	Other	
	General	Governmental Facilities Fund	School Capital Projects Fund	Capital Fund	Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 22,949,020	\$ 22,172,353	\$ 12,574,709	\$ 4,342,359	\$ 6,667,523	\$ 68,705,964
Taxes receivable, net	716,578	-	-	-	20,043	736,621
Other receivables, net	9,041	-	13,212	-	14,458	36,711
Due from other governments	2,141,278	272,105	-	-	755,052	3,168,435
Due from component unit	17,805	-	-	-	-	17,805
Due from Multi-year grant Fund	30,173	-	-	-	-	30,173
Inventories	423	-	-	-	-	423
Total assets	\$ 25,864,318	\$ 22,444,458	\$ 12,587,921	\$ 4,342,359	\$ 7,457,076	\$ 72,696,132

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable and accrued liabilities	\$ 1,021,185	\$ 405,922	\$ 1,171,163	\$ -	\$ 57,010	\$ 2,655,280
Miscellaneous liabilities	447,243	-	-	-	-	447,243
Due to other funds	-	-	-	-	30,173	30,173
Deferred revenue	744,882	-	-	-	20,043	764,925
Total liabilities	2,213,310	405,922	1,171,163	-	107,226	3,897,621

Fund balances:

Reserved for:						
Inventories	423	-	-	-	-	423
State statute	2,581,843	-	-	-	769,510	3,351,353
Unreserved	17,680,450	21,538,536	11,266,758	4,342,359	-	54,828,103
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	1,860,046	1,860,046
Capital projects funds	-	-	-	-	4,384,897	4,384,897
Unreserved, designated for subsequent year's budget	3,388,292	500,000	150,000	-	-	4,038,292
Unreserved, designated for subsequent year's budget, reported in nonmajor						
Special revenue funds	-	-	-	-	335,397	335,397
Capital projects funds	-	-	-	-	-	-
Total fund balances	20,262,716	21,538,536	11,266,758	4,342,359	7,014,453	68,798,511
Total liabilities and fund balances	\$ 22,476,026	\$ 21,944,458	\$ 12,437,921	\$ 4,342,359	\$ 7,121,679	

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	224,884
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	51,299,094
Liabilities for earned but deferred revenues in fund statements.	741,172

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 7).	(7,460,764)
Net assets of governmental activities	\$ 113,602,897

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, 2007

	Major				Nonmajor	
	County			Transfer Tax Capital Fund	Other Governmental Funds	Total Governmental Funds
	General Fund	Governmental Facilities Fund	School Capital Projects Fund			
REVENUES						
Ad-valorem taxes	\$ 23,478,200	\$ -	\$ -	\$ -	\$ 133,181	\$ 23,611,381
Other taxes and licenses	14,563,675	-	-	3,237,940	2,875,476	20,677,091
Unrestricted intergovernmental	380,293	-	-	-	-	380,293
Restricted intergovernmental	2,892,928	888,757	-	-	121,442	3,903,127
Permits and fees	1,790,528	-	-	-	-	1,790,528
Sales and services	530,740	-	-	-	-	530,740
Investment earnings	1,351,735	985,873	606,690	231,962	299,668	3,475,928
Miscellaneous	205,215	-	-	-	-	205,215
Total revenues	45,193,314	1,874,630	606,690	3,469,902	3,429,767	54,574,303
EXPENDITURES						
Current:						
General government	5,208,089	-	-	-	7,500	5,215,589
Public safety	12,463,966	2,557,339	-	-	807,880	15,829,185
Transportation	498,841	550,452	-	-	-	1,049,293
Environmental protection	194,521	-	-	-	107,987	302,508
Economic and physical development	7,603,846	4,045,638	-	-	293,400	11,942,884
Human services	4,187,991	-	-	-	-	4,187,991
Cultural and recreational	1,428,888	1,071	-	-	-	1,429,959
Intergovernmental:						
Education	9,476,751	-	4,392,606	-	-	13,869,357
Debt service:						
Principal	930,000	-	-	-	-	930,000
Interest	325,600	-	-	-	-	325,600
Total expenditures	42,318,493	7,154,500	4,392,606	-	1,216,767	55,082,366
Excess (deficiency) of revenues over expenditures	2,874,821	(5,279,870)	(3,785,916)	3,469,902	2,213,000	(508,063)
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	1,108,177	8,871,400	4,084,706	-	804,648	14,868,931
Transfers to other funds	(7,771,721)	-	-	(5,260,677)	(2,117,900)	(15,150,298)
Total other financing sources and uses	(6,663,544)	8,871,400	4,084,706	(5,260,677)	(1,313,252)	(281,367)
Net change in fund balance	(3,788,723)	3,591,530	298,790	(1,790,775)	899,748	(789,430)
Fund balances-beginning	27,439,731	18,447,006	11,117,968	6,133,134	6,450,102	69,587,941
Fund balances-ending	\$ 23,651,008	\$ 22,038,536	\$ 11,416,758	\$ 4,342,359	\$ 7,349,850	\$ 68,798,511

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, 2006

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

Net changes in fund balances - total governmental funds	\$ (789,430)
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	10,976,700
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(65,940)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(28,997)
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	930,000
Actuarial decrease in prepaid pension costs that do not use current financial resources and are not reported as revenues in the funds	197,454
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.	(55,346)
Total changes in net assets of governmental activities	\$11,164,441

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, 2007

	2007			Variance With Final Positive (Negative)	2006
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Ad valorem taxes	\$ 21,730,385	\$ 21,791,153	\$ 23,478,200	\$ 1,687,047	\$ 23,061,695
Other taxes and licenses	12,068,097	13,502,037	14,563,675	1,061,638	11,946,441
Unrestricted intergovernmental	352,500	369,500	380,293	10,793	369,270
Restricted intergovernmental	2,840,287	2,805,276	2,892,928	87,652	3,268,727
Permits and fees	1,907,998	1,956,482	1,790,528	(165,954)	1,953,439
Sales and services	435,706	526,811	530,740	3,929	386,698
Investment earnings	670,000	1,028,905	1,351,735	322,830	1,001,212
Miscellaneous	31,500	105,853	205,215	99,362	113,654
Total revenues	<u>40,036,473</u>	<u>42,086,017</u>	<u>45,193,314</u>	<u>3,107,297</u>	<u>42,101,136</u>
Expenditures					
Current:					
General government	5,967,993	6,270,133	5,208,089	1,062,044	5,274,333
Public safety	13,284,260	13,997,741	12,463,966	1,533,775	10,700,713
Transportation	742,168	535,294	498,841	36,453	395,832
Environmental protection	249,538	250,008	194,521	55,487	247,279
Economic and physical development	6,630,406	10,983,795	7,603,846	3,379,949	3,544,186
Human services	4,565,851	4,728,515	4,187,991	540,524	4,051,203
Cultural and recreational	1,320,819	1,759,423	1,428,888	330,535	1,378,573
Intergovernmental:					
Education	9,476,751	9,476,751	9,476,751	-	9,032,596
Debt service	1,255,600	1,255,600	1,255,600	-	1,304,100
Total expenditures	<u>43,493,386</u>	<u>49,257,260</u>	<u>42,318,493</u>	<u>6,938,767</u>	<u>35,928,815</u>
Revenues over (under) expenditures	<u>(3,456,913)</u>	<u>(7,171,243)</u>	<u>2,874,821</u>	<u>10,046,064</u>	<u>6,172,321</u>
Other financing sources (uses):					
Transfers to other funds	(374,200)	(10,141,666)	(7,771,721)	-	(4,115,943)
Transfers from other funds	1,608,177	1,608,177	1,108,177	-	1,226,078
Total other financing sources (uses)	<u>(3,659,791)</u>	<u>(8,533,489)</u>	<u>(6,663,544)</u>	<u>5,773,475</u>	<u>(2,889,865)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>(7,116,704)</u>	<u>(15,704,732)</u>	<u>(3,788,723)</u>	<u>15,819,539</u>	<u>3,282,456</u>
Appropriated fund balance	<u>\$ 7,116,704</u>	<u>\$ 19,608,262</u>	<u>\$ -</u>	<u>\$ (19,608,262)</u>	<u>\$ -</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,903,530</u>	<u>(3,788,723)</u>	<u>\$ (3,788,723)</u>	<u>3,282,456</u>
Fund balances:					
Beginning of year, July 1			27,439,731		24,157,275
End of year, June 30			<u>\$ 23,651,008</u>		<u>\$ 27,439,731</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, 2007

	Enterprise Funds					Totals	
	Ocean Sands Water and Sewer District Fund	Mainland Water Fund	Southern Outer Banks Water System Fund	Non-Major Proprietary Funds			
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 4,422,343	\$ 4,549,905	\$ 4,994,702	\$ 347,345	\$ 521,807	\$ 14,836,102	\$ 13,653,449
Taxes receivable, net	37,622	3,859	-	-	108	41,589	65,838
Receivables, net	78,637	146,188	164,562	103,336	6,736	499,459	375,212
Deferred charges - bond issuance	-	-	36,766	-	-	36,766	40,109
Deferred charges - refunding	-	-	177,564	-	-	177,564	193,706
Total current assets	<u>4,538,602</u>	<u>4,699,952</u>	<u>5,373,594</u>	<u>450,681</u>	<u>528,651</u>	<u>15,591,480</u>	<u>14,328,314</u>
Noncurrent assets:							
Capital assets:							
Land, improvements, and construction in progress	62,962	963,012	5,150	35,000	87,000	1,153,124	1,153,124
Other capital assets, net of depreciation	496,010	1,455,687	9,178,097	14,670,751	279,797	26,080,342	25,828,862
Total capital assets	<u>558,972</u>	<u>2,418,699</u>	<u>9,183,247</u>	<u>14,705,751</u>	<u>366,797</u>	<u>27,233,466</u>	<u>26,981,986</u>
Total noncurrent assets	<u>558,972</u>	<u>2,418,699</u>	<u>9,183,247</u>	<u>14,705,751</u>	<u>366,797</u>	<u>27,233,466</u>	<u>26,981,986</u>
Total assets	<u>5,097,574</u>	<u>7,118,651</u>	<u>14,556,841</u>	<u>15,156,432</u>	<u>895,448</u>	<u>42,824,946</u>	<u>41,310,300</u>
LIABILITIES							
Current liabilities:							
Accounts payable	334,775	25,829	283,649	19,402	6,611	670,266	582,550
Due to operating fund	-	-	-	-	-	-	251,197
Customer deposits	-	-	64,915	1,425	266	66,606	57,480
Accrued salaries	-	-	33,398	11,848	-	45,246	43,006
General obligation bonds payable	-	-	260,000	-	-	260,000	250,000
Notes payable	-	-	-	942,014	-	942,014	909,979
Premium on debt issued	-	-	207,864	-	-	207,864	226,761
Total current liabilities	<u>334,775</u>	<u>25,829</u>	<u>849,826</u>	<u>974,689</u>	<u>6,877</u>	<u>2,191,996</u>	<u>2,320,973</u>
Noncurrent liabilities:							
Liabilities payable from restricted assets:							
General obligation bonds payable	-	-	2,935,000	-	-	2,935,000	3,195,000
Notes payable	-	-	-	5,806,156	-	5,806,156	6,748,170
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>2,935,000</u>	<u>5,806,156</u>	<u>-</u>	<u>8,741,156</u>	<u>9,943,170</u>
Total liabilities	<u>334,775</u>	<u>25,829</u>	<u>3,784,826</u>	<u>6,780,845</u>	<u>6,877</u>	<u>10,933,152</u>	<u>12,264,143</u>
NET ASSETS							
Invested in capital assets, net of related debt	558,972	2,418,699	5,988,247	7,957,581	366,797	17,290,296	15,878,837
Unrestricted	4,203,827	4,674,123	4,783,768	418,006	521,774	14,601,498	13,167,320
Total net assets	<u>\$ 4,762,799</u>	<u>\$ 7,092,822</u>	<u>\$ 10,772,015</u>	<u>\$ 8,375,587</u>	<u>\$ 888,571</u>	<u>\$ 31,891,794</u>	<u>\$ 29,046,157</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, 2007

	Enterprise Funds					Totals	
	Solid Waste Fund	Ocean Sands Water and Sewer Fund	Mainland Water Fund	Southern Outer Banks Water System Fund	Non-Major Proprietary Funds	June 30, 2007	June 30, 2006
OPERATING REVENUES							
Charges for services	\$ 2,792,248	\$ 954,781	\$ 1,713,411	\$ 1,586,893	\$ 72,519	\$ 7,119,852	\$ 5,964,003
Water and sewer taps	-	900	725,500	959,940	-	1,686,340	2,424,393
Miscellaneous	-	1,810	69,351	17,734	550	89,445	94,380
Total operating revenues	2,792,248	957,491	2,508,262	2,564,567	73,069	8,895,637	8,482,776
OPERATING EXPENSES							
Administration	25,315	50,356	182,676	172,550	5,706	436,603	471,920
Water operations	-	322,513	1,256,770	543,245	-	2,122,528	1,695,533
Sewer operations	-	336,127	-	-	68,914	405,041	385,678
Landfill operations	4,217,180	-	-	-	-	4,217,180	4,139,477
Depreciation	32,286	174,275	582,397	643,012	20,901	1,452,871	1,709,303
Total operating expenses	4,274,781	883,271	2,021,843	1,358,807	95,521	8,634,223	8,401,911
Operating income (loss)	(1,482,533)	74,220	486,419	1,205,760	(22,452)	261,414	80,865
NONOPERATING REVENUES (EXPENSES)							
Tax revenue	1,942,832	63	-	-	39,647	1,982,542	2,103,115
Unrestricted intergovernmental revenues	49,632	-	-	-	-	49,632	164,047
Investment earnings	177,328	215,923	254,898	8,938	15,366	672,453	468,355
Interest expenses	-	-	(142,373)	(259,398)	-	(401,771)	(440,067)
Total nonoperating revenue (expenses)	2,169,792	215,986	112,525	(250,460)	55,013	2,302,856	2,295,450
Income (loss) before contributions and transfers	687,259	290,206	598,944	955,300	32,561	2,564,270	2,376,315
Transfer	-	-	-	-	281,367	281,367	219,040
Change in net assets	687,259	290,206	598,944	955,300	313,928	2,845,637	2,595,355
Total net assets - beginning	4,075,540	6,802,616	10,173,071	7,420,287	574,643	29,046,157	26,450,802
Total net assets - ending	\$ 4,762,799	\$ 7,092,822	\$ 10,772,015	\$ 8,375,587	\$ 888,571	\$ 31,891,794	\$ 29,046,157

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, 2007

						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	2007	2006
Cash flows from operating activities:							
Cash received from customers	\$ 2,798,739	\$ 893,481	\$ 2,393,096	\$ 2,525,865	\$ 70,764	\$ 8,681,945	\$ 8,637,187
Cash paid for goods and services	(4,232,014)	(715,710)	(748,491)	(403,210)	(72,525)	(6,171,950)	(6,015,732)
Cash paid to employees for services	-	-	(555,813)	(363,632)	-	(919,445)	(825,893)
Customer deposits received	-	-	8,650	425	51	9,126	4,500
Customer deposits returned	-	-	-	-	-	-	1,925
Other operating revenue	-	1,810	69,351	17,734	550	89,445	449
Net cash provided (used) by operating activities	(1,433,275)	179,581	1,166,793	1,777,182	(1,160)	1,689,121	1,802,436
Cash flows from noncapital financing activities:							
Tax revenues	1,968,944	(1,765)	-	-	39,612	2,006,791	2,112,263
Loan from other funds	-	-	-	(251,197)	181,367	(69,830)	251,197
Transfer from other funds	-	-	-	-	100,000	100,000	219,040
Net cash provided by noncapital financing	1,968,944	(1,765)	-	(251,197)	320,979	2,036,961	2,582,500
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(5,104)	(215,000)	(1,466,047)	(18,200)	-	(1,704,351)	(2,004,629)
Principal paid on bond maturities and installment purchase contracts	-	-	(250,000)	(909,980)	-	(1,159,980)	(1,124,034)
Interest paid on bond maturities and installment purchase contracts	-	-	(141,785)	(259,398)	-	(401,183)	(439,479)
Grants	49,632	-	-	-	-	49,632	164,047
Net cash used by capital and related financing activities	44,528	(215,000)	(1,857,832)	(1,187,578)	-	(3,215,882)	(3,404,095)
Cash flows from investing activities:							
Interest on investments	177,328	215,923	254,898	8,938	15,366	672,453	468,355
Net increase (decrease) in cash and cash equivalents	757,525	178,739	(436,141)	347,345	335,185	1,182,653	1,449,196
Cash and cash equivalents, July 1	3,664,818	4,371,166	5,430,843	-	186,622	13,653,449	12,237,943
Cash and cash equivalents, June 30	\$ 4,422,343	\$ 4,549,905	\$ 4,994,702	\$ 347,345	\$ 521,807	\$ 14,836,102	\$ 13,687,139
Reconciliation of operating income to net cash provided by operating activities:							
Operating income (loss)	\$ (1,482,533)	\$ 74,220	\$ 486,419	\$ 1,205,760	\$ (22,452)	\$ 261,414	\$ 80,865
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	32,286	174,275	582,397	643,012	20,901	1,452,871	1,709,303
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	6,491	(62,200)	(45,815)	(20,968)	(1,755)	(124,247)	156,785
(Increase) decrease in taxes receivable	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	10,481	(6,714)	134,015	(52,160)	2,095	87,717	(160,783)
(Increase) in accrued vacation	-	-	1,127	1,113	-	2,240	11,766
Increase (Decrease) in customer deposits	-	-	8,650	425	51	9,126	4,500
Total adjustments	49,258	105,361	680,374	571,422	21,292	1,427,707	1,721,571
Net cash provided (used) by operating activities	\$ (1,433,275)	\$ 179,581	\$ 1,166,793	\$ 1,777,182	\$ (1,160)	\$ 1,689,121	\$ 1,802,436

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
 June 30, 2007

	Pension Trust Fund	Agency Fund
Assets:		
Cash and cash equivalents	\$ 658,279	\$ 40,515
Due from other governments	-	25,727
Total assets	<u>658,279</u>	<u>66,242</u>
Liabilities:		
Accounts payable	-	25,727
Due to other governments	-	40,515
Total liabilities	<u>-</u>	<u>66,242</u>
Net assets:		
Assets held in trust for pension benefits	<u>\$ 658,279</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, 2007

	Post-employment June 30 2007	Benefits Fund June 30 2006
Additions:		
Employer contributions		
Law enforcement separation allowance	\$ 236,614	\$ 38,883
Postemployment benefits	101,547	95,814
	<u>338,161</u>	<u>134,697</u>
Investment income:		
Interest	28,046	11,993
Total additions	<u>366,207</u>	<u>146,690</u>
Deductions:		
Benefits		
Law enforcement separation allowance	24,418	24,638
Postemployment benefits	102,199	96,290
Administrative expense	260	275
Total deductions	<u>126,877</u>	<u>121,203</u>
Change in net assets	239,330	25,487
Net assets:		
Beginning of year, July 1		
Law enforcement separation allowance	102,447	86,319
Postemployment benefits	316,502	307,143
Beginning of year, totals	<u>418,949</u>	<u>393,462</u>
End of year, June 30		
Law enforcement separation allowance	319,432	102,447
Postemployment benefits	338,847	316,502
Net assets - end of year, totals	<u>\$ 658,279</u>	<u>\$ 418,949</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, 2007

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.

Southern Outer Banks Water System Fund. This fund is used to account for the operations of the water system on the Currituck beach.

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 2006 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annual registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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, Hog Ditch 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 that 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, 2006. 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. Artifacts and collections are capitalized by the Trust. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Equipment and furniture	5
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, 2007 and 2006 amounted to approximately \$2,221 and \$3,508, respectively. The current portion of the accumulated vacation pay for the ABC Board is not considered material.

The sick leave policies of the County, the Whalehead Preservation Trust 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 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 2007-2008 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 \$44,804,386 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Prepaid pension costs resulting from actuarial study, which are not reported in the funds	\$ 224,884
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)	67,223,327
Less accumulated depreciation	(15,924,233)
Net capital assets	<u>51,299,094</u>
Deferred charges related to advance refunding bond issue	438,568
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	741,172
Bonds, leases, and installment financing	(6,840,000)
Compensated absences	(620,764)
Premium on debt issued	(438,568)
Total adjustment	<u>\$ 44,804,386</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 \$11,953,781 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 13,364,716
Cost of disposed capital asset not recorded on fund statement	(65,940)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(2,388,016)
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	930,000
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	(55,436)
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 7/1/06	(770,169)
Recording of tax receipts deferred in the fund statements as of 6/30/07	741,172
Change in prepaid pension cost for law enforcement separation allowance	<u>197,454</u>
Total adjustment	<u>\$ 11,953,781</u>

II. Stewardship, Compliance, and Accountability

A. 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.

B. Deficit Fund Balance of Individual Funds

At June 30, 2007, the County had a deficit fund balance of \$16,281 in its Multi-year Grant Fund. This will be resolved with inter-fund transfers in future years.

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.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G. S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board and the Whalehead Preservation Trust has no formal policy regarding custodial credit risk for deposits.

At June 30, 2007, the County's deposits had a carrying amount of \$19,106,475 and a bank balance of \$19,414,151. Of the bank balance, \$400,000 was covered by federal depository insurance and \$19,014,151 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2007, the County had \$1,525 and the Whalehead Preservation Trust had \$400 cash on hand.

At June 30, 2007, the carrying amount of deposits for Currituck County ABC Board was \$639,390. Of this amount, \$100,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At June 30, 2007, the Whalehead Preservation Trust's deposits had a carrying amount of \$764,069 and a bank balance of \$794,084. Of the bank balance, \$100,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The organization has no policy regarding custodial credit risks for deposits.

2. Investments

As of June 30, 2007, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than		
		6 Months	6-12 Months	1-5 Years
Commercial Paper	\$ 35,063,138	\$ 9,895,445	\$ 23,167,693	\$ -
Federal agencies	24,499,300	-	3,000,000	21,472,965
NC Capital Management Trust:				
Cash Portfolio	4,757,716	N/A	N/A	N/A
Term Portfolio*	848,428	-	848,428	-
Total Investments	\$ 65,168,582	\$ 9,895,445	\$ 27,016,121	\$ 21,472,965

* Because of the NC Capital Management Trust Term Portfolio had a duration of 0.8 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, 2007, 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, 2007. 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, 2007, 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 Morgan Stanley Commercial Paper, Bear Stearns Company Inc. Commercial Paper, Maximilian Capital Commercial Paper, General Electric Capital Corporation Commercial Paper and the Federal Home Loan Bank securities. These investments are 5.90%, 5.91%, 6.02%, 11.82% and 37.59%, 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
2004	\$ 422,449	\$ 138,352	\$ 560,801
2005	474,365	112,662	587,027
2006	981,121	144,715	1,125,836
2007	982,509	56,897	1,039,406
Total	\$ 2,860,444	\$ 452,626	\$ 3,313,070

4. Receivables

Receivables at the government-wide level at June 30, 2007, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Total
Governmental Activities:				
General	\$ 9,041	\$ 726,577	\$ 2,159,083	\$ 2,894,701
County Gov't Facilities	-	-	272,105	272,105
School Capital Projects	13,212	-	-	13,212
Transfer Tax	-	-	-	-
Other Governmental	14,458	20,043	755,052	789,553
Total receivables	36,711	746,620	3,186,240	3,969,571
Allowance for doubtful accounts	-	(9,999)	-	(9,999)
Total-governmental activities	\$ 36,711	\$ 736,621	\$ 3,186,240	\$ 3,959,572
Business-type Activities				
Solid Waste	\$ 78,637	\$ 38,024	\$ -	\$ 116,661
Ocean Sands Water and Sewer	146,188	3,859	-	150,047
Mainland Water	164,562	-	-	164,562
Southern Outer Banks Water	103,336	-	-	103,336
Other Proprietary	6,736	108	-	6,844
Total receivables	499,459	41,991	-	541,450
Allowance for doubtful accounts	-	(402)	-	(402)
Total - business-type activities	\$ 499,459	\$ 41,589	\$ -	\$ 541,048

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

Clerk of Court fee revenues	\$ 40,052
Currituck ABC Board distributions	16,740
Local option sales tax	2,278,989
Sales and use tax refund	369,751
Jail housing	4,718
State aid to airports	152,405
NC DENR drainage grant	20,000
NC Div Health & Human Services	164,831
NC ITS wireless funds	23,114
Franchise taxes	77,130
Other miscellaneous revenues	38,510
Total	\$3,186,240

5. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,869,404	3,065,435	3,000	\$ 14,931,839
Construction in progress	2,631,651	5,621,617	3,628,588	4,624,680
Total capital assets not being depreciated	14,501,055	8,687,052	3,631,588	19,556,519
Capital assets being depreciated:				
Buildings	27,753,873	3,640,421	-	31,394,294
Furniture and fixtures	4,473,141	2,452,067	4,581	6,920,627
Equipment	3,253,458	1,526,758	254,031	4,526,185
Vehicles and motor equipment	4,613,267	687,006	474,571	4,825,702
Total capital assets being depreciated	40,093,739	8,306,252	733,183	47,666,808
Less accumulated depreciation for:				
Buildings	8,408,218	1,065,443	-	9,473,661
Furniture and fixtures	1,494,671	180,551	4,581	1,670,641
Equipment	1,942,898	466,894	250,863	2,158,929
Vehicles and motor equipment	2,360,673	675,218	414,799	2,621,092
Total accumulated depreciation	14,206,460	2,388,106	670,243	15,924,323
Total capital assets being depreciated, net	25,887,279			31,742,485
Governmental activity capital assets, net	\$ 40,388,334			\$ 51,299,004

Primary Government

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

General government	\$ 948,590
Public safety	1,126,665
Transportation	73,307
Economic and physical development	31,489
Human services	55,506
Cultural and recreational	152,549
Total depreciation expense	<u>\$ 2,388,106</u>

Proprietary Funds

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Solid Waste				
Capital assets not being depreciated:				
Land	\$ 62,962	-	-	62,962
Total capital assets not being depreciated	62,962	-	-	62,962
Capital assets being depreciated:				
Buildings	804,282	5,104	-	809,386
Equipment	100,006	-	-	100,006
Vehicles and motor equipment	12,736	-	-	12,736
Total capital assets being depreciated	917,024	5,104	-	922,128
Less accumulated depreciation for:				
Buildings	304,251	28,087		332,338
Equipment	81,727	1,652		83,379
Vehicles and motor equipment	7,854	2,547		10,401
Total accumulated depreciation	393,832	32,286	-	426,118
Total capital assets being depreciated, net	523,192			496,010
Solid Waste capital assets, net	\$ 586,154			558,972

continued

	Beginning Balances	Increases	Decreases	Ending Balances
Ocean Sands Water and Sewer District				
Capital assets not being depreciated:				
Land	\$ 963,012	-	-	963,012
Total capital assets not being depreciated	<u>963,012</u>	<u>-</u>	<u>-</u>	<u>963,012</u>
Capital assets being depreciated:				
Plant and distribution systems	3,930,404	-	-	3,930,404
Furniture and maintenance equipment	416,979	215,000	-	631,979
Total capital assets being depreciated	<u>4,347,383</u>	<u>215,000</u>	<u>-</u>	<u>4,562,383</u>
Less accumulated depreciation for:				
Plant and distribution systems	2,593,254	111,216	-	2,704,470
Furniture and maintenance equipment	339,167	63,059	-	402,226
Total accumulated depreciation	<u>2,932,421</u>	<u>174,275</u>	<u>-</u>	<u>3,106,696</u>
Total capital assets being depreciated, net	<u>1,414,962</u>			<u>1,455,687</u>
Ocean Sands Water and Sewer District capital assets, net	\$ <u>2,377,974</u>			<u>2,418,699</u>

Mainland Water				
Capital assets not being depreciated:				
Land	\$ 5,150	-	-	5,150
Total capital assets not being depreciated	<u>5,150</u>	<u>-</u>	<u>-</u>	<u>5,150</u>
Capital assets being depreciated:				
Buildings	2,690,708	633,391	-	3,324,099
Equipment	11,877,893	809,458	-	12,687,351
Vehicles	265,422	23,198	-	288,620
Total capital assets being depreciated	<u>14,834,023</u>	<u>1,466,047</u>	<u>-</u>	<u>16,300,070</u>
Less accumulated depreciation for:				
Buildings	1,401,633	87,253	-	1,488,886
Equipment	4,931,432	481,241	-	5,412,673
Vehicles	206,511	13,903	-	220,414
Total accumulated depreciation	<u>6,539,576</u>	<u>582,397</u>	<u>-</u>	<u>7,121,973</u>
Total capital assets being depreciated, net	<u>8,294,447</u>			<u>9,178,097</u>
Mainland Water capital assets, net	\$ <u>8,299,597</u>			<u>9,183,247</u>

Newtown Road Sewer District				
Capital assets not being depreciated:				
Land	\$ 87,000	-	-	87,000
Total capital assets not being depreciated	<u>87,000</u>	<u>-</u>	<u>-</u>	<u>87,000</u>
Capital assets being depreciated:				
Equipment	508,262	-	-	508,262
Total capital assets being depreciated	<u>508,262</u>	<u>-</u>	<u>-</u>	<u>508,262</u>
Less accumulated depreciation for:				
Equipment	234,531	16,954	-	251,485
Total accumulated depreciation	<u>234,531</u>	<u>16,954</u>	<u>-</u>	<u>251,485</u>
Total capital assets being depreciated, net	<u>273,731</u>			<u>256,777</u>
Newtown Road Sewer District capital assets, net	\$ <u>360,731</u>			<u>343,777</u>

continued

	Beginning Balances	Increases	Decreases	Ending Balances
Moyock Commons Sewer District				
Capital assets being depreciated:				
Equipment	27,626	-	-	27,626
Total capital assets being depreciated	<u>27,626</u>	-	-	<u>27,626</u>
Less accumulated depreciation for:				
Equipment	658	3,947	-	4,605
Total accumulated depreciation	<u>658</u>	<u>3,947</u>	-	<u>4,605</u>
Total capital assets being depreciated, net	<u>26,968</u>			<u>23,021</u>
Moyock Commons Sewer District capital assets, net	\$ <u>26,968</u>			<u>23,021</u>
Southern Outer Banks Water System				
Capital assets not being depreciated:				
Land	35,000	-	-	35,000
Total capital assets not being depreciated	<u>35,000</u>	-	-	<u>35,000</u>
Capital assets being depreciated:				
Buildings	14,817,953	-	-	14,817,953
Equipment	1,642,157	16,979	-	1,659,136
Vehicles	154,440	1,222	22,527	133,135
Total capital assets being depreciated	<u>16,614,550</u>	<u>18,201</u>	<u>22,527</u>	<u>16,610,224</u>
Less accumulated depreciation for:				
Buildings	803,283	493,932	-	1,297,215
Equipment	421,336	125,894	-	547,230
Vehicles	94,369	23,186	22,527	95,028
Total accumulated depreciation	<u>1,318,988</u>	<u>643,012</u>	<u>22,527</u>	<u>1,939,473</u>
Total capital assets being depreciated, net	<u>15,295,562</u>			<u>14,670,751</u>
Southern Outer Banks Water capital assets, net	\$ <u>15,330,562</u>			<u>14,705,751</u>
Business-type activities capital assets, net	\$ <u>26,981,986</u>			\$ <u>27,233,467</u>

Construction commitments

Currituck County has active construction projects as of June 30, 2007, for the construction of a Cooperative Extension building, a kitchen for the jail, and expansion of the airport. At June 30, 2007, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Cooperative extension building	\$ 4,919,922	\$ 3,480,078
Jail kitchen	\$ 1,589,247	\$ 294,517
Airport expansion	\$ 240,923	\$ 959,078
Total	\$ 6,750,092	\$ 4,733,673

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 451,403	\$ -	\$ -	\$ 451,403
Capital assets being depreciated:				
Buildings	310,664	594,533	-	905,197
Furniture and equipment	153,694	67,128	-	220,822
Vehicles	34,827	-	-	34,827
Leasehold improvements	5,631	-	-	5,631
Total capital assets being depreciated	504,816	661,661	-	1,166,477
Less accumulated depreciation for:				
Buildings	169,849	9,010	-	178,859
Furniture and equipment	108,325	13,653	-	121,978
Vehicles	19,154	6,967	-	26,121
Leasehold improvements	2,368	692	-	3,060
Total accumulated depreciation	299,696	30,322	-	330,018
ABC capital assets, net	\$ 656,523			\$ 1,287,862

Activity for the Whalehead Preservation Trust and Currituck Wildlife Museum as of June 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Museum collection	\$ 625,590	\$ 60,096	\$ 4,359	\$ 681,327
Total capital assets not being depreciated	625,590	60,096	4,359	681,327
Capital assets being depreciated:				
Furniture, fixtures and equipment	239,499	2,704	29,497	212,706
Total capital assets being depreciated	239,499	2,704	29,497	212,706
Less accumulated depreciation for:				
Furniture, fixtures and equipment	98,572	19,144	29,005	88,711
Total accumulated depreciation	98,572	19,144	29,005	88,711
Total capital assets being depreciated, net	140,927			123,995
Whalehead Preservation Trusts capital assets, net	\$ 766,517			\$ 805,322

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2007, were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	\$ 1,021,185	\$ 447,243	\$ 1,468,428
County Gov't Facilities	405,922	-	405,922
School Capital Projects	1,171,163	-	1,171,163
Transfer Tax	-	-	-
Other Governmental	57,010	-	57,010
Total-governmental activities	\$ 2,655,280	\$ 447,243	\$ 3,102,523
Business-type Activities			
Solid Waste	\$ 334,775	\$ -	\$ 334,775
Ocean Sands Water and Sewer	25,829	-	25,829
Mainland Water	283,649	-	283,649
Southern Outer Banks Water	19,402	-	19,402
Other Proprietary	6,611	-	6,611
Total - business-type activities	\$ 670,266	\$ -	\$ 670,266

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 4.90% 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, 2007, 2006, and 2005 were \$546,742, \$489,635 and \$433,508, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2007, 2006, and 2005 were \$24,633, \$21,829, and \$20,639, 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, 2007, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Active plan members	<u>55</u>
Total	<u>58</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 \$236,614, or 10.87% 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, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The 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, 2006, was 24 years.

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)
2006	40,631	95.70%	(27,430)
2007	39,160	604.22%	(224,884)

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	\$ 39,507
Interest on net pension obligation	(1,989)
Adjustment to annual required contribution	1,642
Annual pension cost	<u>\$ 39,160</u>
Employer contributions made for fiscal year	236,614
Decrease in net pension obligation	\$ (197,454)
Net pension obligation beginning of fiscal year	<u>(27,430)</u>
Net pension obligation end of fiscal year	<u><u>\$ (224,884)</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, 2007, were \$157,607, which consisted of \$110,921 from the County and \$46,686 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 4.87% 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, 2007 were \$694,913 which consisted of \$438,899 from the County and \$255,314 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, 2007, the County's required and actual contributions were \$13,545.

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.

g. 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 25 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2007, the County made payments for postretirement health benefit premiums of \$102,199. 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. \$319,432 of the \$658,279 fund balance reserved for employees' pension benefits at June 30, 2007, 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, 2007, the County made contributions to the State for death benefits of \$12,100. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% 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)	\$ -	\$ 23,753
Taxes receivable, net (General)	721,129	-
Taxes receivable, net (Special Revenue)	20,043	-
	<u>\$ 741,172</u>	<u>\$ 23,753</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 three 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 and health and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of 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. For health and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

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.

In accordance with G. S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and tax collector are each individually bonded for \$500,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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 does not have liquor legal liability coverage. 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, 2007, 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, 2004 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, 2007, are comprised of the following individual issues:

Serviced by the County's General Fund:

\$8,770,000 2004 General Obligation Refunding Bonds for Currituck County High School, dated April 1, 2004 with annual principal payments due June 1 and semi-annual interest payments due June 1 and December 1, \$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%. \$6,840,000

General obligation bonds serviced by the Mainland Water System Fund:

\$4,150,000 2004 General Obligation Refunding Bonds for original Mainland Water plant and distribution system, dated April 1, 2004 with annual principal payments due June 1 and semi-annual interest payments due June 1 and December 1, \$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%. 3,195,000

Total General Obligation Bond debt \$10,035,000

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
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	865,000	198,800	285,000	105,035
2012	855,000	155,550	305,000	90,785
2013-2017	2,425,000	219,600	1,535,000	230,950
2018	-	-	270,000	9,990
Total	\$ 6,840,000	\$ 1,356,950	\$ 3,195,000	\$ 808,565

At June 30, 2007, Currituck County had no bonds authorized but un-issued and a legal debt margin of \$618,714,330.

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, 2007:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007	Current Portion of Balance
Governmental activities:					
General obligation debt	\$ 7,770,000	\$ -	\$ 930,000	\$ 6,840,000	\$ 920,000
Compensated absences	565,418	267,187	211,841	620,764	229,748
Total governmental activities	\$ 8,335,418	\$ 267,187	\$ 1,141,841	\$ 7,460,764	\$ 1,149,748
Business-type activities:					
General obligation debt	\$ 3,445,000	\$ -	\$ 250,000	\$ 3,195,000	\$ 260,000
Installment purchase	7,658,149	-	909,979	6,748,170	942,014
Compensated absences	43,006	17,111	14,871	45,246	15,482
Total business-type activities	\$ 11,146,155	\$ 17,111	\$ 1,174,850	\$ 9,988,416	\$ 1,217,496
Discretely presented component units:					
Compensated absences	\$ 3,508	\$ -	\$ 1,287	\$ 2,221	\$ -
Total discretely presented component units long-term liabilities	\$ 3,508	\$ -	\$ 1,287	\$ 2,221	\$ -

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

Balances due to/from other funds

Balances due to/from other funds at June 30, 2007 consist of the following:

Due to the General Fund from the Multi-year Grant Fund due to expected cash flows	<u>\$ 30,173</u>
---	------------------

Transfers to/from other funds

Transfers to/from other funds at June 30, 2007, consists of the following:

From the General fund to the Fire Vehicle Replacement Fund to accumulate resources for equipment replacement property	\$ 253,200 121,000
From the General fund to the School Construction fund to accumulate funds for future school construction	3,084,706
From the General fund to the Newtown Road Sewer fund for matching funds for sewer replacement	100,000
From the General fund to the Multi-year Grant fund for CDBG program	130,448
From the General fund to the Moyock Commons Sewer fund for upgrade of sewer system	181,367
From the General fund to the County Government Facilities fund to accumulate resources to construct a library in Moyock	600,000
From the General fund to the County Government Facilities fund for the County match portion of PARTF grant for a park at Carova Beach	250,000
From the General fund to the County Government Facilities fund to accumulate resources to construct a facility for Parks and Recreation	3,000,000
From the General fund to the County Government Facilities fund for the County match portion of grant for fence grant 36237.8.5.1 at the Maple airport	51,000
Total transfers from the General fund	<u>\$ 7,771,721</u>
From the Transfer Tax Capital fund to the General fund for the 2004 School refunding debt payment	\$ 8,177
From the Transfer Tax Capital fund to the County Government Facilities fund to construct a library in Moyock	1,200,000
From the Transfer Tax Capital fund to the County Government Facilities fund to accumulate resources for a recreation facility	1,750,000
From the Transfer Tax Capital fund to the County Government Facilities fund for design of a fire station for Knotts Island	1,002,500
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
Total transfers from the Transfer Tax Capital fund	<u>\$ 5,260,677</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 Governmental Facilities fund for additional funding for the Cooperative Extension Building	1,000,000
From the Capital Improvements fund to the County Government Facilities fund for preliminary costs to construct a Knotts Island Fire Department	17,900
From the School Capital fund to the General fund for capital purchases for the Currituck County Schools.	900,000
Total transfers from other governmental funds	<u>\$ 2,117,900</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, 2007, 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, 2007. 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, 2007, the County contributed \$32,812 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, 2007. 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, 2007, 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, 2007. 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, 2007, expenditures were \$387,743. 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, 2007. 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 \$14,219 to the Commission during the fiscal year ended June 30, 2007.

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	\$ 122,283	\$ -
Medicaid	8,478,955	4,108,454
Food stamp program	1,371,548	-
Energy assistance	29,394	-
Adoption assistance	54,851	15,376
Adult assistance	-	90,419
Title IV-E, foster care	17,676	4,193
Total	<u>\$ 10,074,707</u>	<u>\$ 4,218,442</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. Significant Effects of Subsequent Events

On July 2, 2007, the County of Currituck entered into an installment purchase contract with Wachovia Bank in the amount of \$8,000,000. Proceeds from this debt will be used to construct an elementary school in Shawboro. The estimated cost of this project is \$20,625,041. This project will be funded through \$7,495,041 contribution from the General fund, \$2,880,000 from the Transfer Tax Capital Fund, and \$2,250,000 from funds previously accumulated for and Emergency Operations in addition to this loan. The County had been anticipating this school construction and had been accumulating these funds in the School Construction fund in prior years.

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%
12/31/2005	132,437	316,222	183,785	41.88%	2,101,825	8.74%
12/31/2006	348,239	333,012	(15,227)	104.57%	2,176,986	-0.70%

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%
2006	41,070	95%
2007	39,507	600%

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	12/31/2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5-12.3%
*Includes inflation at	3.75%
Cost of living adjustments	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, 2007

	2007			Variance with Final Budget Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Taxes	\$ -	\$ -	\$ 23,377,275	\$ -	\$ 22,949,307
Interest	-	-	100,925	-	112,388
Total	21,730,385	21,791,153	23,478,200	1,687,047	23,061,695
Other taxes and licenses:					
Sexually oriented business license	-	-	400	-	425
Animal tax	-	-	12,930	-	12,634
Marriage license	-	-	23,650	-	21,800
Franchise tax	-	-	330,910	-	222,374
Deed stamp excise tax	-	-	652,112	-	983,308
Article 39 local option sales tax	-	-	3,958,903	-	3,927,351
Article 44 local option sales tax	-	-	1,528,734	-	1,456,010
Occupancy tax	-	-	8,056,036	-	5,322,539
Total	12,068,097	13,502,037	14,563,675	1,061,638	11,946,441
Unrestricted intergovernmental:					
Gasoline tax refund	-	-	10,807	-	3,433
Payments in lieu of taxes-outside sources	-	-	265,625	-	269,212
Beer and wine tax	-	-	103,861	-	96,625
Total	352,500	369,500	380,293	10,793	369,270
Restricted intergovernmental:					
Federal and State grants	-	-	2,683,072	-	3,074,534
Safe roads act	-	-	3,023	-	3,353
Crime control act	-	-	25,596	-	15,973
Court facility fees	-	-	102,407	-	96,385
Jail fees	-	-	22,991	-	28,908
Officer fees	-	-	44,519	-	38,953
ABC bottles taxes	-	-	11,320	-	10,621
Total	2,840,287	2,805,276	2,892,928	87,652	3,268,727
Permits and fees:					
Ambulance service fees	-	-	587,131	-	476,534
Administration and filing fees	-	-	216,734	-	186,074
Register of deeds fees	-	-	277,358	-	347,881
Building permit fees	-	-	449,984	-	779,469
Re-inspection fees	-	-	58,825	-	58,025
Planning fees	-	-	190,443	-	86,856
Land disturbance permit	-	-	5,100	-	7,500
Zoning violation fees	-	-	400	-	850
Homeowners' recovery fees	-	-	1,940	-	3,620
CAMA permits	-	-	1,950	-	5,100
Animal control fees	-	-	663	-	1,530
Total	1,907,998	1,956,482	1,790,528	(165,954)	1,953,439
Sales and services:					
Rents	-	-	77,342	-	41,202
Airport fees	-	-	38,415	-	37,133
Vending sales	-	-	10,345	-	8,055
Senior meals	-	-	7,253	-	3,812
EMS revenues	-	-	-	-	763
Sheriff revenues	-	-	8,125	-	-
Jail housing	-	-	60,068	-	66,310
Sale of materials	-	-	9,454	-	9,196
Aviation fuel sales	-	-	244,209	-	178,310
Tax data fees	-	-	1,257	-	-

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, 2007

	2007			Variance with Final Budget Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Sale of fixed assets	-	-	13,375	-	75
Auction proceeds	-	-	1,557	-	288
Recreation fees	-	-	41,340	-	39,035
Co-op advertising	-	-	18,000	-	11,715
Total	435,706	526,811	530,740	3,929	386,698
Investment earnings	670,000	1,028,905	1,351,735	322,830	1,001,212
Miscellaneous:					
Donations	-	-	3,464	-	4,577
Insurance recoveries	-	-	147,459	-	39,610
ABC Education distribution	-	-	22,542	-	21,041
ABC Law enforcement distribution	-	-	16,101	-	15,030
Other	-	-	15,649	-	24,200
Total	31,500	105,853	205,215	99,362	113,654
Total revenues	40,036,473	42,086,017	45,193,314	3,107,297	42,101,136
Expenditures:					
General government:					
Administration:					
Salaries and employee benefits	-	-	403,896	-	320,192
Other operating expenditures	-	-	71,768	-	59,426
Total	569,791	570,731	475,664	95,067	379,618
Legal:					
Salaries and employee benefits	-	-	129,582	-	128,792
Other operating expenditures	-	-	201,287	-	222,657
Total	363,558	389,028	330,869	58,159	351,449
Governing body:					
Salaries and employee benefits	-	-	78,262	-	78,420
Other operating expenditures	-	-	19,688	-	33,483
Total	123,700	123,700	97,950	25,750	111,903
Elections:					
Salaries and employee benefits	-	-	88,438	-	75,148
Other operating expenditures	-	-	37,075	-	219,484
Total	125,167	129,810	125,513	4,297	294,632
Finance					
Salaries and employee benefits	-	-	188,797	-	168,615
Other operating expenditures	-	-	70,442	-	64,190
Total	263,363	268,980	259,239	9,741	232,805
Information Technology:					
Salaries and employee benefits	-	-	207,660	-	176,360
Other operating expenditures	-	-	117,355	-	126,547
Capital outlay	-	-	160,323	-	211,477
Total	737,143	738,083	485,338	252,745	514,384

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, 2007

	2007			Variance with Final Budget Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Human resources:					
Salaries and employee benefits	-	-	99,029	-	89,344
Other operating expenditures	-	-	13,445	-	15,735
Total	131,942	132,412	112,474	19,938	105,079
Public information:					
Salaries and employee benefits	-	-	86,807	-	81,720
Other operating expenditures	-	-	63,563	-	45,678
Total	135,339	153,079	150,370	2,709	127,398
Taxes:					
Salaries and employee benefits	-	-	342,025	-	318,596
Other operating expenditures	-	-	98,301	-	81,308
Total	465,432	467,311	440,326	26,985	399,904
Public works:					
Salaries and employee benefits	-	-	445,597	-	389,359
Other operating expenditures	-	-	304,870	-	302,662
Capital outlay	-	-	126,508	-	266,375
Total	1,143,723	1,153,826	876,975	276,851	958,396
Corolla office:					
Operating expenditures	-	-	-	-	33,005
Capital outlay	-	-	-	-	25,724
Total	-	-	-	-	58,729
Register of deeds:					
Salaries and employee benefits	-	-	254,711	-	217,518
Other operating expenditures	-	-	399,265	-	570,874
Capital outlay	-	-	28,986	-	8,365
Total	793,602	818,816	682,962	135,854	796,757
Court facilities:					
Operating expenditures	-	-	178,986	-	153,417
Capital outlay	-	-	10,000	-	27,198
Total	175,908	221,598	188,986	32,612	180,615
Agency appropriations:					
Operating expenditures	-	-	30,900	-	75,900
Total	27,900	30,900	30,900	-	75,900
Central services:					
Operating expenditures	-	-	950,523	-	686,764
Total	911,425	1,071,859	950,523	121,336	686,764
Total general government	5,967,993	6,270,133	5,208,089	1,062,044	5,274,333
Public safety:					
Sheriff:					
Salaries and employee benefits	-	-	3,237,517	-	2,880,040
Other operating expenditures	-	-	483,981	-	433,138
Capital outlay	-	-	323,435	-	357,903
Total	4,003,185	4,125,859	4,044,933	80,926	3,671,081

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, 2007

	2007			Variance with Final Budget Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Jail:					
Salaries and employee benefits	-	-	1,188,335	-	1,098,976
Other operating expenditures	-	-	442,719	-	431,225
Capital outlay	-	-	39,051	-	90,569
Total	1,792,782	1,811,136	1,670,105	141,031	1,620,770
Animal control:					
Salaries and employee benefits	-	-	149,544	-	110,924
Other operating expenditures	-	-	119,544	-	102,315
Capital outlay	-	-	20,584	-	-
Total	309,033	309,974	289,672	20,302	213,239
Jury commission:					
Operating expenditures	-	-	1,800	-	2,075
Total	1,800	1,800	1,800	-	2,075
Emergency medical services:					
Salaries and employee benefits	-	-	2,827,637	-	2,412,655
Other operating expenditures	-	-	226,460	-	212,719
Capital outlay	-	-	101,818	-	178,880
Total	3,231,802	3,461,583	3,155,915	305,668	2,804,254
Emergency management:					
Salaries and employee benefits	-	-	102,279	-	58,253
Other operating expenditures	-	-	132,479	-	40,914
Capital outlay	-	-	23,924	-	849
Total	163,705	271,624	258,682	12,942	100,016
Communications:					
Salaries and employee benefits	-	-	481,165	-	461,710
Other operating expenditures	-	-	50,146	-	68,844
Capital outlay	-	-	41,069	-	11,489
Total	1,154,376	1,181,895	572,380	609,515	542,043
Building inspections:					
Salaries and employee benefits	-	-	407,564	-	458,770
Other operating expenditures	-	-	41,467	-	37,214
Capital outlay	-	-	-	-	51,921
Total	546,957	552,071	449,031	103,040	547,905
Fire prevention:					
Salaries and employee benefits	-	-	63,074	-	104,102
Carova Beach Volunteer Fire Department	-	-	137,355	-	103,081
Corolla Fire & Rescue Squad	-	-	982,120	-	284,844
Crawford Volunteer Fire Department	-	-	186,000	-	186,459
Lower Currituck Volunteer Fire Department	-	-	151,900	-	153,129
Knotts Island Volunteer Fire Department	-	-	151,476	-	131,914
Moyock Volunteer Fire Department	-	-	235,731	-	133,193
Other operating expenditures	-	-	23,609	-	15,619
Capital outlay	-	-	78,783	-	74,283
Total	2,072,620	2,257,799	2,010,048	247,751	1,186,624
Medical examiner:					
Contracted services	-	-	11,400	-	5,375
Total	8,000	24,000	11,400	12,600	5,375

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, 2007

	2007			Variance with Final Budget Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Disaster recovery:					
Salaries and employee benefits	-	-	-	-	7,331
Total	-	-	-	-	7,331
Total public safety	13,284,260	13,997,741	12,463,966	1,533,775	10,700,713
Transportation:					
Airport:					
Salaries and employee benefits	-	-	84,249	-	21,530
Other operating expenditures	-	-	276,123	-	260,083
Capital outlay	-	-	-	-	1,500
Total	617,135	375,261	360,372	14,889	283,113
Inter-county transportation:					
Contracted services	-	-	138,469	-	112,719
Total	125,033	160,033	138,469	21,564	112,719
Total transportation	742,168	535,294	498,841	36,453	395,832
Environmental protection:					
Forestry:					
Contracted services	-	-	59,524	-	55,797
Total	66,787	66,787	59,524	7,263	55,797
Soil and water conservation:					
Salaries and employee benefits	-	-	83,428	-	76,716
Other operating expenditures	-	-	51,569	-	114,766
Total	182,751	183,221	134,997	48,224	191,482
Total environmental protection	249,538	250,008	194,521	55,487	247,279
Economic and physical development:					
Cooperative extension:					
Salaries and employee benefits	-	-	131,009	-	122,162
Other operating expenditures	-	-	43,208	-	38,466
Contracted services	-	-	155,802	-	146,928
Capital outlay	-	-	-	-	5,432
Total	334,416	338,221	330,019	8,202	312,988
Support our students:					
Salaries and employee benefits	-	-	34,228	-	34,305
Other operating expenditures	-	-	37,295	-	38,579
Total	80,000	80,000	71,523	8,477	72,884
Economic development:					
Salaries and employee benefits	-	-	-	-	59,446
Other operating expenditures	-	-	11,578	-	57,893
Total	148,074	148,074	11,578	136,496	117,339
Planning and inspections:					
Salaries and employee benefits	-	-	465,159	-	448,349
Other operating expenditures	-	-	94,102	-	126,100
Capital outlay	-	-	17,214	-	24,522
Total	770,244	769,593	576,475	193,118	598,971

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, 2007

	2007			Variance with Final Budget Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Occupancy tax:					
Promotion of tourism	-	-	1,422,366	-	732,739
Tourism related expenses	-	-	885,003	-	1,709,265
Capital outlay	-	-	4,306,882	-	-
Total	5,297,672	9,647,907	6,614,251	3,033,656	2,442,004
Total economic and physical development	6,630,406	10,983,795	7,603,846	3,379,949	3,544,186
Human services:					
Health:					
Contracted services	-	-	45,000	-	45,000
Total	45,000	45,000	45,000	-	45,000
Mental health:					
Contracted services	-	-	32,812	-	30,347
Total	32,000	34,000	32,812	1,188	30,347
Social services:					
Administration:					
Salaries and employee benefits	-	-	1,783,540	-	1,675,357
Other operating expenditures	-	-	310,934	-	273,422
Capital outlay	-	-	3,331	-	32,023
Total	2,169,709	2,300,613	2,097,805	202,808	1,980,802
Public Assistance:					
Electronic issuance	-	-	5,943	-	5,731
Medical Transportation	-	-	37,650	-	28,346
TANF	-	-	680	-	-
Medical assistance program	-	-	706,686	-	698,637
Special assistance for adults	-	-	92,108	-	99,220
State foster care and boarding home payments	-	-	29,011	-	27,227
Title IV-E foster care	-	-	18,129	-	56,943
Special assistance for the blind	-	-	766	-	997
Title IV-E adoption assistance	-	-	15,105	-	17,530
Title IV-B adoption assistance	-	-	15,215	-	14,095
Title IV-B adoption assistance vendor payments	-	-	5,984	-	6,870
Child daycare	-	-	763,377	-	650,208
Smart start child daycare	-	-	97,150	-	171,935
Home care block grant	-	-	49,459	-	46,007
LINKS special assistance	-	-	-	-	3,758
Other assistance	-	-	58,774	-	57,163
Total	2,202,746	2,231,296	1,896,037	335,259	1,884,667
Total social services	4,372,455	4,531,909	3,993,842	538,067	3,865,469
Smart Start - Eat Smart, Move More:					
Operating expenditures	-	-	5,807	-	4,376
Contracted services	-	-	4,500	-	4,500
Total	9,120	10,330	10,307	23	8,876
Juvenile crime prevention control					
JCPC council	-	-	8,842	-	10,241
and support services	-	-	70,225	-	71,312

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, 2007

	2007			Variance with Final Budget Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Restitution	-	-	7,564	-	6,584
Teen court	-	-	19,399	-	13,424
Total	107,276	107,276	106,030	1,246	101,511
Total human services	4,565,851	4,728,515	4,187,991	540,524	4,051,203
Cultural and recreational:					
Senior citizens centers:					
Salaries and employee benefits	-	-	176,443	-	165,680
Other operating expenditures	-	-	130,434	-	112,879
Capital outlay	-	-	-	-	115,858
Total	325,044	341,836	306,877	34,959	394,417
Libraries:					
Salaries and employee benefits	-	-	255,838	-	197,580
Other operating expenditures	-	-	131,910	-	80,500
Total	387,804	553,696	387,748	165,948	278,080
Recreation:					
Salaries and employee benefits	-	-	292,442	-	260,382
Other operating expenditures	-	-	210,197	-	199,135
Capital outlay	-	-	143,674	-	246,559
Total	607,971	679,833	646,313	33,520	706,076
Equestrian facility:					
Salaries and employee benefits	-	-	32,432	-	260,382
Other operating expenditures	-	-	7,169	-	199,135
Capital outlay	-	-	48,349	-	246,559
Total	-	184,058	87,950	96,108	706,076
Total cultural and recreational	1,320,819	1,759,423	1,428,888	330,535	1,378,573
Education:					
Public schools - current	-	-	8,526,751	-	8,085,571
Public schools - capital outlay	-	-	900,000	-	897,025
Community college	-	-	50,000	-	50,000
Total education	9,476,751	9,476,751	9,476,751	-	9,032,596
Debt service:					
Principal retirement	-	-	930,000	-	950,000
Interest and other charges	-	-	325,600	-	354,100
Total debt service	1,255,600	1,255,600	1,255,600	-	1,304,100
Total expenditures	43,493,386	49,257,260	42,318,493	6,938,767	35,928,815
Revenues over (under) expenditures	(3,456,913)	(7,171,243)	2,874,821	10,046,064	6,172,321
Other financing sources (uses):					
Transfers to other funds:					
Special Revenue Funds	-	-	(504,648)	-	(524,896)
Capital Projects Funds	-	-	(6,985,706)	-	(3,372,007)
Enterprise Funds	-	-	(281,367)	-	(219,040)
Total transfers to other funds	(5,267,968)	(14,045,196)	(7,771,721)	-	(4,115,943)

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, 2007

	2007			Variance with Final Budget Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Transfers from other funds:					
Special Revenue Funds	-	-	-	-	71,796
Capital Projects Funds	-	-	1,108,177	-	1,154,282
Total transfers from other funds	1,608,177	1,608,177	1,108,177	-	1,226,078
 Total other financing sources (uses)	 (3,659,791)	 (12,437,019)	 (6,663,544)	 5,773,475	 (2,889,865)
 Revenues and other financing sources over (under) expenditures and other financing uses	 (7,116,704)	 (19,608,262)	 (3,788,723)	 15,819,539	 3,282,456
 Appropriated fund balance	 7,116,704	 19,608,262	 -	 (19,608,262)	 -
 Revenues, other sources, and appropriated fund balance over (under) expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 (3,788,723)	 <u>\$ (3,788,723)</u>	 3,282,456
 Fund balances:					
Beginning of year, July 1			27,439,731		24,157,275
End of year, June 30			<u>\$ 23,651,008</u>		<u>\$ 27,439,731</u>

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County of Currituck, North Carolina
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2007

Special Revenue Funds

Multi-year Grant Fund	Emergency Telephone System Fund	Revaluation Fund	Fire District Fund	Fire Equipment Replacement Fund	Gainea Mill Watershed Improvement Fund	Hog Ditch Watershed Improvement Fund	Moyock Watershed Improvement Fund	Northwest Watershed Improvement Fund	Watershed Improvement Fund	Total Non-Major Special Revenue Funds
\$ -	\$ 441,238	\$ 267,518	\$ 577,261	\$ 292,968	\$ 33,251	\$ 1,856	\$ 29,616	\$ 5,120	\$ 633,798	\$ 2,282,626
-	14,458	-	-	-	-	-	-	-	-	14,458
-	-	-	18,684	-	565	11	268	3	512	20,043
29,092	26,562	-	692	-	-	-	-	-	44	56,390
\$ 29,092	\$ 482,258	\$ 267,518	\$ 596,637	\$ 292,968	\$ 33,816	\$ 1,867	\$ 29,884	\$ 5,123	\$ 634,354	\$ 2,373,517
\$ 15,200	\$ 16	\$ -	\$ 1,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,999	\$ 57,010
30,173	-	-	-	-	-	-	-	-	-	30,173
-	-	-	18,684	-	565	11	268	3	512	20,043
45,373	16	-	20,479	-	565	11	268	3	40,511	107,226
29,092	41,020	-	692	-	-	-	-	-	44	70,848
(45,373)	441,222	267,518	525,902	7,135	33,251	1,856	29,616	5,120	593,799	1,860,046
(16,281)	482,242	267,518	576,158	292,968	33,251	1,856	29,616	5,120	593,843	2,266,291
\$ 29,092	\$ 482,258	\$ 267,518	\$ 596,637	\$ 292,968	\$ 33,816	\$ 1,867	\$ 29,884	\$ 5,123	\$ 634,354	\$ 2,373,517

continued

ASSETS

Cash and cash equivalents
 Accounts receivable, net
 Taxes receivable, net
 Due from other governments
 Total assets

LIABILITIES AND FUND

BALANCES

Liabilities:

Accounts payable and accrued liabilities
 Due to operating fund
 Deferred revenue
 Total liabilities

Fund balances:

Reserved by state statute
 Unreserved
 Unreserved, designated for subsequent year's budget
 Total fund balances
 Total liabilities and fund balances

Capital Projects Funds

	Land Banking Fund	Capital Improvements Fund	School Capital Fund	Total Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
Cash and cash equivalents	\$ 2,304,648	\$ 1,458,492	\$ 621,757	\$ 4,384,897	\$ 6,667,523
Accounts receivable, net	-	-	-	-	14,458
Taxes receivable, net	-	-	-	-	20,043
Due from other governments	-	385,029	313,633	698,662	755,052
Total assets	\$ 2,304,648	\$ 1,843,521	\$ 935,390	\$ 5,083,559	\$ 7,457,076

ASSETS

Cash and cash equivalents
 Accounts receivable, net
 Taxes receivable, net
 Due from other governments
 Total assets

LIABILITIES AND FUND

BALANCES

Liabilities:

Accounts payable and accrued liabilities
 Due to operating fund
 Deferred revenue
 Total liabilities

Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 57,010
Due to operating fund	-	-	-	-	30,173
Deferred revenue	-	-	-	-	20,043
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ 107,226

Fund balances:

Reserved by state statute
 Unreserved
 Unreserved, designated for subsequent year's budget
 Total fund balances
 Total liabilities and fund balances

Reserved by state statute	-	385,029	313,633	698,662	769,510
Unreserved	2,304,648	1,458,492	621,757	4,384,897	6,244,943
Unreserved, designated for subsequent year's budget	-	-	-	-	335,397
Total fund balances	2,304,648	1,843,521	935,390	5,083,559	7,349,850
Total liabilities and fund balances	\$ 2,304,648	\$ 1,843,521	\$ 935,390	\$ 5,083,559	\$ 7,457,076

County of Currituck, North Carolina
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2006

	Special Revenue Funds											Total
	Multi-year Grant Fund	Emergency Telephone System Fund	Revaluation Fund	Fire District Fund	Fire Equipment Replacement Fund	Guinea Mill Watershed Improvement Fund	Hog Ditch Watershed Improvement Fund	Moyock Watershed Improvement Fund	Northwest Watershed Improvement Fund	Wahlehead Watershed Improvement Fund	Non-Major Special Revenue Funds	
REVENUES												
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 13,387	\$ -	\$ 10,584	\$ 866	\$ 12,581	\$ 1,756	\$ 94,007	\$ 133,181	
Other taxes and licenses	-	173,273	-	-	-	-	-	-	-	-	173,273	
Restricted	-	-	-	-	-	-	-	-	-	-	-	
Intergovernmental	-	121,442	-	-	-	-	-	-	-	-	121,442	
Investment earnings	1,224	23,301	10,953	38,590	10,147	1,425	75	1,623	218	28,748	116,304	
Total revenues	1,224	318,016	10,953	51,977	10,147	12,009	941	14,204	1,974	122,755	544,200	
EXPENDITURES												
Current:												
General government	-	-	7,500	-	-	-	-	-	-	-	7,500	
Public safety	-	424,257	-	381,611	2,012	-	-	-	-	-	807,880	
Economic and physical development	293,400	-	-	-	-	-	-	-	-	-	293,400	
Environmental protection	-	-	-	-	-	-	-	16,330	-	91,657	107,987	
Total expenditures	293,400	424,257	7,500	381,611	2,012	-	-	16,330	-	91,657	1,216,767	
Excess (deficiency) of revenues over	(292,176)	(106,241)	3,453	(329,634)	8,135	12,009	941	(2,126)	1,974	31,098	(672,567)	
OTHER FINANCING SOURCES (USES)												
Transfers (to) from other funds	130,448	-	121,000	-	253,200	-	-	-	-	-	504,648	
Total other financing sources and uses	130,448	-	121,000	-	253,200	-	-	-	-	-	504,648	
Net change in fund balances	(161,728)	(106,241)	124,453	(329,634)	261,335	12,009	941	(2,126)	1,974	31,098	(167,919)	
Fund balances - beginning	145,447	588,483	143,065	905,792	31,633	21,242	915	31,742	3,146	562,745	2,434,210	
Fund balances - ending	\$ (16,281)	\$ 482,242	\$ 267,518	\$ 576,158	\$ 292,968	\$ 33,251	\$ 1,856	\$ 29,616	\$ 5,120	\$ 593,843	\$ 2,266,291	

continued

	Capital Projects Funds					Total Non-Major Governmental Funds
	Land Banking Fund	Capital Improvements Fund	School Capital Fund	Total Capital Projects Funds	Total Non-Major Governmental Funds	
REVENUES						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,181
Other taxes and licenses	-	1,488,910	1,213,293	2,702,203	-	2,875,476
Restricted intergovernmental investment earnings	102,463	58,945	21,956	183,364	-	121,442
Total revenues	102,463	1,547,855	1,235,249	2,885,567	-	3,429,767

EXPENDITURES

Current:						
General government	-	-	-	-	-	7,500
Public safety	-	-	-	-	-	807,880
Economic and physical development	-	-	-	-	-	293,400
Environmental protection	-	-	-	-	-	107,987
Total expenditures	-	-	-	-	-	1,216,767
Excess (deficiency) of revenues over	102,463	1,547,855	1,235,249	2,885,567	-	2,213,000

OTHER FINANCING SOURCES (USES)

Transfers (to) from other funds	300,000	(1,217,900)	(900,000)	(1,817,900)	-	(1,313,252)
Total other financing sources and uses	300,000	(1,217,900)	(900,000)	(1,817,900)	-	(1,313,252)
Net change in fund balances	402,463	329,955	335,249	1,067,667	-	899,748
Fund balances - beginning	1,902,185	1,513,566	600,141	4,015,892	-	6,450,102
Fund balances - ending	\$ 2,304,648	\$ 1,843,521	\$ 935,390	\$ 5,083,559	\$ -	\$ 7,349,850

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, 2007

	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	394,349	-	394,349	(5,651)
Albemarle Commission CDBG funding	77,679	-	-	-	(77,679)
Investment Earnings	-	2,365	1,224	3,589	3,589
Total revenues	918,079	813,640	\$ 1,224	814,864	\$ (103,215)
Expenditures					
General government:					
Canal #2 water salinity study	37,900	38,772	-	38,772	(872)
Total general government	37,900	38,772	-	38,772	(872)
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	40,000	24,137	-	24,137	15,863
Clearance	40,000	35,328	-	35,328	4,672
Housing Rehabilitation	247,565	61,559	164,115	225,674	21,891
Relocation	280,562	278,976	-	278,976	1,586
Total CDBG					
scattered site project 2002	608,127	400,000	164,115	564,115	44,012
UNC economic vision study	153,896	10,620	129,285	139,905	13,991
Total economic and physical development	1,179,398	803,146	293,400	1,096,546	82,852
Total expenditures	1,217,298	841,918	293,400	1,135,318	81,980
Revenues under expenditures	(299,219)	(28,278)	(292,176)	(320,454)	(21,235)
Other financing sources:					
Transfers in:					
General Fund	299,219	169,739	130,448	300,187	968
Revenues and other financing sources over (under) expenditures	\$ -	\$ 141,461	(161,728)	\$ (20,267)	\$ (20,267)
Fund balance:					
Beginning of year, July 1			145,447		
End of Year, June 30			\$ (16,281)		

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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues					
Other taxes and licenses:					
911 system subscriber fees	\$ 171,000	\$ 171,000	\$ 173,273	\$ 2,273	\$ 173,902
Restricted intergovernmental:					
Wireless 911 funds	72,000	72,000	121,442	49,442	110,182
Investment earnings	3,000	3,000	23,301	20,301	19,138
Total revenues	246,000	246,000	318,016	72,016	303,222
Expenditures					
Public safety	246,000	633,991	424,257	209,734	193,384
Total expenditures	246,000	633,991	424,257	209,734	193,384
Revenues over (under) expenditures	-	(387,991)	(106,241)	281,750	109,838
Appropriated fund balance	-	387,991	-	(387,991)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ -	(106,241)	\$ (106,241)	109,838
Fund balances:					
Beginning of year, July 1					
E-911 fund			338,477		356,498
Wireless 911			250,006		122,147
Beginning of year, totals			588,483		478,645
End of year, June 30					
E-911 fund			280,504		338,477
Wireless 911			201,738		250,006
End of year, totals			\$ 482,242		\$ 588,483

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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Investment earnings	\$ 1,000	\$ 1,000	\$ 10,953	\$ 9,953	\$ 4,440
Expenditures:					
Current:					
General government:					
Contract services	122,000	122,000	7,500	114,500	16,065
Total expenditures	122,000	122,000	7,500	114,500	16,065
Revenues over (under) expenditures	(121,000)	(121,000)	3,453	124,453	(11,625)
Other financing sources:					
Operating transfer in:					
General Fund	121,000	121,000	121,000	-	121,000
Revenues and other sources over (under) expenditures	\$ -	\$ -	124,453	\$ 124,453	109,375
Fund balances:					
Beginning of year, July 1			143,065		33,690
End of year, June 30			\$ 267,518		\$ 143,065

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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Prior years	-	-	10,833	10,833	45,632
Interest	-	-	2,554	2,554	6,683
Total ad valorem taxes	-	-	13,387	13,387	86,831
Investment earnings	-	-	33,590	33,590	31,258
Total revenues	-	-	51,977	51,977	118,089
Expenditures:					
Current:					
Public safety:					
Crawford Fire District	-	87,713	66,156	21,557	44,185
Fruitville Fire District	-	273,000	238,000	35,000	6,500
Moyock Fire District	-	14,870	11,267	3,603	52,543
Poplar Branch Fire District	-	69,000	66,188	2,812	48,850
Total expenditures	-	444,583	381,611	62,972	152,078
Revenues over (under) expenditures	-	(444,583)	(329,634)	114,949	(33,989)
Other financing sources (uses):					
Transfers to general fund	-	-	-	-	(71,796)
Revenues and other financing sources under expenditures	-	(444,583)	(329,634)	114,949	(105,785)
Appropriated fund balance	-	444,583	-	(444,583)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other uses	\$ -	\$ -	(329,634)	\$ (329,634)	(105,785)
Fund balances:					
Beginning of year, July 1			905,792		1,011,577
End of year, June 30			\$ 576,158		\$ 905,792

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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Investment earnings	\$ -	\$ -	\$ 10,147	\$ 10,147	\$ 11,045
Expenditures:					
Current:					
Public safety	253,200	253,200	2,012	251,188	462,308
Total expenditures	253,200	253,200	2,012	251,188	462,308
Revenues over (under) expenditures	(253,200)	(253,200)	8,135	261,335	(451,263)
Other financing sources:					
Transfers from general fund	253,200	253,200	253,200	-	250,000
Revenues and other financing sources over expenditures	\$ -	\$ -	261,335	\$ 261,335	\$ (201,263)
Fund balances:					
Beginning of year, July 1			31,633		232,896
End of year, June 30			\$ 292,968		\$ 31,633

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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Current year	\$ 7,990	\$ 7,990	\$ 10,119	\$ 2,129	\$ 9,100
Prior years	-	-	385	385	194
Interest	-	-	80	80	61
Total ad valorem taxes	<u>7,990</u>	<u>7,990</u>	<u>10,584</u>	<u>2,594</u>	<u>9,355</u>
Investment earnings	-	-	1,425	1,425	652
Total revenues	<u>7,990</u>	<u>7,990</u>	<u>12,009</u>	<u>4,019</u>	<u>10,007</u>
Expenditures:					
Current:					
Environmental protection:	16,990	16,990	-	16,990	-
Total expenditures	<u>16,990</u>	<u>16,990</u>	<u>-</u>	<u>16,990</u>	<u>-</u>
Revenues over (under) expenditures	(9,000)	(9,000)	12,009	21,009	10,007
Appropriated fund balance	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>(9,000)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	12,009	<u>\$ 12,009</u>	10,007
Fund balances:					
Beginning of year, July 1			21,242		11,235
End of year, June 30			<u>\$ 33,251</u>		<u>\$ 21,242</u>

County of Currituck, North Carolina
Hog Ditch Watershed Improvement Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Current year	\$ 835	\$ 835	\$ 864	\$ 29	\$ 890
Interest	-	-	2	2	3
Total ad valorem taxes	835	835	866	31	893
Investment earnings	-	-	75	75	22
Total revenues	835	835	941	106	915
Expenditures:					
Current:					
Environmental protection:	835	835	-	835	-
Total expenditures	835	835	-	835	-
 Revenues over (under) expenditures	\$ -	\$ -	\$ 941	\$ 941	\$ 915
Fund balances:					
Beginning of year, July 1			915		-
End of year, June 30			\$ 1,856		\$ 915

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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Current year	\$ 12,644	\$ 12,644	\$ 12,434	\$ (210)	\$ 12,030
Prior years taxes	-	-	104	\$ 104	141
Interest	-	-	43	43	41
Total ad valorem taxes	<u>12,644</u>	<u>12,644</u>	<u>12,581</u>	<u>(63)</u>	<u>12,212</u>
Investment earnings	<u>150</u>	<u>150</u>	<u>1,623</u>	<u>1,473</u>	<u>1,060</u>
Total revenues	<u>12,794</u>	<u>12,794</u>	<u>14,204</u>	<u>1,410</u>	<u>13,272</u>
Expenditures:					
Current:					
Environmental protection:	<u>32,794</u>	<u>32,794</u>	<u>16,330</u>	<u>16,464</u>	<u>3,250</u>
Total expenditures	<u>32,794</u>	<u>32,794</u>	<u>16,330</u>	<u>16,464</u>	<u>3,250</u>
Revenues over (under) expenditures	(20,000)	(20,000)	(2,126)	17,874	10,022
Appropriated fund balance	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(2,126)</u>	<u>\$ (2,126)</u>	<u>10,022</u>
Fund balances:					
Beginning of year, July 1			<u>31,742</u>		<u>21,720</u>
End of year, June 30			<u>\$ 29,616</u>		<u>\$ 31,742</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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Current year	\$ 1,497	\$ 1,497	\$ 1,733	\$ 236	\$ 1,682
Prior years taxes	-	-	16	\$ 16	6
Interest	-	-	7	7	6
Total ad valorem taxes	1,497	1,497	1,756	259	1,694
Investment earnings	-	-	218	218	93
Total revenues	1,497	1,497	1,974	477	1,787
Expenditures:					
Current:					
Environmental protection:	3,997	3,997	-	3,997	-
Total expenditures	3,997	3,997	-	3,997	-
Revenues over (under) expenditures	(2,500)	(2,500)	1,974	4,474	1,787
Appropriated fund balance	2,500	2,500	-	(2,500)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ -	1,974	\$ 1,974	(438)
Fund balances:					
Beginning of year, July 1			3,146		1,359
End of year, June 30			\$ 5,120		\$ 3,146

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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Current year	\$ 89,427	\$ 89,427	\$ 92,361	\$ 2,934	\$ 227,847
Prior year taxes	-	-	1,510	1,510	1,566
Interest	175	175	136	(39)	460
Total ad valorem taxes	<u>89,602</u>	<u>89,602</u>	<u>94,007</u>	<u>4,405</u>	<u>229,873</u>
Investment earnings	<u>3,500</u>	<u>3,500</u>	<u>28,748</u>	<u>25,248</u>	<u>21,056</u>
Total revenues	<u>93,102</u>	<u>93,102</u>	<u>122,755</u>	<u>29,653</u>	<u>250,929</u>
Expenditures:					
Current:					
Environmental protection:	<u>493,102</u>	<u>493,102</u>	<u>91,657</u>	<u>401,445</u>	<u>4,613</u>
Total expenditures	<u>493,102</u>	<u>493,102</u>	<u>91,657</u>	<u>401,445</u>	<u>4,613</u>
Revenues over (under) expenditures	\$ (400,000)	\$ (400,000)	31,098	\$ 431,098	246,316
Appropriated fund balance	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>(400,000)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	31,098	<u>\$ 31,098</u>	246,316
Fund balances:					
Beginning of year, July 1			<u>562,745</u>		<u>316,429</u>
End of year, June 30			<u>\$ 593,843</u>		<u>\$ 562,745</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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Investment earnings	-	-	102,463	102,463	63,497
Total revenues	-	-	102,463	102,463	63,497
Expenditures:					
Capital outlay	300,000	300,000	-	300,000	-
Total expenditures	300,000	300,000	-	300,000	-
Revenues over (under) expenditures	(300,000)	(300,000)	102,463	402,463	63,497
Other financing sources:					
Transfers from transfer tax fund	300,000	300,000	300,000	-	300,000
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	402,463	\$ 402,463	363,497
Fund balances:					
Beginning of year, July 1			1,902,185		1,538,688
End of year, June 30			\$ 2,304,648		\$ 1,902,185

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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Other taxes and licenses:					
Article 40 supplemental sales tax	713,945	713,945	952,067	238,122	827,214
Article 42 supplemental sales tax	400,070	400,070	536,843	136,773	466,311
Investment earnings	25,000	25,000	58,945	33,945	71,246
Total revenues	1,139,015	1,139,015	1,547,855	408,840	1,364,771
Expenditures:					
Contingency	-	-	-	-	-
Total expenditures	-	-	-	-	-
Revenues over expenditures	1,139,015	1,139,015	1,547,855	408,840	1,364,771
Other financing uses:					
Transfers to other funds:					
General fund	(200,000)	(200,000)	(200,000)	-	(200,000)
County Government Facilities fund	(1,000,000)	(1,017,900)	(1,017,900)	-	(2,000,000)
Total other financing uses	(1,200,000)	(1,217,900)	(1,217,900)	-	(2,200,000)
Revenues and appropriated fund balance over (under) other financing uses	(60,985)	(78,885)	329,955	408,840	(835,229)
Appropriated fund balance	60,985	78,885	-	(78,885)	-
Revenues, other financing uses and appropriated fund balance over expenditures	\$ -	\$ -	329,955	\$ 329,955	(835,229)
Fund balances:					
Beginning of year, July 1			1,513,566		2,348,795
End of year, June 30			\$ 1,843,521		\$ 1,513,566

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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Other taxes and licenses:					
Article 40 supplemental sales tax	302,918	302,918	408,029	105,111	354,520
Article 42 supplemental sales tax	594,107	594,107	805,264	211,157	699,466
Investment earnings	2,975	2,975	21,956	18,981	8,505
Total revenues	<u>900,000</u>	<u>900,000</u>	<u>1,235,249</u>	<u>335,249</u>	<u>1,062,491</u>
Other financing uses:					
Transfers to other funds:					
General fund	(900,000)	(900,000)	(900,000)	-	(897,025)
Total other financing uses	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>-</u>	<u>(897,025)</u>
Revenues over other financing uses	<u>\$ -</u>	<u>\$ -</u>	335,249	<u>\$ 335,249</u>	165,466
Fund balances:					
Beginning of year, July 1			600,141		434,675
End of year, June 30			<u>\$ 935,390</u>		<u>\$ 600,141</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, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Intergovernmental revenues:					
State aid to airports	\$ 3,397,500	\$ 1,963,636	\$ 888,757	\$ 2,852,393	\$ (545,107)
Park grant	250,000	250,000	-	250,000	-
Total	3,647,500	2,213,636	888,757	3,102,393	(545,107)
Investment earnings	1,529,776	1,059,940	985,873	2,045,813	516,037
Total revenues	5,177,276	3,273,576	1,874,630	5,148,206	(29,070)
Expenditures					
Public safety:					
Maple Law Enforcement Center and Jail	3,290,385	3,267,657	22,488	3,290,145	240
Jail Kitchen	1,883,764	113,925	1,475,322	1,589,247	294,517
Knotts Island Fire Station	80,400	5,884	43,844	49,728	30,672
Public Safety Communications Equipment	1,632,822	426,886	1,006,802	1,433,688	199,134
Waterlily Fire Station	1,002,500	833,837	8,883	842,720	159,780
Total public safety	7,889,871	4,648,189	2,557,339	7,205,528	684,343
Economic and physical development:					
Cooperative extension building	8,400,000	874,284	4,045,638	4,919,922	3,480,078
Transportation:					
Airport terminal building	500,000	497,200	-	497,200	2,800
Hangar #3 FY 2006	71,600	9,691	-	9,691	61,909
T-Hangar/Fence/Fuel System Repair	519,075	-	166,890	166,890	352,185
Partial parallel and connector taxiway	700,000	80,443	74,033	154,476	545,524
Runway expansion and environmental assessment	2,752,552	2,356,108	309,529	2,665,637	86,915
Total transportation	4,543,227	2,943,442	550,452	3,493,894	1,049,333
Cultural and recreational:					
Community park development	2,500,000	2,381,343	1,071	2,382,414	117,586
Moyock library	1,800,000	-	-	-	1,800,000
Recreation facility - Maple	770,000	76,086	-	76,086	693,914
Total cultural and recreational	5,070,000	2,457,429	1,071	2,458,500	2,611,500
Total expenditures	25,903,098	10,923,344	7,154,500	18,077,844	7,825,254
Revenues under expenditures	(20,725,822)	(7,649,768)	(5,279,870)	(12,929,638)	(7,854,324)
Other financing sources (uses):					
Transfers from other funds:					
General fund	6,720,100	7,819,934	3,901,000	11,720,934	5,000,834
Capital improvements fund	1,017,900	4,500,000	1,017,900	5,517,900	4,500,000
Transfer tax capital fund	12,487,822	12,787,822	3,952,500	16,740,322	4,252,500
School construction fund	(2,250,000)	-	-	-	2,250,000
Total other financing sources (uses)	17,975,822	25,107,756	8,871,400	33,979,156	16,003,334
Revenues and other sources over (under) expenditures	\$ (2,750,000)	\$ 17,457,988	3,591,530	\$ 21,049,518	\$ 23,799,518
Appropriated fund balance	2,750,000	-	-	-	(2,750,000)
Revenues, other sources and appropriated fund balance over (under) expenditures	\$ -	\$ 17,457,988	3,591,530	\$ 21,049,518	\$ 21,049,518
Fund balances:					
Beginning of year, July 1			18,447,006		
End of year, June 30			<u>\$ 22,038,536</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, 2007

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Public School Capital Building Fund	620,980	620,980	-	620,980	-
Investment earnings	1,303,286	1,117,328	606,690	1,724,018	420,732
Total revenues	1,924,266	1,738,308	606,690	2,344,998	420,732
Expenditures					
Intergovernmental - education:					
Jarvisburg Elementary School construction	14,934,000	397,374	3,765,431	4,162,805	10,771,195
Moyock Elementary School, renovation	1,850,000	1,801,832	-	1,801,832	48,168
Shawboro Elementary School construction	20,625,041	1,360,051	627,175	1,987,226	18,637,815
Total expenditures	37,409,041	3,559,257	4,392,606	7,951,863	29,457,178
Revenues over (under) expenditures	(35,484,775)	(1,820,949)	(3,785,916)	(5,606,865)	(29,036,446)
Other financing sources:					
Proceeds from debt issuance	8,000,000	-	-	-	-
Transfers from					
General Fund	14,656,058	5,300,407	3,084,706	8,385,113	(6,270,945)
Governmental Construction Fund	2,250,000	-	-	-	(2,250,000)
Transfer Tax Capital Fund	10,578,717	7,578,717	1,000,000	8,578,717	(2,000,000)
	27,484,775	12,879,124	4,084,706	16,963,830	(10,520,945)
Total other financing sources	35,484,775	12,879,124	4,084,706	16,963,830	(10,520,945)
Revenues and other sources over (under) expenditures	\$ -	\$ 11,058,175	298,790	\$ 11,356,965	\$ (39,557,391)
Appropriated fund balance	-	-	-	-	-
Revenues, other sources and appropriated fund balance over (under) expenditures	\$ -	\$ 11,058,175	298,790	\$ 11,356,965	\$ 11,356,965
Fund balances:					
Beginning of year, July 1			11,117,968		
End of year, June 30			<u>\$ 11,416,758</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, 2007

	2007			Variance with Final Positive (Negative)	2006
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Other taxes and licenses					
Land transfer tax	4,502,500	4,502,500	3,237,940	(1,264,560)	4,901,640
Investment earnings	58,877	58,877	231,962	173,085	359,893
Total revenues	<u>4,561,377</u>	<u>4,561,377</u>	<u>3,469,902</u>	<u>(1,091,475)</u>	<u>5,261,533</u>
Expenditures:					
Fees Paid to Officials	700	700	-	700	-
Total expenditures	<u>700</u>	<u>700</u>	<u>-</u>	<u>700</u>	<u>-</u>
Revenues over (under) expenditures	<u>4,560,677</u>	<u>4,560,677</u>	<u>3,469,902</u>	<u>(1,090,775)</u>	<u>5,261,533</u>
Other financing uses:					
Transfers to general fund	(508,177)	(508,177)	(8,177)	500,000	(57,257)
Transfers to County government facilities	(2,752,500)	(3,952,500)	(3,952,500)	-	(8,085,322)
Transfers to school facilities fund	(1,000,000)	(3,000,000)	(1,000,000)	2,000,000	(1,880,000)
Transfers to land banking fund	(300,000)	(300,000)	(300,000)	-	(300,000)
Total other financing uses	<u>(4,560,677)</u>	<u>(7,760,677)</u>	<u>(5,260,677)</u>	<u>(2,500,000)</u>	<u>(10,322,579)</u>
Revenues and other financing uses over (under) expenditures	-	(3,200,000)	(1,790,775)	1,409,225	(5,061,046)
Appropriated fund balance	<u>-</u>	<u>3,200,000</u>	<u>-</u>	<u>(3,200,000)</u>	<u>-</u>
Revenues, other financing uses and appropriated fund balance over expenditures	<u>\$ -</u>	<u>\$ -</u>	(1,790,775)	<u>\$ (1,790,775)</u>	(5,061,046)
Fund balances:					
Beginning of year, July 1			6,133,134		11,194,180
End of year, June 30			<u>\$ 4,342,359</u>		<u>\$ 6,133,134</u>

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County of Currituck, North Carolina
Combining Statement of Net Assets
Non-Major Proprietary Funds
June 30, 2007

	Enterprise Funds		Totals	
	Newtown	Moyock	June 30 2007	June 30 2006
	Road Sewer Fund	Commons Sewer Fund		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 140,268	\$ 381,539	\$ 521,807	\$ 186,622
Taxes receivable, net	-	108	108	73
Receivables, net	782	5,954	6,736	4,981
Total current assets	<u>141,050</u>	<u>387,601</u>	<u>528,651</u>	<u>191,676</u>
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	87,000	-	87,000	87,000
Other capital assets, net of depreciation	256,776	23,021	279,797	300,699
Total capital assets	<u>343,776</u>	<u>23,021</u>	<u>366,797</u>	<u>387,699</u>
Total assets	<u>484,826</u>	<u>410,622</u>	<u>895,448</u>	<u>579,375</u>
LIABILITIES				
Current liabilities:				
Accounts payable	426	6,185	6,611	4,517
Customer deposits	266	-	266	215
Total liabilities	<u>692</u>	<u>6,185</u>	<u>6,877</u>	<u>4,732</u>
NET ASSETS				
Invested in capital assets, net of related debt	343,776	23,021	366,797	387,699
Unrestricted	140,358	381,416	521,774	186,944
Total net assets	<u>\$ 484,134</u>	<u>\$ 404,437</u>	<u>\$ 888,571</u>	<u>\$ 574,643</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, 2007

	Enterprise Funds		Totals	
	Newtown Road Sewer Fund	Moyock Commons Sewer Fund	June 30, 2007	June 30, 2006
OPERATING REVENUES				
Charges for services	\$ 8,643	\$ 63,876	\$ 72,519	\$ 80,537
Miscellaneous	-	550	550	449
Total operating revenues	<u>8,643</u>	<u>64,426</u>	<u>73,069</u>	<u>80,986</u>
OPERATING EXPENSES				
Administration	691	5,015	5,706	3,497
Water and sewer district	3,694	65,220	68,914	63,659
Depreciation	16,954	3,947	20,901	17,766
Total operating expenses	<u>21,339</u>	<u>74,182</u>	<u>95,521</u>	<u>84,922</u>
Operating income (loss)	<u>(12,696)</u>	<u>(9,756)</u>	<u>(22,452)</u>	<u>(3,936)</u>
NONOPERATING REVENUES (EXPENSES)				
Tax revenue	-	39,647	39,647	36,913
Interest and investment revenue	3,878	11,488	15,366	6,722
Total nonoperating revenue (expenses)	<u>3,878</u>	<u>51,135</u>	<u>55,013</u>	<u>43,635</u>
Income (loss) before transfers	(8,818)	41,379	32,561	39,699
Transfer	<u>100,000</u>	<u>181,367</u>	<u>281,367</u>	<u>-</u>
Change in net assets	91,182	222,746	313,928	39,699
Total net assets - beginning	392,952	181,691	574,643	534,944
Total net assets - ending	<u>\$ 484,134</u>	<u>\$ 404,437</u>	<u>\$ 888,571</u>	<u>\$ 574,643</u>

County of Currituck, North Carolina
Combining Statement of Cash Flows
Non-Major Proprietary Fund
For The Fiscal Year Ended June 30, 2007

	Newtown Road Sewer Fund	Moyock Commons Sewer Fund	Totals June 30, 2007	Totals June 30, 2006
Cash flows from operating activities:				
Cash received from customers	\$ 8,579	\$ 62,185	\$ 70,764	\$ 83,886
Cash paid for goods and services	(3,986)	(68,539)	(72,525)	(67,566)
Customer deposits received	51	-	51	-
Customer deposits returned	-	-	-	-
Other operating revenue	-	550	550	449
Net cash provided (used) by operating activities	<u>4,644</u>	<u>(5,804)</u>	<u>(1,160)</u>	<u>16,769</u>
Cash flows from noncapital financing activities:				
Tax revenues	-	39,612	39,612	37,825
Cash flows from capital and related financing activities:				
Proceeds from operating fund	100,000	181,367	281,367	-
Acquisition of capital assets	-	-	-	(27,626)
Net cash provided by capital and related financing activities	100,000	181,367	281,367	(27,626)
Cash flows from investing activities:				
Interest on investments	3,878	11,488	15,366	6,722
Net increase (decrease) in cash and cash equivalents	108,522	226,663	335,185	33,690
Cash and cash equivalents, July 1	31,746	154,876	186,622	152,932
Cash and cash equivalents, June 30	<u>\$ 140,268</u>	<u>\$ 381,539</u>	<u>\$ 521,807</u>	<u>\$ 186,622</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (12,696)	\$ (9,756)	\$ (22,452)	\$ (3,936)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	16,954	3,947	20,901	17,766
Changes in assets and liabilities:				
Increase (decrease) in accounts receivable	(64)	(1,691)	(1,755)	3,349
Increase (decrease) in accounts payable and accrued liabilities	399	1,696	2,095	(410)
Increase in customer deposits	51	-	51	-
Total adjustments	<u>17,340</u>	<u>3,952</u>	<u>21,292</u>	<u>20,705</u>
Net cash provided (used) by operating activities	<u>\$ 4,644</u>	<u>\$ (5,804)</u>	<u>\$ (1,160)</u>	<u>\$ 16,769</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, 2007

	2007			Variance Positive (Negative)	2006
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for services:					
Sewer charges	\$ -	\$ -	\$ 8,454	\$ -	\$ 7,881
Penalties and interest, sewer	-	-	189	-	283
Other operating revenues, sewer	-	-	-	-	50
Total, sewer operating revenues	8,392	8,392	8,643	251	8,214
Nonoperating revenues:					
Interest earnings	400	400	3,878	3,478	1,153
Total revenues	8,792	8,792	12,521	3,729	9,367
Other financing sources (uses):					
Transfer from operating fund	-	100,000	100,000	-	-
Proceeds from Rural Center Grant	-	100,000	-	(100,000)	-
	-	200,000	100,000	(100,000)	-
Appropriated net assets	-	2,500	-	(2,500)	-
Total revenues, other financing sources and appropriated net assets	8,792	211,292	112,521	(98,771)	9,367
Expenditures:					
Administration:					
Telephone and postage	-	-	49	-	11
Administrative expenses	-	-	642	-	634
	692	692	691	1	645
Sewer treatment operations:					
Utilities	-	-	277	-	1,197
Gas, oil, etc.	-	-	-	-	-
Repairs and maintenance	-	-	1,500	-	1,231
Lab tests	-	-	1,011	-	1,380
System supplies	-	-	-	-	536
Contracted services	-	-	906	-	1,572
Total	7,100	24,600	3,694	20,906	5,916
Capital outlay	1,000	186,000	-	186,000	-
Total expenditures	8,792	211,292	4,385	206,907	6,561
Revenues and appropriated net assets over expenditures	\$ -	\$ -	108,136	\$ 108,136	2,806
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items:					
Depreciation			(16,954)		(17,108)
Total reconciling items			(16,954)		(17,108)
Change in net assets			\$ 91,182		\$ (14,302)

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, 2007

	2007			2006	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Charges for services:					
Sewer charges	\$ -	\$ -	\$ 63,876	\$ -	\$ 72,373
Penalties and interest	-	-	550	-	399
Total, sewer operating revenues	<u>82,250</u>	<u>82,250</u>	<u>64,426</u>	<u>(17,824)</u>	<u>72,772</u>
Nonoperating revenues:					
Tax revenue	-	-	39,647	-	36,913
Interest earnings	-	-	11,488	-	5,569
Total nonoperating revenues	<u>36,804</u>	<u>36,804</u>	<u>51,135</u>	<u>14,331</u>	<u>42,482</u>
Total revenues	119,054	119,054	115,561	(3,493)	116,254
Other financing sources (uses):					
Transfer from operating fund	181,367	181,367	181,367	-	-
	181,367	181,367	181,367	-	-
Appropriated net assets	149,929	149,929	-	(149,929)	-
Total revenues and appropriated net assets	<u>450,350</u>	<u>450,350</u>	<u>296,928</u>	<u>(153,422)</u>	<u>116,254</u>
Expenditures:					
Administration:					
Telephone and postage	-	-	350	-	282
Administration	-	-	1,200	-	1,101
Supplies	-	-	1,256	-	361
Credit card fees	-	-	10	-	-
Dues and subscriptions	-	-	2,180	-	1,090
Software license fees	-	-	19	-	18
	<u>3,450</u>	<u>4,060</u>	<u>5,015</u>	<u>(1,565)</u>	<u>2,852</u>
Sewer treatment operations:					
Utilities	-	-	7,842	-	5,448
Repairs and maintenance	-	-	6,829	-	8,987
Lab tests	-	-	7,018	-	7,756
Chemicals	-	-	2,795	-	2,883
Contracted services	-	-	35,251	-	32,669
Professional services	-	-	5,485	-	-
Total	<u>116,900</u>	<u>111,275</u>	<u>65,220</u>	<u>51,680</u>	<u>67,743</u>
Capital outlay	330,000	345,000	-	345,000	27,626
Total expenditures	<u>450,350</u>	<u>460,325</u>	<u>70,285</u>	<u>390,090</u>	<u>88,221</u>
Revenues and appropriated net assets over expenditures	<u>\$ -</u>	<u>\$ (9,975)</u>	226,693	<u>\$ 226,693</u>	27,033
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Capital outlays			-		27,626
Depreciation			(3,947)		(658)
Change in net assets			<u>\$ 222,746</u>		<u>\$ 54,001</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, 2007

	2007			2006	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Charges for services:					
Water sales	\$ -	\$ -	\$ 1,353,696	\$ -	\$ 719,622
Water tap fees	-	-	959,940	-	1,018,228
Administration	-	-	233,197	-	31,476
Penalties and interest	-	-	14,869	-	15,893
Other operating revenues	-	-	2,865	-	2,749
Total, water operating revenues	<u>1,909,058</u>	<u>1,933,937</u>	<u>2,564,567</u>	<u>630,630</u>	<u>1,787,968</u>
Nonoperating revenues:					
Insurance recovery	-	-	-	-	2,811
Interest earnings	-	-	8,938	-	548
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>8,938</u>	<u>8,938</u>	<u>1,841,445</u>
Total revenues	<u>1,909,058</u>	<u>1,933,937</u>	<u>2,573,505</u>	<u>639,568</u>	<u>3,629,413</u>
Other financing sources:					
Transfer from operating fund	-	-	-	-	200,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total revenues and other financing sources	<u>1,909,058</u>	<u>1,933,937</u>	<u>2,573,505</u>	<u>639,568</u>	<u>3,829,413</u>
Expenditures:					
Administration:					
Salaries and benefits	-	-	91,186	-	79,476
Telephone and postage	-	-	8,830	-	9,702
Advertising	-	-	265	-	686
Supplies	-	-	9,470	-	69,564
Dues and subscriptions	-	-	940	-	1,095
Other administrative expenditures	-	-	61,859	-	57,838
Total administration expenditures	<u>182,920</u>	<u>179,299</u>	<u>172,550</u>	<u>6,749</u>	<u>218,361</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, 2007

	2007			2006	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Water treatment operations:					
Salaries and benefits	-	-	272,446	-	233,868
Utilities	-	-	96,766	-	62,216
Gas, oil, etc	-	-	9,847	-	9,747
Repairs and maintenance	-	-	28,380	-	32,877
Lab tests	-	-	8,956	-	16,170
Chemicals	-	-	67,672	-	45,240
Uniforms	-	-	2,573	-	2,438
Contracted services	-	-	16,289	-	17,878
Professional services	-	-	39,203	-	27,207
Total water treatment operations	<u>556,760</u>	<u>585,260</u>	<u>542,132</u>	<u>43,128</u>	<u>447,641</u>
Debt service:					
Interest and other charges	-	-	259,398	-	290,344
Debt principal	-	-	909,980	-	879,034
Total	<u>1,169,378</u>	<u>1,169,378</u>	<u>1,169,378</u>	<u>-</u>	<u>1,169,378</u>
Capital outlays	-	-	18,201	(18,201)	835,454
Total expenditures	<u>1,909,058</u>	<u>1,933,937</u>	<u>1,902,261</u>	<u>31,676</u>	<u>2,670,834</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	671,244	<u>\$ 671,244</u>	1,158,579
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items:					
Capital outlays			18,201		835,454
Debt principal			909,980		879,034
Accrued vacation			(1,113)		(4,559)
Depreciation			(643,012)		(725,134)
Total reconciling items			<u>284,056</u>		<u>4,225,983</u>
Change in net assets			<u>\$ 955,300</u>		<u>\$ (886,549)</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, 2007

	2007			Variance Positive (Negative)	2006
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Operating revenues:					
Charges for services:					
Solid waste disposal charges	\$ -	\$ -	\$ 1,847,449	\$ -	\$ 1,762,965
Tipping fees	-	-	944,799	-	1,028,834
Total	<u>2,303,150</u>	<u>1,782,018</u>	<u>2,792,248</u>	<u>1,010,230</u>	<u>2,791,799</u>
Nonoperating revenues:					
Ad valorem taxes	-	-	1,942,832	-	1,961,452
White goods tax	-	-	12,987	-	27,241
Tire tax	-	-	36,645	-	30,342
Investment earnings	-	-	177,328	-	127,977
Total	<u>1,939,535</u>	<u>2,803,539</u>	<u>2,169,792</u>	<u>(633,747)</u>	<u>2,147,012</u>
Appropriated net assets	<u>78,395</u>	<u>78,395</u>	<u>-</u>	<u>(78,395)</u>	<u>-</u>
Total revenues and appropriated net assets	<u>4,321,080</u>	<u>4,663,952</u>	<u>4,962,040</u>	<u>298,088</u>	<u>4,938,811</u>
Expenditures:					
Solid waste administration:					
Travel	-	-	160	-	474
Training & Education	-	-	20	-	-
Telephone and postage	-	-	2,706	-	293
Other administrative expenditures	-	-	22,429	-	21,878
Total	<u>23,200</u>	<u>25,700</u>	<u>25,315</u>	<u>385</u>	<u>22,645</u>
Solid waste operations:					
Utilities	-	-	3,069	-	3,782
Repair and maintenance	-	-	6,944	-	9,619
Rent	-	-	21,375	-	21,900
Supplies	-	-	1,281	-	2,023
Professional services	-	-	31,309	-	-
Contract services, other	-	-	369,561	-	39,863
Contract services, collection	-	-	1,452,036	-	1,448,578
Contract services, disposal	-	-	1,936,344	-	2,249,641
Site work and landscaping	-	-	19,575	-	19,190
White goods disposal	-	-	18,119	-	19,099
Tire disposal	-	-	36,773	-	31,605
Monitoring wells	-	-	4,500	-	4,500
Recycling	-	-	316,294	-	289,677
Total	<u>4,286,580</u>	<u>4,626,952</u>	<u>4,217,180</u>	<u>409,772</u>	<u>4,139,477</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, 2007

	2007			Variance Positive (Negative)	2006
	Original Budget	Final Budget	Actual		Actual
Capital outlays	11,300	11,300	5,104	6,196	102,896
Total expenditures	<u>4,321,080</u>	<u>4,663,952</u>	<u>4,247,599</u>	<u>416,353</u>	<u>4,265,018</u>
Revenues and appropriated net assets over expenditures	<u>\$ -</u>	<u>\$ -</u>	714,441	<u>\$ 714,441</u>	673,793
 Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items:					
Capital outlays			5,104		102,896
Depreciation			<u>(32,286)</u>		<u>(73,290)</u>
Total reconciling items			<u>(27,182)</u>		<u>29,606</u>
Change in net assets			<u>\$ 687,259</u>		<u>\$ 703,399</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, 2007

	2007			Variance Positive (Negative)	2006
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for services:					
Water sales	\$ -	\$ -	\$ 610,827	\$ -	\$ 472,506
Water impact fees	-	-	2,000	-	5,000
Water tap fees	-	-	450	-	1,125
Penalties and interest, water	-	-	8,656	-	6,454
Other operating revenues, water	-	-	905	-	963
Total, water operating revenues	<u>495,300</u>	<u>497,400</u>	<u>622,838</u>	<u>125,438</u>	<u>486,048</u>
Sewer charges	-	-	323,589	-	308,177
Sewer impact fees	-	-	2,000	-	5,000
Sewer tap fees	-	-	450	-	1,125
Penalties and interest, sewer	-	-	7,709	-	5,342
Other operating revenues, sewer	-	-	905	-	963
Total, sewer operating revenues	<u>321,100</u>	<u>367,600</u>	<u>334,653</u>	<u>(32,947)</u>	<u>320,607</u>
Total operating revenues	<u>816,400</u>	<u>865,000</u>	<u>957,491</u>	<u>92,491</u>	<u>806,655</u>
Nonoperating revenues:					
Tax revenue	-	-	63	-	104,750
Interest earnings	-	-	215,923	-	157,373
Total nonoperating revenues	<u>35,124</u>	<u>73,409</u>	<u>215,986</u>	<u>142,577</u>	<u>262,123</u>
Total revenues	<u>851,524</u>	<u>938,409</u>	<u>1,173,477</u>	<u>235,068</u>	<u>1,068,778</u>
Appropriated net assets	<u>101,000</u>	<u>243,500</u>	-	<u>(243,500)</u>	-
Total revenues and appropriated net assets	<u>952,524</u>	<u>1,181,909</u>	<u>1,173,477</u>	<u>(8,432)</u>	<u>1,068,778</u>
Expenditures:					
Administration:					
Telephone and postage	-	-	2,864	-	2,682
Supplies	-	-	2,623	-	6,132
Dues and subscriptions	-	-	2,065	-	1,765
Software license fees	-	-	320	-	304
Refunds	-	-	2,450	-	-
Contract services	-	-	40,034	-	40,510
	<u>52,524</u>	<u>52,624</u>	<u>50,356</u>	<u>2,268</u>	<u>51,393</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, 2007

	2007			Variance Positive (Negative)	2006
	Original Budget	Final Budget	Actual		Actual
Water treatment operations:					
Utilities	-	-	6,854	-	5,412
Repairs and maintenance	-	-	19,720	-	18,119
Lab tests	-	-	2,804	-	5,387
System supplies	-	-	17,673	-	26,804
Contracted services	-	-	274,962	-	849
Professional services	-	-	500	-	15,857
Total	<u>347,450</u>	<u>387,235</u>	<u>322,513</u>	<u>64,722</u>	<u>72,428</u>
Sewer treatment operations:					
Utilities	-	-	38,847	-	46,044
Repairs and maintenance	-	-	126,331	-	92,247
Lab tests	-	-	14,471	-	15,569
System supplies	-	-	1,345	-	1,920
Chemicals	-	-	7,323	-	9,214
Contracted services	-	-	147,810	-	142,649
Professional services	-	-	-	-	14,376
Total	<u>336,350</u>	<u>383,350</u>	<u>336,127</u>	<u>47,223</u>	<u>322,019</u>
Capital outlay	<u>216,200</u>	<u>358,700</u>	<u>215,000</u>	<u>143,700</u>	<u>290,004</u>
Total expenditures	<u>952,524</u>	<u>1,181,909</u>	<u>923,996</u>	<u>257,913</u>	<u>735,844</u>
Revenues and appropriated retained earnings over expenditures	<u>-</u>	<u>-</u>	<u>249,481</u>	<u>249,481</u>	<u>332,934</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items:					
Capital outlays			215,000		290,004
Depreciation			(174,275)		(350,260)
Total reconciling items			<u>40,725</u>		<u>(60,256)</u>
Change in net assets			<u>\$ 290,206</u>		<u>\$ 272,678</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, 2007

	2007			Variance Positive (Negative)	2006
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for services:					
Water sales	\$ -	\$ -	\$ 1,718,411	\$ -	\$ 1,569,565
Water tap fees	-	-	725,500	-	1,403,915
Reconnection fees	-	-	24,630	-	26,895
Penalties and interest	-	-	44,721	-	46,469
Total	<u>2,406,407</u>	<u>2,406,407</u>	<u>2,508,262</u>	<u>101,855</u>	<u>3,046,844</u>
Nonoperating revenues:					
Interest earnings	-	-	254,898	-	175,735
Other nonoperating revenues	-	-	-	-	72,177
Total nonoperating revenues	<u>67,338</u>	<u>205,067</u>	<u>254,898</u>	<u>49,831</u>	<u>247,912</u>
Total revenues	<u>2,473,745</u>	<u>2,611,474</u>	<u>2,763,160</u>	<u>151,686</u>	<u>3,294,756</u>
Other financing sources (uses):					
Transfer from operating fund	-	-	-	-	19,040
	-	-	-	-	19,040
Appropriated net assets	<u>1,261,756</u>	<u>5,176,324</u>	<u>-</u>	<u>(5,176,324)</u>	<u>-</u>
Total revenues, other financing sources and appropriated net assets	<u>3,735,501</u>	<u>7,787,798</u>	<u>2,763,160</u>	<u>(5,024,638)</u>	<u>3,313,796</u>
Expenditures:					
Administration:					
Salaries and benefits	-	-	44,375	-	41,248
Administrative support	-	-	96,000	-	92,258
Credit card fees	-	-	3,922	-	3,861
Telephone and postage	-	-	22,847	-	20,164
Travel	-	-	2,656	-	4,043
Training and education	-	-	4,031	-	2,143
Advertising	-	-	558	-	2,432
Supplies	-	-	4,214	-	5,753
Dues and subscriptions	-	-	2,600	-	2,665
Software license fees	-	-	1,467	-	1,397
Other administration	-	-	6	-	60
	<u>182,963</u>	<u>186,249</u>	<u>182,676</u>	<u>3,573</u>	<u>176,024</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, 2007

	2007			Variance Positive (Negative)	2006
	Original Budget	Final Budget	Actual		Actual
Water treatment operations:					
Salaries and benefits	-	-	511,438	-	466,742
Utilities	-	-	79,107	-	67,229
Repairs and maintenance	-	-	177,153	-	135,493
Gas, oil, etc.	-	-	22,497	-	23,920
Lab tests	-	-	12,852	-	9,110
Chemicals	-	-	29,416	-	28,653
Uniforms	-	-	816	-	1,348
Purchase of water from another	-	-	211,028	-	223,084
Contracted services	-	-	4,686	-	1,850
Professional services	-	-	206,651	-	205,869
Total	<u>1,089,753</u>	<u>4,411,429</u>	<u>1,255,644</u>	<u>3,155,785</u>	<u>1,163,298</u>
Debt service:					
Interest and other charges	-	-	141,785	-	149,135
Debt principal	-	-	250,000	-	245,000
Total	<u>391,785</u>	<u>391,785</u>	<u>391,785</u>	<u>-</u>	<u>394,135</u>
Capital outlay	<u>2,071,000</u>	<u>2,798,335</u>	<u>1,466,047</u>	<u>604,953</u>	<u>748,660</u>
Total expenditures	<u>3,735,501</u>	<u>7,787,798</u>	<u>3,296,152</u>	<u>4,491,646</u>	<u>2,482,117</u>
Revenues and appropriated net assets over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(532,992)</u>	<u>\$ (532,992)</u>	<u>831,679</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items:					
Capital outlays			1,466,047		748,660
Debt principal			250,000		245,000
Depreciation			(582,397)		(542,853)
Amortization of issuance costs, refunding costs and premium			(588)		(588)
Accrued vacation			(1,126)		(7,607)
Total reconciling items			<u>1,131,936</u>		<u>442,612</u>
Change in net assets			<u>\$ 598,944</u>		<u>\$ 1,274,291</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, 2007

	Balance July 1 2006	Additions	Deductions	Balance June 30 2007
Social Services				
Assets:				
Cash and cash equivalents	\$ 29,148	\$ 110,215	\$ 98,848	\$ 40,515
Liabilities:				
Accounts Payable	\$ 29,148	\$ 110,215	\$ 98,848	\$ 40,515
Fines and Forfeitures				
Assets:				
Cash and cash equivalents	\$ -	\$ 313,601	\$ 313,601	\$ -
Due from other governments	27,717	25,727	27,717	25,727
Total assets	\$ 27,717	\$ 339,328	\$ 341,318	\$ 25,727
Liabilities:				
Intergovernmental payable	\$ 27,717	\$ 311,611	\$ 313,601	\$ 25,727
Motor Vehicle Tax				
Assets:				
Cash and cash equivalents	\$ 258	\$ 4,607	\$ 4,446	\$ 419
Liabilities:				
Intergovernmental payable	\$ 258	\$ 4,607	\$ 4,446	\$ 419
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 29,406	\$ 428,423	\$ 416,895	\$ 40,934
Due from other governments	27,717	25,727	27,717	25,727
Total assets	\$ 57,123	\$ 454,150	\$ 444,612	\$ 66,661
Liabilities:				
Accounts payable	29,148	110,215	98,848	40,515
Intergovernmental payable	27,975	316,218	318,047	26,146
Total liabilities	\$ 57,123	\$ 426,433	\$ 416,895	\$ 66,661

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County of Currituck, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2007

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2006</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2007</u>
2006-2007	\$ -	\$ 25,303,579 (a)	\$ 24,940,030 (b)	\$ 363,549 (c)
2005-2006	468,249	8,482	246,823	229,908
2004-2005	120,454	4,412	67,636	57,230
2003-2004	56,510	2,806	21,378	37,938
2002-2003	47,777	-	13,290	34,487
2001-2002	28,868	-	6,667	22,201
2000-2001	36,301	-	3,357	32,944
1999-2000	14,798	-	1,947	12,851
1998-1999	11,808	-	1,524	10,284
1997-1998	12,193	-	1,240	10,953
1996-1997	13,702	-	13,702	-
	<u>810,660</u>	<u>25,319,279</u>	<u>25,317,594 (d)</u>	<u>812,345</u>

Less: allowance for uncollectible accounts:

General Fund	(9,999)
Solid Waste Fund	(402)

Ad valorem taxes receivable - net:

\$ 801,944

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 23,478,200
Ad valorem taxes - Solid Waste Fund	\$ 1,942,832
	<u>\$ 25,421,032</u>

Reconciling items:

Interest collected	(118,401)
Taxes written off	14,963
Total reconciling items	<u>(103,438)</u>

Total collections and credits

\$ 25,317,594 (d)

County of Currituck, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2007

	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	\$ 7,852,870,625	0.32	\$ 25,129,186	\$ 24,646,801	\$ 482,385
Motor vehicles taxed at prior year's rate	80,966,250	0.32	259,092	-	259,092
Penalties	-		11,398	11,398	-
Total	<u>7,933,836,875</u>		<u>25,399,676</u>	<u>24,658,199</u>	<u>741,477</u>
Discoveries:					
Current year taxes	237,188	0.32	759	759	-
Penalties	-		81	81	-
Total	<u>237,188</u>		<u>840</u>	<u>840</u>	<u>-</u>
Abatements	<u>(30,292,813)</u>		<u>(96,937)</u>	<u>(65,790)</u>	<u>(31,147)</u>
Total property valuation	<u>\$ 7,903,781,250</u>				
Net levy			25,303,579 (a)	24,593,249	710,330
Uncollected taxes at June 30, 2005			<u>363,549 (c)</u>	<u>298,293</u>	<u>65,256</u>
Current year's taxes collected			<u>\$ 24,940,030 (b)</u>	<u>\$ 24,294,956</u>	<u>\$ 645,074</u>
Current levy collection percentage			<u>98.56%</u>	<u>98.79%</u>	<u>90.81%</u>

County of Currituck, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2007

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100 %
Real Property	\$ 7,451,293,278
Personal Property	384,988,133
Public Service Companies ²	<u>67,737,027</u>
Total Assessed Valuation	\$ 7,904,018,438
Tax Rate per \$100	0.32
Levy (includes discoveries, releases and abatements) ³	\$ 25,303,579

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

Guinea Mill watershed improvement district	10,432
Hog Ditch watershed improvement district	886
Moyock watershed improvement district	12,573
Northwest watershed improvement district	1,741
Whalehead watershed improvement district	93,167
Moyock Commons sewer district	39,552
Ocean Sands water and sewer district	0
Total	<u><u>\$ 25,461,930</u></u>

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, 2007

Taxpayer	Type of Business	2006 Assessed Valuation	Percentage of Total Assessed Valuation
Turnpike Properties	Land Development	\$ 99,532,954	1.26 %
Coastland Properties	Land Development	65,349,000	0.83
Dominion Power	Utility	54,809,656	0.69
Coastland Corporation	Land Development	39,312,471	0.50
Richardson, Ernest	Real Estate Investor	14,045,490	0.18
Tudor, John B	Real Estate Investor	12,633,298	0.16
Coastland Shores Inc	Land Development	12,575,000	0.16
Johnson, James E, Jr.	Real Estate Investor	10,608,449	0.13
Schaeffer, Forrest R	Real Estate Investor	9,212,010	0.12
Newman, Brian	Real Estate Investor	8,646,958	0.11
Total		<u>\$ 326,725,286</u>	<u>4.14 %</u>

Statistical Section

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

Financial Trends:

These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.

Revenue Capacity:

These schedules contain information to help the reader assess the factors affecting the county's ability to generate its property and sales taxes.

Debt Capacity:

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the county's ability to issue additional debt in the future.

Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place and to help make comparisons over time and with other governments.

Operating Information:

These schedules contain information about the county's operations and resources to help the reader understand how the county's financial information relates to the services the county provides and the activities it performs.

Schedule 1

Currituck County, North Carolina
 Net Assets by Component
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 26,693,349	\$ 34,106,089	\$ 37,925,033	\$ 40,388,334	\$ 51,299,094
Restricted	14,872	3,060	-	-	-
Unrestricted	34,760,360	41,852,873	51,159,760	62,050,122	62,303,803
Total governmental activities net assets	<u>\$ 61,468,581</u>	<u>\$ 75,962,022</u>	<u>\$ 89,084,793</u>	<u>\$ 102,438,456</u>	<u>\$ 113,602,897</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 9,308,414	\$ 9,729,712	\$ 14,459,467	\$ 15,878,837	\$ 17,290,296
Unrestricted	13,128,435	15,736,338	11,991,335	13,167,320	14,601,498
Total business-type activities net assets	<u>\$ 22,436,849</u>	<u>\$ 25,466,050</u>	<u>\$ 26,450,802</u>	<u>\$ 29,046,157</u>	<u>\$ 31,891,794</u>
Primary government					
Invested in capital assets, net of related debt	\$ 36,001,763	\$ 43,835,801	\$ 52,384,500	\$ 56,267,171	\$ 68,589,390
Restricted	14,872	3,060	-	-	-
Unrestricted	47,888,795	57,589,211	63,151,095	75,217,442	76,905,301
Total governmental activities net assets	<u>\$ 83,905,430</u>	<u>\$ 101,428,072</u>	<u>\$ 115,535,595</u>	<u>\$ 131,484,613</u>	<u>\$ 145,494,691</u>

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

Schedule 2Currituck County, North Carolina
Changes in Net Assets
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	3,702,311	3,624,010	4,415,836	4,583,886	5,155,428
Public safety	6,256,770	10,348,741	9,519,057	11,311,450	14,759,626
Transportation	574,238	400,063	295,590	791,450	576,920
Economic and physical development	2,372,004	3,063,105	3,794,111	3,539,620	3,430,161
Environmental protection	154,180	173,025	295,732	238,502	303,871
Human services	3,010,850	3,207,729	3,682,371	4,168,102	4,236,355
Cultural and recreation	980,464	1,272,882	1,536,324	1,232,301	376,240
Education	8,361,774	7,422,207	8,956,381	12,281,089	13,869,357
Interest on long-term debt	654,140	555,056	404,700	354,100	325,600
Total governmental activities expenses	<u>\$ 26,066,731</u>	<u>\$ 30,066,818</u>	<u>\$ 32,900,102</u>	<u>\$ 38,500,500</u>	<u>\$ 43,033,558</u>
Business-type activities:					
Solid Waste	2,545,400	3,282,646	3,874,034	4,235,412	4,274,781
Water and Sewer	2,117,515	4,336,850	4,334,864	4,606,566	4,761,213
Total business-type activities expenses	<u>4,662,915</u>	<u>7,619,496</u>	<u>8,208,898</u>	<u>8,841,978</u>	<u>9,035,994</u>
Total primary government expenses	<u>\$ 30,729,646</u>	<u>\$ 37,686,314</u>	<u>\$ 41,109,000</u>	<u>\$ 47,342,478</u>	<u>\$ 52,069,552</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	446,262	657,106	670,821	596,957	610,955
Public safety	398,375	411,296	1,534,985	1,592,122	1,074,519
Transportation	164,327	111,981	141,666	109,221	282,624
Economic and physical development	1,006,830	1,130,911	54,923	95,206	25,450
Environmental protection	-	16,025	-	5,100	-
Human services	-	6,950	-	-	-
Cultural and recreation	24,875	28,500	33,382	35,771	48,593
Operating grants and contributions:					
General government	31,569	315,380	53,482	11,715	898,407
Public safety	1,685,941	581,916	641,533	458,277	399,120
Economic and physical development	73,441	346,227	183,018	-	85,302
Environmental protection	26,569	17,963	25,094	-	27,965
Human services	1,758,469	1,971,389	2,080,364	2,198,370	2,380,359
Cultural and recreation	-	25,959	-	-	21,826
Education	141,074	-	-	-	-
Capital grants and contributions:					
General government	1,012,800	-	-	147,671	-
Public safety	128,755	871,628	-	186,000	-
Transportation	261,117	1,209,511	369,256	139,590	888,757
Economic and physical development	-	-	-	80,000	-
Environmental protection	-	-	-	112,755	-
Human services	-	-	-	4,577	-
Education	795,437	-	-	620,980	-
Total governmental activities program revenues	<u>7,955,841</u>	<u>7,702,742</u>	<u>5,788,524</u>	<u>6,394,312</u>	<u>6,743,877</u>

	Fiscal Year				
	2003	2004	2005	2006	2007
Business-type activities:					
Charges for services:					
Solid Waste	1,605,206	1,717,826	1,818,615	2,791,799	2,792,248
Water and Sewer	2,028,159	6,195,098	3,967,236	5,690,977	6,103,389
Operating grants and contributions:					
Solid Waste	1,376,261	1,420,714	1,519,203	1,961,452	1,992,464
Water and Sewer	1,441,507	474,192	389,607	141,663	39,710
Capital grants and contributions:					
Solid Waste	-	-	-	57,583	-
Water and Sewer	42,250	-	-	106,464	-
Total business-type program revenues	<u>6,493,383</u>	<u>9,807,830</u>	<u>7,694,661</u>	<u>10,749,938</u>	<u>10,927,811</u>
Total primary government program revenues	<u>\$ 14,449,224</u>	<u>\$ 17,510,572</u>	<u>\$ 13,483,185</u>	<u>\$ 17,144,250</u>	<u>\$ 17,671,688</u>
Net (Expense)/Revenue					
Governmental activities	\$ (18,110,890)	\$ (22,364,076)	\$ (27,111,578)	\$ (32,106,188)	\$ (36,289,681)
Business-type activities	<u>1,830,468</u>	<u>2,188,334</u>	<u>(514,237)</u>	<u>1,907,960</u>	<u>1,891,817</u>
Total primary government net expense	<u>\$ (16,280,422)</u>	<u>\$ (20,175,742)</u>	<u>\$ (27,625,815)</u>	<u>\$ (30,198,228)</u>	<u>\$ (34,397,864)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	\$ 19,600,458	\$ 17,092,287	\$ 17,925,962	\$ 23,391,822	\$ 23,582,470
Intergovernmental	9,269,968	19,968,817	21,117,685	19,734,572	20,677,091
Investment earnings	791,107	460,406	1,147,418	2,459,638	3,475,928
Miscellaneous	55,687	-	395,381	92,859	-
Gains on disposal/sale of capital assets	-	(14,275)	-	-	-
Transfers	-	(649,718)	(379,513)	(219,040)	(281,367)
Total governmental activities	<u>29,717,220</u>	<u>36,857,517</u>	<u>40,206,933</u>	<u>45,459,851</u>	<u>47,454,122</u>
Business-type activities:					
Investment earnings	308,646	185,149	262,625	468,355	672,453
Miscellaneous	-	6,000	-	-	-
Transfers	-	649,718	379,513	219,040	281,367
Total business-type activities	<u>308,646</u>	<u>840,867</u>	<u>642,138</u>	<u>687,395</u>	<u>953,820</u>
Total primary government	<u>\$ 30,025,866</u>	<u>\$ 37,698,384</u>	<u>\$ 40,849,071</u>	<u>\$ 46,147,246</u>	<u>\$ 48,407,942</u>
Change in Net Assets					
Governmental activities	\$ 11,606,330	\$ 14,493,441	\$ 13,095,355	\$ 13,353,663	\$ 11,164,441
Business-type activities	<u>2,139,114</u>	<u>3,029,201</u>	<u>127,901</u>	<u>2,595,355</u>	<u>2,845,637</u>
Total primary government	<u>\$ 13,745,444</u>	<u>\$ 17,522,642</u>	<u>\$ 13,223,256</u>	<u>\$ 15,949,018</u>	<u>\$ 14,010,078</u>

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

Schedule 3
 Currituck County, North Carolina
 Fund Balances, Governmental Funds
 (modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	964,081	2,585,457	1,860,239	3,274,084	2,582,266
Unreserved	17,787,660	19,739,626	22,297,036	24,165,647	21,068,742
Total General Fund	<u>\$ 18,751,741</u>	<u>\$ 22,325,083</u>	<u>\$ 24,157,275</u>	<u>\$ 27,439,731</u>	<u>\$ 23,651,008</u>
All Other Governmental Funds					
Reserved	56,558	53,702	608,390	744,618	769,510
Unreserved					
Designated					
Special revenue funds	1,248,837	1,457,146	2,057,547	2,365,459	2,195,443
Capital project funds	24,757,080	27,121,787	32,751,680	39,038,133	42,182,550
Total all other governmental funds	<u>\$ 26,062,475</u>	<u>\$ 28,632,635</u>	<u>\$ 35,417,617</u>	<u>\$ 42,148,210</u>	<u>\$ 45,147,503</u>

Note: Due to changes in the county's fund structure connected with the implementation of GASB Statement 34, fund balance information is available back to 2003 only.

Schedule 4
 Currituck County, North Carolina
 Changes in Fund Balances, Governmental Funds
 (modified accrual basis of accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Ad valorem taxes	\$ 12,566,355	\$ 13,592,426	\$ 14,084,762	\$ 14,653,879	\$ 15,135,412	\$ 16,011,134	\$ 17,193,047	\$ 18,059,472	\$ 23,402,553	\$ 23,611,381
Other taxes and licenses	7,768,334	8,782,865	9,861,714	10,683,942	12,427,393	15,624,113	19,821,148	21,063,030	19,369,494	20,677,091
Unrestricted intergovernmental	1,886,498	1,769,491	3,007,387	3,109,522	6,668,179	217,477	147,669	155,552	369,270	380,293
Restricted intergovernmental	433,628	434,863	427,103	419,250	227,763	2,569,567	4,678,096	3,611,061	4,139,479	3,903,127
Permits and fees	706,154	1,183,635	984,046	1,122,547	1,432,312	1,800,213	2,065,709	1,959,085	1,953,439	1,790,528
Sales and services	108,017	126,209	144,978	174,980	194,263	240,456	296,943	416,792	386,698	530,740
Investment earnings	1,588,865	1,114,405	1,992,580	2,403,063	1,619,689	1,049,079	460,406	1,147,418	2,459,527	3,475,928
Miscellaneous	128,006	51,825	41,510	51,212	34,032	65,904	689,244	313,648	113,654	205,215
Total revenues	25,185,857	27,055,739	30,544,080	32,617,395	37,739,013	37,577,943	45,332,262	46,726,058	52,194,114	54,574,303
Expenditures										
General government	2,259,064	3,040,624	2,725,860	2,839,045	2,972,758	4,298,172	8,302,780	5,039,224	5,290,398	5,215,589
Public safety	4,441,176	4,797,377	5,503,206	5,565,195	6,674,795	9,750,951	11,541,352	10,416,287	12,608,149	15,829,185
Transportation	85,278	141,672	338,090	471,376	317,674	770,532	1,799,434	581,917	884,938	1,049,293
Environmental protection	116,119	112,511	194,073	236,738	196,662	155,943	173,025	295,125	255,142	302,508
Economic and physical development	1,205,415	1,801,127	2,110,928	2,356,759	1,826,188	2,432,324	3,150,728	4,282,719	3,758,124	11,942,884
Human services	2,487,040	2,615,265	3,386,451	2,716,222	2,752,164	2,961,950	3,279,706	3,684,564	4,051,203	4,187,991
Cultural and recreation	438,700	893,454	507,346	705,316	808,645	1,080,901	1,284,754	3,207,252	1,528,862	1,429,989
Education	5,181,412	5,728,698	6,219,018	6,724,065	6,847,235	8,361,774	7,422,207	8,956,381	12,281,089	13,869,357
Capital outlay	3,394,537	1,443,894	1,690,270	4,540,300	6,191,629	20,023	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Debt issuance cost	-	-	-	-	-	-	96,891	-	-	-
Principal	2,028,944	2,098,436	1,754,294	1,428,346	1,664,397	1,702,233	900,000	950,000	950,000	930,000
Interest	1,118,321	1,012,727	923,755	884,354	739,676	654,140	555,056	404,700	354,100	325,600
Total expenditures	22,756,006	23,685,765	25,353,291	28,467,716	30,991,823	32,188,943	38,507,933	37,818,169	41,962,025	55,082,366
Excess of revenues over (under) expenditures	2,429,851	3,369,954	5,190,789	4,149,679	6,747,190	5,389,000	6,824,329	8,907,889	10,232,089	(508,063)
Other Financing Sources (Uses)										
Bonds issued	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	8,770,000	-	-	-
Premium on debt issued	-	-	-	-	-	-	626,527	-	-	-
Payments to escrow agent	-	-	-	-	-	-	(9,427,636)	-	-	-
Transfers in	5,330,897	3,223,079	4,825,580	15,138,501	4,913,809	4,746,373	5,407,382	8,074,095	17,388,303	14,868,931
Transfers out	(2,900,035)	(3,575,522)	(6,358,447)	(17,136,513)	(8,017,457)	(4,746,373)	(6,057,100)	(8,453,608)	(17,607,343)	(4,628,944)
State school bond proceeds	-	311,592	-	-	-	-	-	-	-	-
Installment purchase proceeds	253,608	67,522	1,357	30,202	13,472	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,684,470	26,671	(1,531,510)	(1,967,810)	(3,090,176)	(680,827)	(379,513)	(219,040)	(219,040)	10,239,987
Net change in fund balances	\$ 5,114,321	\$ 3,396,625	\$ 3,659,279	\$ 2,181,869	\$ 3,657,014	\$ 5,389,000	\$ 6,143,502	\$ 8,528,376	\$ 10,013,049	\$ 9,731,924
Debt service as a percent of noncapital expenditures	16.26%	13.99%	11.32%	9.67%	9.69%	7.32%	3.78%	3.58%	3.11%	2.28%

Schedule 5

Currituck County, North Carolina

Assessed Value and Actual Value of Taxable Property^a

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Public Service Company Property</u>	<u>Personal Property</u>	<u>Total all taxable property</u>	<u>County-wide tax rate per \$100 value</u>
1998			Data not available		
1999	1,839,417,484	44,910,332	171,584,135	2,055,911,951	0.64
2000	1,947,061,607	44,684,827	189,044,035	2,180,790,469	0.64
2001	2,041,341,714	46,470,316	225,605,100	2,313,417,130	0.62
2002	2,142,843,264	43,591,159	240,631,634	2,427,066,057	0.62
2003	2,251,866,867	43,398,457	253,452,233	2,548,717,557	0.62
2004	2,381,230,573	44,396,839	287,841,084	2,713,468,496	0.62
2005	2,513,740,139	31,248,932	295,551,606	2,840,540,677	0.62
2006	7,286,806,787	65,092,423	355,979,987	7,707,879,197	0.32
2007	7,478,924,823	67,737,027	400,272,427	7,946,934,277	0.32

Source: North Carolina Department of Revenue

Schedule 6
 Currituck County, North Carolina
 Direct and Overlapping Property Tax Rates
 (rate per \$100 of assessed value)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
County Direct Rates										
General	0.640	0.640	0.640	0.620	0.620	0.620	0.620	0.620	0.320	0.320
Poplar Branch Fire District	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	-	-
Fruitville Fire District	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	-	-
Moyock Fire District	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065	-	-
Crawford Fire District	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	-	-
Guinea Mill Watershed Improvement District	-	-	-	0.010	0.010	0.010	0.010	0.010	0.010	0.010
Hog Ditch Watershed Improvement District	-	-	-	-	-	-	-	-	0.010	0.010
Moyock Watershed Improvement District	-	-	-	-	-	0.030	0.030	0.030	0.015	0.015
Northwest Watershed Improvement District	-	-	-	-	-	-	0.070	0.070	0.020	0.020
Whalehead Watershed Improvement District	-	-	-	-	-	-	0.070	0.070	0.025	0.010
Ocean Sands Water and Sewer District	0.310	0.310	0.310	0.310	0.230	0.200	0.200	0.150	0.015	-
Moyock Commons Sewer District	-	-	0.010	0.500	0.500	0.500	0.500	0.500	0.245	0.245

Schedule 7
 Currituck County, North Carolina
 Principal Tax Payers
 Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2007			Fiscal Year 1998		
		Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Turnpike Properties	Land Development	\$ 99,532,954	1	1.26%	\$ 11,779,412	3	0.67%
Coastland Properties	Land Development	65,349,000	2	0.83%	10,130,500	5	0.57%
Dominion Power	Utility	54,809,656	3	0.69%	33,305,643	2	1.88%
Coastland Corporation	Land Development	39,312,471	4	0.50%	10,843,603	4	0.61%
Richardson, Ernest	Real Estate Investor	14,045,490	5	0.18%			
Tudor, John B	Real Estate Investor	12,633,298	6	0.16%			
Coastland Shores Inc	Land Development	12,575,000	7	0.16%			
Johnson, James E, Jr.	Real Estate Investor	10,608,449	8	0.13%			
Schaeffer, Forrest R	Real Estate Investor	9,212,010	9	0.12%			
Newman, Brian	Real Estate Investor	8,646,958	10	0.11%			
Currituck Associates Residential Partners	Land Development				40,925,111	1	2.31%
Ocean Hill Properties	Land Development				9,554,255	6	0.54%
Carolina Telephone	Utility				9,336,264	7	0.53%
DeGabrielle, Robert R					8,482,578	8	0.48%
Whalehead Properties	Land Development				7,735,494	9	0.44%
Beach Mar IV, LLC	Land Development				7,534,752	10	0.43%
Total		\$ 326,725,286		4.14%	\$ 149,627,612		8.46%

Source: Currituck County Tax Department

Schedule 8
Currituck County, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the			Collected within the			Total Collections to Date		
	Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Fiscal Year of the Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
1998	12,382,559	(1,004,014)	11,378,545	10,794,115	87.17%	573,477	11,367,592	99.90%	
1999	13,194,732	16,481	13,211,213	12,707,630	96.31%	493,299	13,200,929	99.92%	
2000	14,073,475	22,142	14,095,617	13,530,061	96.14%	552,705	14,082,766	99.91%	
2001	14,459,054	29,676	14,488,730	13,882,561	96.01%	573,225	14,455,786	99.77%	
2002	15,112,177	29,403	15,141,580	14,638,016	96.86%	481,363	15,119,379	99.85%	
2003	15,916,809	7,264	15,924,073	15,411,378	96.82%	478,208	15,889,586	99.78%	
2004	16,896,180	19,778	16,915,958	16,388,762	97.00%	489,258	16,878,020	99.78%	
2005	17,729,373	52,223	17,781,596	17,253,685	97.32%	470,681	17,724,366	99.68%	
2006	24,979,301	(148,227)	24,831,074	24,362,825	97.53%	238,341	24,601,166	99.07%	
2007	25,399,676	(96,097)	25,303,579	24,940,030	98.19%	-	24,940,030	98.56%	

Note: The information in this schedule realtes to the county-wide tax levy and does not include special district taxes.

Schedule 9
 Currituck County, North Carolina
 Ratios of Debt Outstanding,
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Payable from		Net General Obligation Bonded Debt	Installment Purchase Contract	Less: Amounts Payable from		Net Installment Purchase Contract Debt	Total Net Debt	Percentage of Personal Income ^a	Percentage of Actual Value ^b of Taxable Property	Net Bonded Debt Per Capita ^a	Net Total Debt Per Capita ^a
		Enterprise Revenues	Enterprise Revenues			Enterprise Revenues	Enterprise Revenues						
1998	20,322,150	5,200,750	-	15,121,400	-	-	-	-	15,121,400	3.74%	0.85%	\$ 913	\$ 913
1999	22,812,230	4,978,750	-	17,833,480	-	-	-	-	17,833,480	4.18%	0.87%	\$ 1,003	\$ 1,003
2000	20,742,729	4,752,750	-	15,989,979	-	-	-	-	15,989,979	3.42%	0.73%	\$ 874	\$ 874
2001	18,988,784	4,520,750	-	14,468,034	-	-	-	-	14,468,034	2.94%	0.63%	\$ 766	\$ 766
2002	17,011,111	4,283,750	-	12,727,361	-	-	-	-	12,727,361	2.46%	0.52%	\$ 696	\$ 696
2003	14,841,750	4,141,750	-	10,700,000	-	-	-	-	10,700,000	1.88%	0.42%	\$ 561	\$ 561
2004	13,590,000	3,920,000	9,386,321	9,670,000	9,386,321	9,386,321	-	-	9,670,000	1.55%	0.36%	\$ 492	\$ 492
2005	12,410,000	3,690,000	8,537,182	8,720,000	8,537,182	8,537,182	-	-	8,720,000	1.26%	0.31%	\$ 419	\$ 419
2006	11,215,000	3,445,000	7,658,149	7,770,000	7,658,149	7,658,149	-	-	7,770,000	N/A	0.10%	\$ 344	\$ 344
2007	10,035,000	3,195,000	6,748,170	6,840,000	6,748,170	6,748,170	-	-	6,840,000	N/A	0.09%	\$ 296	\$ 296

Notes: Percentages calculated using 2004 personal income data for 2005 and following years, which is the most recent available

^aPopulation and personal income data can be found in Schedule 11.

^bSee Schedule 5 for property value data for years 1999 through 2006. Property values for 1997 and 1998 provided by Currituck County Tax Department.

Schedule 10
Curruck County, North Carolina
Legal Debt Margin Information,
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Assessed Value of Property	\$ 1,771,040,500	\$ 2,056,496,562	\$ 2,188,746,440	\$ 2,320,890,665	\$ 2,431,621,612	\$ 2,560,600,483	\$ 2,709,746,613	\$ 2,847,455,323	\$ 7,714,703,609	\$ 7,903,781,250
Debt Limit, 8% of Assessed Value (Statutory Limitation)	141,683,247	164,519,725	175,099,715	185,655,253	194,529,729	204,848,039	216,779,729	227,796,426	617,176,289	632,302,500
Amount of Debt Applicable to Limit										
General Obligation Bonds	20,322,150	19,239,050	17,952,750	17,020,750	15,883,750	14,841,750	13,590,000	12,410,000	11,215,000	10,035,000
Installment Purchase Agreements	4,895,250	3,573,180	2,789,979	1,968,034	1,127,361	.	9,386,321	8,537,182	7,658,149	6,748,170
Less: General Obligation Bonds paid from Enterprise Funds	(5,200,750)	(4,978,750)	(4,752,750)	(4,520,750)	(4,283,750)	(4,141,750)	(3,920,000)	(3,690,000)	(3,445,000)	(3,195,000)
Total net debt applicable to limit	20,016,650	17,833,480	15,989,979	14,468,034	12,727,361	10,700,000	19,056,321	17,257,182	15,428,149	13,588,170
Legal Debt Margin	\$ 121,666,597	\$ 146,686,245	\$ 159,109,736	\$ 171,187,219	\$ 181,802,368	\$ 194,148,039	\$ 187,723,408	\$ 210,539,244	\$ 601,748,140	\$ 618,714,330
Total net debt applicable to the limit as a percentage of debt limit	1.13%	0.87%	0.73%	0.62%	0.52%	0.42%	0.70%	0.61%	0.20%	0.17%

Note: The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

Schedule 11

Currituck County, North Carolina
Demographic and Economic Statistics,
Last Ten Fiscal Years

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars)^d</u>	<u>Per Capita Personal Income^a</u>	<u>Public School Enrollment^b</u>	<u>Unemployment Rate^c</u>
1997	16,571	\$ 376,615	20,109	3,218	2.80%
1998	17,789	404,744	22,162	3,172	2.70%
1999	18,305	426,909	23,319	3,294	2.30%
2000	18,900	468,081	24,515	3,354	2.50%
2001	18,289	491,334	27,308	3,392	2.43%
2002	19,059	516,392	26,481	3,400	2.00%
2003	19,653	568,236	26,574	3,427	1.80%
2004	20,834	625,524	28,362	3,685	2.40%
2005	22,617	693,064	29,982	3,854	2.90%
2006	23,112	*	32,234	4,156	2.40%
2007	23,580	*	*	4,120	2.80%

* Information not yet available

^a North Carolina Department of Commerce

^b Currituck County Board of Education

^c North Carolina Employment Security Commission

^d Bureau of Economic Analysis

Ten Largest Employers^e

2007

<u>Employer</u>	<u>Number of Employees</u>
Currituck County Board of Education	500-999
County of Currituck	250-499
Sentara Health Center	100-249
Brindley & Brindley Realty & Development	100-249
Food Lion LLC	100-249
Corolla Classic Vacations LLC	100-249
Southland Trade Corporation	100-249
Twiddy & Company of Duck Inc	100-249
Whitecap Linen	100-249
Sun Realty Nags Head Inc	50-99

^e North Carolina Employment Security Commission

Schedule 12

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government	36.35	37.35	35.93	36.18	37.23	38.22	40.22	44.92	52.50	53.50
Public safety	74.24	79.74	80.38	88.38	106.58	123.22	133.62	146.62	162.42	164.92
Transportation	-	-	-	-	-	-	1.00	1.00	1.00	2.00
Environmental protection	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Community development	23.43	24.93	18.88	23.72	19.86	21.42	25.42	25.42	28.42	28.42
Cultural & recreation	4.25	6.25	4.25	8.36	9.64	9.79	9.79	10.79	14.15	17.60
Human services	40.68	43.68	39.45	34.00	35.25	35.75	38.75	39.75	43.00	42.75
Proprietary operations	12.45	12.45	11.45	11.45	12.70	12.70	17.70	20.10	20.00	20.00
	193.40	206.40	192.34	204.09	223.26	243.10	268.50	290.60	323.49	331.19

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent is calculated by dividing total labor hours by 2,080.

Schedule 13
Cumtuck County, North Carolina
Operating Indicators

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental Activities:										
Public Safety										
Law Enforcement										
Stations	1	1	1	1	1	1	1	1	1	1
Satellite Stations	2	2	3	3	3	3	3	3	3	3
Deputies	33	36	37	39	38	44	49	52	59	59
Emergency Medical Services										
Stations	8	8	6	6	6	6	6	8	11	11
Emergency Medical Technicians	16	17	18	30	30	43	45	49	55	56
Human Services										
Number of Physicians	9	7	7	*	6	6	*	*	*	*
Population/physician ratio	1,977	2,499	2,723	*	3,216	3,288	*	*	*	*
Educator										
Schools	7	7	7	7	7	8	8	8	8	8
Teachers	260	230	233	240	273	273	257	254	346	314
Student Enrollment	2,988	2,988	3,354	3,392	3,400	3,729	3,685	3,854	4,156	4,120
SAT Scores	991	991	962	992	1,024	988	1,003	1,013	1,502*	1,466
Enterprise Activities:										
Newtown Road Sewer										
Miles of sewer lines	*	*	*	*	*	*	*	*	*	1
Residential sewer customers	*	*	*	*	*	*	*	*	*	24
Moyock Commons Sewer										
Miles of sewer lines	*	*	*	*	*	*	*	*	*	2
Number of residential customers	*	*	*	*	*	*	*	*	*	23
Southern Outer Banks Water										
Miles of water lines	*	*	*	*	*	*	*	*	*	27.07
Average daily usage (in 1,000 gallons)	*	*	*	*	*	*	*	*	*	240
Number of wells	*	*	*	*	*	*	*	*	*	47
Number of residential customers	*	*	*	*	*	*	*	*	*	1,181
Number of commercial customers	*	*	*	*	*	*	*	*	*	2
Ocean Sands Water and Sewer										
Miles of water lines	*	*	*	*	*	*	*	*	*	11.09
Miles of sewer lines	*	*	*	*	*	*	*	*	*	12.40
Average daily usage (in 1,000 gallons)	*	*	*	*	*	*	*	*	*	160
Number of residential water customers	*	*	*	*	*	*	*	*	*	954
Number of residential sewer customers	*	*	*	*	*	*	*	*	*	953
Mainland Water										
Miles of water lines	*	*	*	*	*	*	*	*	*	300
Number of wells	*	*	*	*	*	*	*	*	*	28
Residential water customers	*	*	*	*	*	*	*	*	*	4,891
Solid Waste										
Total number of households served	*	10,442	10,494	10,667	11,348	11,460	11,971	12,591	13,217	13,813
Total tonnage disposed	*	21,826	28,875	27,619	28,225	34,592	41,298	37,234	34,878	31,374
Recycling Program:										
Households served by program	*	10,442	10,494	10,667	11,348	11,460	11,971	12,591	13,217	13,813
Tonnage recovered	*	1,105	1,014	1,033	1,012	1,032	728	2,009	1,392	1,516
Mulching/composting program										
Households served by program	*	10,442	10,494	10,667	11,348	11,460	11,971	12,591	13,217	10,097
Tonnage recovered	*	779	795	1,088	1,050	1,065	12,800	1,780	1,323	1,746
Total cost of solid waste program	*	\$ 1,824,021	\$ 2,290,861	\$ 2,309,240	\$ 2,154,794	\$ 2,264,910	\$ 2,901,485	\$ 3,747,874	\$ 4,015,956	\$ 3,804,292
Cost per household	*	\$ 175	\$ 218	\$ 216	\$ 190	\$ 198	\$ 242	\$ 297	\$ 304	\$ 275
Cost per ton	*	\$ 77	\$ 79	\$ 78	\$ 76	\$ 62	\$ 53	\$ 91	\$ 107	\$ 110

*The SAT scores include a new writing test this year.

*Data not available



**Pittard
Perry &
Crone, Inc.**

Certified Public Accountants and Consultants

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

To the Board of County Commissioners
Currituck County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of the County of Currituck, North Carolina, as of and for the year ended June 30, 2007, which collectively comprises the County of Currituck's basic financial statements, and have issued our report thereon dated November 28, 2007. 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 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Currituck's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

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

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of 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.

November 28, 2007



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, 2007. 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of 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.

November 28, 2007



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

To the Board of County Commissioners
Currituck County, North Carolina

Compliance

We have audited the compliance of the County of Currituck, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2007. The County of Currituck's major State 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 State programs is the responsibility of the County of Currituck's management. Our responsibility is to express an opinion on the County of Currituck'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 applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County of Currituck'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 the County of Currituck's compliance with those requirements.

In our opinion, the County of Currituck complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County of Currituck is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the County of Currituck's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of 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 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major State 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 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 specified parties.

Pittard Perry & Crane, Inc.

November 28, 2007

CURRITUCK COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2007

Section I 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
20.106	State Aid to Airports
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

\$377,228

Auditee qualified as low-risk auditee?

yes no

State Awards

The only major State program for the County of Currituck is the state match with the two federal programs of Temporary Assistance for Needy Families and Medical Assistance Program. Therefore, these programs have been included in the list of major federal programs above.

Section II Financial Statement Findings

None Reported

Section III Federal Award Findings and Questioned Costs

None Reported

CURRITUCK COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2007

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, 2007

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	\$ 1,371,548	\$ -	\$ -
Food Stamps Administrative Match	10.561	121,854	-	-
Total Food Stamp Cluster		1,493,402	-	-
Total U.S. Department of Agriculture		1,493,402	-	-
U.S. Department of Transportation				
State aid to airports passed through NC Dept of Transportation				
	20.106	888,757	-	88,876
Total U.S. Department of Transportation		888,757	-	88,876
U.S. Department of Health and Human Services				
North Carolina Department of Health and Human Services				
Division of Social Services:				
TANF Benefit Payments	93.558	122,283	-	-
Work First - Services	93.558	354,433	-	-
Low Income Home Energy Assistance				
Administration	93.568	2,663	-	-
Direct Payments	93.568	29,394	-	-
Crisis Intervention Program	93.568	40,471	-	-
Permanency Planning	93.645	6,513	1,535	-
LINKS	93.674	830	208	-
SSBG	93.667	44,371	4,299	-
NC Health Choice	93.767	13,419	659	-
Foster Care and Adoption				
Title IV-E Foster Care - Administration	93.658	109,965	23,325	-
Foster Care - Direct Benefit Payments	93.658	17,676	4,193	-
Adoption - Administration	93.659	477	-	-
Adoption Assistance - Direct Payments	93.659	54,851	15,376	-
Total Foster Care and Adoption Cluster		182,969	42,894	-
Division of Child Development:				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services				
Child Care Development Fund - Administration	93.596	60,000	-	-
Division of Child Development:				
Child Care and Development Block Grant	93.575	222,619	-	-
Child Care and Development Fund - Mandatory	93.596	88,029	-	-
Child Care and Development Fund - Match	93.596	114,043	63,287	-
Total Child Care Development Fund Cluster		484,691	63,287	-

continued

COUNTY OF CURRITUCK
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ending June 30, 2007

GRANTOR, PASS THROUGH GRANTOR PROGRAM TITLE	CFDA	AMOUNT EXPENDED		COUNTY
		FEDERAL	STATE	
Social Services Block Grant	93.667	24,177		
TANF	93.558	80,666		
Smart Start			19,978	
State Appropriations			248,324	
Total Subsidized Child Care		589,534	331,589	-
Centers for Medicare and Medicaid Services:				
Passed-through NC Department of Health and Human Services, Division of Medical Assistance:				
Direct Benefit Payments	93.778	8,478,955	4,108,454	-
Administration	93.778	306,936	19,025	-
Total U.S. Department of Health and Human Services		10,172,771	4,508,663	-
U.S. Department of Homeland Security				
Passed through NC Department of Crime Control and Public Safety				
Emergency Management	97.042	19,337	-	-
Total U.S. Department of Homeland Security		19,337	-	-
TOTAL FEDERAL AWARDS		12,574,267	4,508,663	88,876
STATE AWARDS -				
North Carolina Department of Health and Human Services				
Division of Social Services:				
State/County Special Assistance for Adults		-	90,419	-
State Foster Care Benefits		-	5,095	-
State Aid to Counties		-	12,935	-
CWS Adoption Benefit Payments		-	49,339	-
State Adult Protective Services		-	17,990	-
TANF Incentive		-	202	-
Smart Start		-	10,330	-
Total North Carolina Department of Health and Human Services		-	186,310	-
NC Department of Juvenile Justice and Delinquency Prevention				
Juvenile Crime Prevention Programs		-	84,329	21,701
Support Our Students		-	72,884	-
Total North Carolina Department of Health and Human Services		-	157,213	21,701
North Carolina Department of Transportation				
Public Transportation Division:				
ROAP		-	111,463	-

continued

COUNTY OF CURRITUCK
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ending June 30, 2007

GRANTOR, PASS THROUGH GRANTOR PROGRAM TITLE	CFDA	AMOUNT EXPENDED		COUNTY
		FEDERAL	STATE	
TOTAL STATE AWARDS		-	454,986	21,701
TOTAL FEDERAL AND STATE AWARDS		<u>12,574,267</u>	<u>4,963,649</u>	<u>110,577</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 basic 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		-	72,884
Partnership of Adolescents and Support Services		-	70,225
Victim Compensation and Juvenile Restitution		-	7,564
Teen Court		-	19,399
JCPC Council Administration		-	8,842
Smart Start		-	10,307
Elderly and Disabled Transportation		-	32,559

3 The following are clustered by the North Carolina Department of Health and Human Services and are treated separately for State audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.