

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2006



**County of Currituck, North Carolina**

Prepared by the Currituck County Finance Department

**County of Currituck, North Carolina**  
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**June 30, 2006**

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## **COUNTY OF CURRITUCK**

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### **BOARD OF COMMISSIONERS**

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

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

October 31, 2006

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, 2006. 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) and is one of the fastest growing counties in North Carolina, having its population increase 39.47 percent from 1997 to 2006. 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. 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.

The ad valorem tax base grew from \$2,847,455,323 to \$7,714,703,609, an average increase of 170%. 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, 2006 is \$0.32 per \$100, which is favorable for new residents and businesses.

Currituck County continues its commitment to expand the Parks and Recreation facilities within the County. The County has recently completed a park with picnic areas, a boat dock and multipurpose athletic fields at the South end of the County, a skateboard park at Maple, and tennis courts in Moyock. In addition, funds have been appropriated for the design of a recreation/community center in Maple and tennis courts in Harbinger.

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 Maple Airport, construction of a jail kitchen, a fire station in Knotts Island, and expansion of the mainland water system. 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. The boards are working on design and construction of two elementary schools; one in Jarvisburg and the second in Shawboro. (The Currituck County Board of Education is a separate reporting entity apart from the County; a detailed discussion of their activities and initiatives can be found in their Comprehensive Annual Financial Report.)

Currituck County has several historical sites that are located throughout the County. The Board of Commissioners has made a commitment for restoration of some of the structures that make up part of the County's history. While the County continues to support ongoing restoration of the Whalehead Club, restoration of the Historic Colored School in Jarvisburg and the Historic Jail in Currituck are also underway.

At the last board meeting of this fiscal year, the construction contract was awarded for the Cooperative Extension building. The project is now underway with an anticipated opening in the Spring of 2008. Also in process is the design for a Recreation facility that will include a swimming pool and classrooms for community recreation. These two facilities will be located together and will provide cultural, educational and recreational programs for County residents and visitors.

## **Factors Affecting Financial Condition**

In government, much more than in business, the budget is an integral part of a unit's accounting system and daily operations. An annual or projected budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. For Currituck County, annual budgets are adopted for the General, Special Revenue (except the Multi-Year Grant Fund), Capital Projects (except the County Governmental Facilities Fund and the School Facilities Fund) and Enterprise Funds. Multi-year project budgets are adopted for the Multi-Year Grant Fund, the County Governmental Facilities Fund and the School Facilities Fund. Appropriations in the General Fund and the Special Revenue Funds are made at the departmental level; Capital Projects appropriations are made at the project level; and Enterprise Fund appropriations are made at the function level. However, for internal accounting purposes, budgetary control is generally maintained by object class (line item account). Purchase orders that would create an over encumbrance at that level are not written until appropriations are made available either through budget amendments or intradepartmental transfers approved by the county manager. The county manager may transfer amounts between departments within the same fund up to \$1,000 providing an official report on such transfers at the next regular meeting of the Board of Commissioners, or make 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 an increase in tourism over previous years. The County recognizes the importance of tourism to our economy and in an effort to assist potential visitors to have more access to information on the area, the County established a Visitor's Center in Corolla.

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

**Cash management policies and practices.** Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U. S. Treasury, commercial paper and the North Carolina Cash Management Trust. The maturities range from 1 month to 2.5 years, with an average maturity of 207 days for U. S. Treasury obligations and 92 days for commercial paper. The average yield on investments was 4.38% for federal agency funds, 4.68% for certificates of deposit and 5.14% for commercial paper. Interest rates were at historically low rates during the prior fiscal year. Throughout this year, interest rates have shown slow, but consistent increases.

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



North Carolina counties, 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 sixth 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**

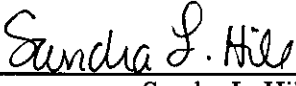
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Currituck for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the fourth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it 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

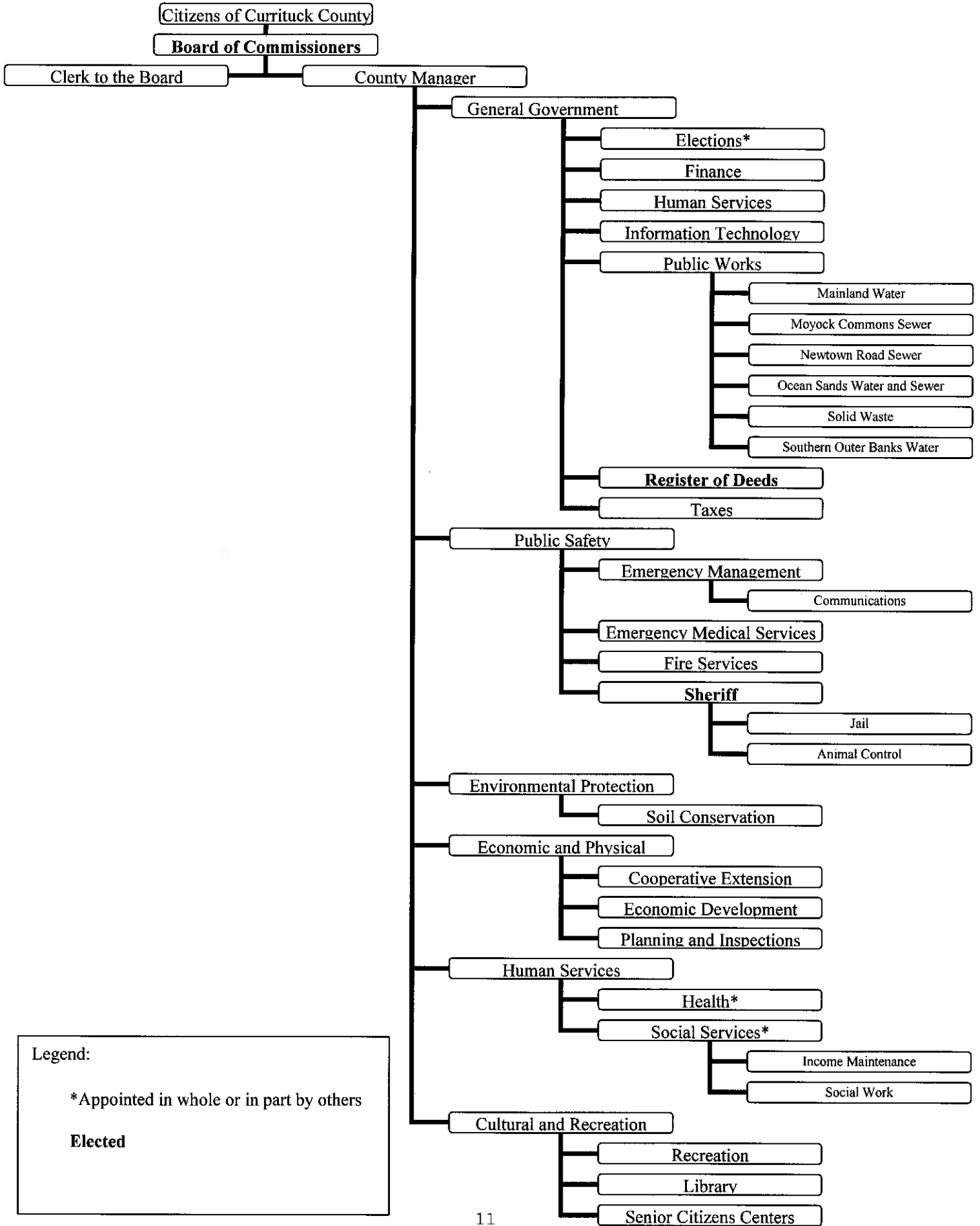
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

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**

**S. Paul O’Neal, Chairman**

**Paul R. Martin, Vice-Chairman**

**Ernie Bowden**

**J. Owen Etheridge**

**Eldon Miller Jr.**

**OFFICIALS**

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



**Pittard  
Perry &  
Crone, Inc.**

Certified Public Accountants and Consultants

Independent Auditor's Report

To the Board of County Commissioners  
Currituck County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Currituck County, North Carolina, as of and for the year ended June 30, 2006, 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. 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, 2006, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006 on our consideration of Currituck County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

*Pittard Perry & Crane, Inc.*  
October 6, 2006

## **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, 2006. 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**

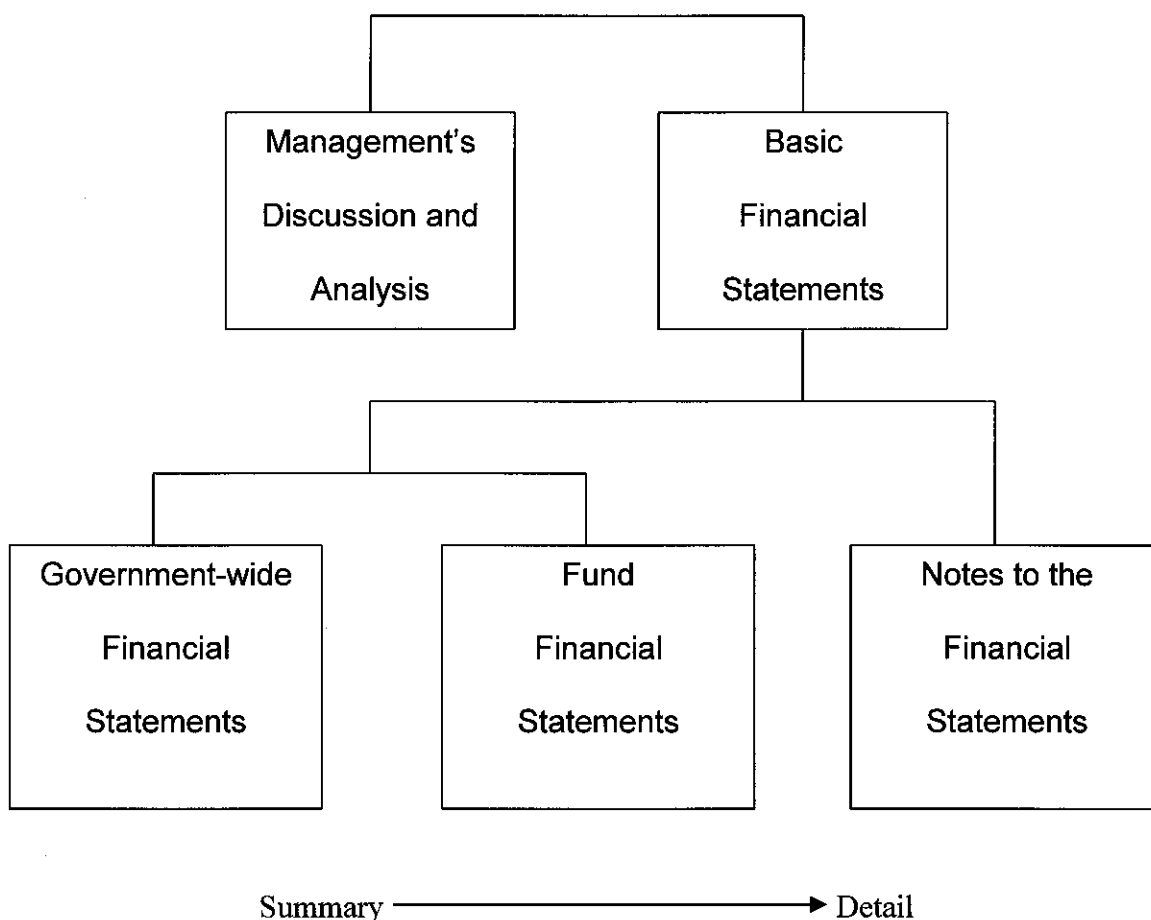
- The assets of Currituck County exceeded its liabilities at the close of the fiscal year by \$131,484,613.
- The government's total net assets increased by \$15,949,018, primarily due to increased net assets in the Governmental activities.
- As of the close of the current fiscal year, Currituck County's governmental funds reported combined ending fund balances of \$ 69,587,941, an increase of \$10,013,049 in comparison with the prior year. Approximately 81.5 percent of this total amount, or \$56,717,108 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 \$17,571,753, or 48.91 percent of total general fund expenditures for the fiscal year; \$7,330,326 of this amount is designated to fund next year's budget.
- Currituck County's total debt decreased by \$2,044,140 (9.76%) during the current fiscal year. This reduction was due to scheduled debt payments.

### **Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-



major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

### **Government-wide Financial Statements**

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Currituck County. The final category is the component units. The Whalehead Preservation Trust and Currituck Wildlife Museum is a governmental non-profit organization; 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 \$131,484,613 as of June 30, 2006. The County's net assets increased by \$15,949,018 for the fiscal year ended June 30, 2006. One of the largest portions (42.79 %) 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, 2006, 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 \$79,217,442 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, 2006, the County has designated \$11,117,968 for future school construction and \$18,447,006 for governmental facilities.

### Currituck County's Net Assets

Figure 2

#### CURRITUCK COUNTY'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 72,723,637	\$ 62,913,224	\$ 14,077,117	\$ 13,064,535	\$ 86,800,754	\$ 75,977,759
Capital assets	40,388,334	37,925,033	26,981,986	26,686,649	67,370,320	64,611,682
Total assets	\$ 113,111,971	\$ 100,838,257	\$ 41,059,103	\$ 39,751,184	\$ 154,171,074	\$ 140,589,441
Long-term liabilities outstanding	\$ 8,335,418	\$ 9,225,099	\$ 11,146,155	\$ 12,227,182	\$ 19,481,573	\$ 21,452,281
Other liabilities	2,338,097	2,557,543	866,791	1,073,200	3,204,888	3,630,743
Total liabilities	10,673,515	11,782,642	12,012,946	13,300,382	22,686,461	25,083,024
Net assets:						
Invested in capital assets, net of related debt	40,388,334	37,925,033	15,878,837	14,459,467	56,267,171	52,384,500
Unrestricted	62,050,122	51,159,780	13,167,320	11,991,335	75,217,442	63,151,095
Total net assets	\$ 102,438,456	\$ 89,084,793	\$ 29,046,157	\$ 26,450,802	\$ 131,484,613	\$ 115,535,595

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

- Increased ad valorem tax revenues due to an increase from the revenue neutral tax rate following the octennial revaluation for fire services and school construction
- Increased other taxes and license due to the increased occupancy tax rate increase that became effective January 1, 2006 and an increase in sales and use tax collections
- Permits and fees had a slight decrease over the prior year in total; however, ambulance fees increased by 14.95% while building permit fees and register of deeds fees decreased by 5.68% and 18.54%, respectively
- Continued low cost of debt due to the County's A2 and A+ bond ratings from Moody's investors Service and Standard and Poor's, respectively
- General government expenditures increased by 13.25% primarily due to a 28.42% increase in public safety operations, which includes a reorganization in Emergency Management and Fire Services and reclassifying the building inspections department to public safety
- Economic and physical development expenditures decreased 5.24% over the previous year primarily due to the reclassification of the building inspections department
- Cultural and recreational continues to show a significant increase of 37.66% over the prior year, reflecting the County's commitment to provide opportunities for citizens of all ages from expanded recreation programs for youth and adults to programs for our senior citizens
- Currituck County's funding for education increased by 9.54% over the prior year reflecting continued growth in our school system
- The general fund debt service was reduced by 3.74% over the prior year

**Currituck County Changes in Net Assets**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,434,377	\$ 2,435,777	\$ 8,482,776	\$ 5,785,851	\$ 10,917,153	\$ 8,221,628
Operating grants and contributions	2,668,362	2,983,491	2,103,115	1,908,810	4,771,477	4,892,301
Capital grants and contributions	1,291,573	369,256	164,047	-	1,455,620	369,256
<b>General revenues:</b>						
Property taxes	23,391,822	17,925,962	-	-	23,391,822	17,925,962
Other taxes	19,734,572	20,962,133	-	-	19,734,572	20,962,133
Grants and contributions not restricted to specific programs	-	155,552	-	-	-	155,552
Investment earnings, unrestricted	2,459,638	1,147,418	468,355	262,625	2,927,993	1,410,043
Miscellaneous	92,859	395,381	-	-	92,859	395,381
<b>Total revenues</b>	<b>52,073,203</b>	<b>46,374,970</b>	<b>11,218,293</b>	<b>7,957,286</b>	<b>63,291,496</b>	<b>54,332,256</b>
<b>Expenses:</b>						
General government	4,583,886	4,415,836	-	-	4,583,886	4,415,836
Public safety	11,311,450	9,519,057	-	-	11,311,450	9,519,057
Transportation	791,450	295,590	-	-	791,450	295,590
Economic and physical development	3,539,620	3,794,111	-	-	3,539,620	3,794,111
Environmental protection	238,502	295,732	-	-	238,502	295,732
Human services	4,168,102	3,682,371	-	-	4,168,102	3,682,371
Cultural and recreation	1,232,301	1,536,324	-	-	1,232,301	1,536,324
Education	12,281,089	8,956,381	-	-	12,281,089	8,956,381
Interest on long-term debt	354,100	404,700	-	-	354,100	404,700
Solid Waste	-	-	4,235,412	3,874,034	4,235,412	3,874,034
Water and sewer	-	-	4,606,566	4,334,864	4,606,566	4,334,864
<b>Total expenses</b>	<b>38,500,500</b>	<b>32,900,102</b>	<b>8,841,978</b>	<b>8,208,898</b>	<b>47,342,478</b>	<b>41,109,000</b>
Increase in net assets before transfers and special items	13,572,703	13,474,868	2,376,315	(251,612)	15,949,018	13,223,256
Transfers	(219,040)	(379,513)	219,040	379,513	-	-
Increase in net assets	13,353,663	13,095,355	2,595,355	127,901	15,949,018	13,223,256
Net assets, July 1	89,084,793	75,962,022	26,450,802	26,092,901	115,535,595	102,054,923
Prior period adjustment	-	27,416	-	230,000	-	257,416
<b>Net assets, June 30</b>	<b>\$ 102,438,456</b>	<b>\$ 89,084,793</b>	<b>\$ 29,046,157</b>	<b>\$ 26,450,802</b>	<b>\$ 131,484,613</b>	<b>\$ 115,535,595</b>

**Governmental activities.** Governmental activities increased the County’s net assets by \$13,353,663, thereby accounting for 83.73% 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

**Business-type activities:** Business-type activities increased Currituck County’s net assets by \$2,595,355, accounting for 16.27 % of the total growth in the government’s net assets. This growth is attributed to the Southern Outer Banks Water operations, growth in the Mainland Water customer base and increases in tipping fee revenues in the Solid Waste Fund. 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**

	2006			2005	Change in Fund Balances
	Reserved	Unreserved	Total	Total	
General	\$ 2,537,652	\$ 24,902,079	\$ 27,439,731	\$ 24,157,275	\$ 3,282,456
County Governmental Facilities	544,476	17,902,530	18,447,006	7,637,436	10,809,570
School Capital Projects	150,000	10,967,968	11,117,968	10,156,292	961,676
Transfer Tax Capital	-	6,133,134	6,133,134	11,194,180	(5,061,046)
Other Governmental	1,571,947	4,878,155	6,450,102	6,429,709	20,393
	<u>\$ 4,804,075</u>	<u>\$ 64,783,866</u>	<u>\$ 69,587,941</u>	<u>\$ 59,574,892</u>	<u>\$ 10,013,049</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 \$24,902,079, while total fund balance reached \$27,439,731. 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 69.31 percent of total General Fund expenditures, while total fund balance represents 77.21 percent of that same amount.

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

At June 30, 2006, the governmental funds of Currituck County reported a combined fund balance of \$69,587,941, a 16.81 percent increase over last year. The primary reason for this increase is the increases in fund balances in the General Fund due to the tax increase to accumulate funding for school construction. The total increase in fund balances in the County Governmental Facilities Fund and the School Capital Projects Fund was due to transfers from other funds.

**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 \$1,602,067. Actual revenues exceeded revised budget by \$4,455,343, 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 \$3,489,386, and those for the Water and Sewer Districts totaled \$9,677,934. 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 2005	June 30 2006	Change in Net Assets
Solid Waste	\$ 3,372,141	\$ 4,075,540	\$ 703,399
Ocean Sands Water and Sewer	6,529,938	6,802,616	272,678
Mainland Water	8,898,780	10,173,071	1,274,291
Southern Outer Banks Water	7,114,999	7,420,287	305,288
Non-Major Proprietary Funds			
Newtown Road Sewer	407,254	392,852	(14,402)
Moyock Commons Sewer	127,690	181,691	54,001
Total	<u>\$ 26,450,802</u>	<u>\$ 29,046,057</u>	<u>\$ 2,595,255</u>

**Capital Asset and Debt Administration**

**Capital assets.** Currituck County’s capital assets for its governmental and business – type activities as of June 30, 2006, totals \$67,370,320, net of depreciation. These assets

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

Major capital asset transactions during the year include:

- Completion of the Waterlily Fire Station
- Continued expansion of the Airport runway and taxiway
- Completion of a skateboard park at Maple Park
- Extended waterlines on the Currituck mainland

### Currituck County's Capital Assets

Figure 6

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

	Governmental Activities 2006	Business-type Activities 2006	Total 2006	Total 2005
Land	\$ 11,869,404	\$ 1,153,124	\$ 13,022,528	\$ 12,874,495
Buildings and system	19,345,655	17,140,926	36,486,581	34,776,799
Furniture & Fixtures	2,978,470	77,812	3,056,282	2,648,246
Equipment	1,310,560	8,486,260	9,796,820	10,051,289
Vehicles and motorized equipment	2,252,594	123,864	2,376,458	1,724,181
Construction in progress	2,631,651	-	2,631,651	2,536,672
<b>Total</b>	<b>\$ 40,388,334</b>	<b>\$ 26,981,986</b>	<b>\$ 67,370,320</b>	<b>\$ 64,611,682</b>

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, 2006, Currituck County had total bonded debt outstanding of \$11,215,000 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	
	2006	2005	2006	2005	2006	2005
Installment Purchase	\$ -	\$ -	\$ 7,658,149	\$ 8,537,182	\$ 7,658,149	\$ 8,537,182
General obligation bonds	7,770,000	8,720,000	3,445,000	3,690,000	11,215,000	12,410,000
<b>Total debt</b>	<b>\$ 7,770,000</b>	<b>\$ 8,720,000</b>	<b>\$ 11,103,149</b>	<b>\$ 12,227,182</b>	<b>\$ 18,873,149</b>	<b>\$ 20,947,182</b>

**Figure 7**

Currituck County's total debt decreased by \$2,074,033 (10.98 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 \$601,748,140. The County has no bonds authorized but un-issued at June 30, 2006.

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 2.4% at June 30, 2006
- Property values increased 170.92% with the octennial revaluation effective January 1, 2006

**Budget Highlights for the Fiscal Year Ending June 30, 2007**

**Governmental Activities:** Currituck County's octennial revaluation became effective for the 2006 fiscal year. In addition, this will be the first full year to realize the increased occupancy tax rate, which became effective January 1, 2006. As a result, General fund revenues are expected to increase by 5.16% this year. 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. 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. 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](mailto:shill@co.currituck.nc.us).

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

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Whalehead Preservation Trust and Wildlife Museum	Currituck County ABC Board
<b>ASSETS</b>					
Cash and cash equivalents	\$ 68,142,547	\$ 13,653,449	\$ 81,795,996	\$ 391,002	\$ 794,165
Receivables (net)	899,370	441,050	1,340,420	22,935	-
Due from other governments	2,886,225	-	2,886,225	57,004	-
Internal balances	251,197	(251,197)	-	-	-
Due from component unit	14,653	-	14,653	-	-
Inventories	994	-	994	65,558	372,142
Prepaid items	-	-	-	9,283	1,744
Deferred charges - issuance costs	79,113	40,109	119,222	-	-
Deferred charges -refunding	422,108	193,706	615,814	-	-
Prepaid pension costs	27,430	-	27,430	-	-
Endowment fund	-	-	-	7,518	-
Capital assets:					
Land, improvements, non- depreciable collections and construction in progress	14,501,055	1,153,124	15,654,179	625,590	451,403
Other capital assets, net of depreciation	25,887,279	25,828,862	51,716,141	140,927	205,120
Total capital assets	40,388,334	26,981,986	67,370,320	766,517	656,523
Total assets	113,111,971	41,059,103	154,171,074	1,319,817	1,824,574
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	1,358,309	582,550	1,940,859	31,911	443,506
Unearned revenue	19,377	-	19,377	364,945	-
Customer deposits	-	57,480	57,480	13,000	-
Deposits held in trust	459,190	-	459,190	-	-
Due to primary government	-	-	-	-	14,653
Premium on debt issued	501,221	226,761	727,982	-	-
Long-term liabilities:					
Due within one year	1,133,548	1,175,461	2,309,009	-	-
Due in more than one year	7,201,870	9,970,694	17,172,564	-	-
Total liabilities	10,673,515	12,012,946	22,686,461	409,856	458,159
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	40,388,334	15,878,837	56,267,171	766,517	656,523
Restricted for:					
Capital assets	-	-	-	7,518	408,566
Unrestricted (deficit)	62,050,122	13,167,320	75,217,442	135,926	301,326
Total net assets	\$ 102,438,456	\$ 29,046,157	\$ 131,484,613	\$ 909,961	\$ 1,366,415

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, 2006**

Program Revenues

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 4,583,886	\$ 596,957	\$ 11,715	\$ 147,671
Public safety	11,311,450	1,592,122	458,277	186,000
Transportation	791,450	109,221	-	139,590
Economic and physical development	3,539,620	95,206	-	80,000
Environmental protection	238,502	5,100	-	112,755
Human services	4,168,102	-	2,198,370	4,577
Cultural and recreation	1,232,301	35,771	-	-
Education	12,281,089	-	-	620,980
Interest on long-term debt	354,100	-	-	-
<b>Total governmental activities</b>	<b>38,500,500</b>	<b>2,434,377</b>	<b>2,668,362</b>	<b>1,291,573</b>
Business-type activities:				
Solid Waste	4,235,412	2,791,799	1,961,452	57,583
Water and Sewer	4,606,566	5,690,977	141,663	106,464
<b>Total business-type activities</b>	<b>8,841,978</b>	<b>8,482,776</b>	<b>2,103,115</b>	<b>164,047</b>
	<b>\$ 47,342,478</b>	<b>\$ 10,917,153</b>	<b>\$ 4,771,477</b>	<b>\$ 1,455,620</b>
Component units:				
Whalehead Preservation Trust	\$ 1,109,324	\$ 337,235	\$ 10,672	\$ 768,138
ABC Board	2,963,648	3,319,847	-	-
<b>Total component units</b>	<b>\$ 4,072,972</b>	<b>\$ 3,657,082</b>	<b>\$ 10,672</b>	<b>\$ 768,138</b>

**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

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
(3,827,543)		\$ (3,827,543)		
(9,075,051)		(9,075,051)		
(542,639)		(542,639)		
(3,364,414)		(3,364,414)		
(120,647)		(120,647)		
(1,965,155)		(1,965,155)		
(1,196,530)		(1,196,530)		
(11,660,109)		(11,660,109)		
(354,100)		(354,100)		
(32,106,188)	-	(32,106,188)		
	575,422	575,422		
	1,332,538	1,332,538		
-	1,907,960	1,907,960		
(32,106,188)	1,907,960	(30,198,228)		
			\$ 6,721	\$ -
			-	356,199
			6,721	356,199
23,050,964	-	23,050,964	-	-
86,831	-	86,831	-	-
254,027	-	254,027	-	-
7,730,872	-	7,730,872	-	-
4,901,640	-	4,901,640	-	-
5,322,539	-	5,322,539	-	-
12,634	-	12,634	-	-
983,308	-	983,308	-	-
222,374	-	222,374	-	-
561,205	-	561,205	-	-
2,459,638	468,355	2,927,993	2,312	1,412
92,859	-	92,859	-	-
(219,040)	219,040	-	-	-
45,459,851	687,395	46,147,246	2,312	1,412
13,353,663	2,595,355	15,949,018	9,033	357,611
89,084,793	26,450,802	115,535,595	900,928	1,008,804
\$ 102,438,456	\$ 29,046,157	\$ 131,484,613	\$ 909,961	\$ 1,366,415

**County of Currituck, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2006**

	County General	County Governmental Facilities Fund	School Capital Projects Fund	Transfer Tax Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 26,244,885	\$ 18,409,463	\$ 11,566,766	\$ 6,133,134	\$ 5,788,299	\$ 68,142,547
Taxes receivable, net	736,432	-	-	-	33,737	770,169
Other receivables, net	114,646	-	-	-	14,555	129,201
Due from other governments	2,156,162	44,476	-	-	685,587	2,886,225
Due from component unit	14,653	-	-	-	-	14,653
Due from S Outer Banks Water Fund	251,197	-	-	-	-	251,197
Inventories	994	-	-	-	-	994
<b>Total assets</b>	<b>\$ 29,518,969</b>	<b>\$ 18,453,939</b>	<b>\$ 11,566,766</b>	<b>\$ 6,133,134</b>	<b>\$ 6,522,178</b>	<b>\$ 72,194,986</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 864,239	\$ 6,933	\$ 448,798	\$ -	\$ 38,339	\$ 1,358,309
Miscellaneous liabilities	459,190	-	-	-	-	459,190
Deferred revenue	755,809	-	-	-	33,737	789,546
<b>Total liabilities</b>	<b>2,079,238</b>	<b>6,933</b>	<b>448,798</b>	<b>-</b>	<b>72,076</b>	<b>2,607,045</b>
<b>Fund balances:</b>						
Reserved for:						
Inventories	994	-	-	-	-	994
State statute	2,536,658	44,476	-	-	700,142	3,281,276
Unreserved	17,571,753	17,902,530	10,967,968	6,133,134	-	52,575,385
Unreserved, designated for subsequent year's budget	7,330,326	500,000	150,000	-	871,805	8,852,131
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	1,554,639	1,554,639
Capital projects funds	-	-	-	-	3,323,516	3,323,516
<b>Total fund balances</b>	<b>27,439,731</b>	<b>18,447,006</b>	<b>11,117,968</b>	<b>6,133,134</b>	<b>6,450,102</b>	<b>69,587,941</b>
<b>Total liabilities and fund balances</b>	<b>\$ 29,518,969</b>	<b>\$ 18,453,939</b>	<b>\$ 11,566,766</b>	<b>\$ 6,133,134</b>	<b>\$ 6,522,178</b>	

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	27,430
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	40,388,334
Liabilities for earned but deferred revenues in fund statements.	770,169
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 7).	<u>(8,335,418)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 102,438,456</u></b>

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**

	County			Transfer Tax Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Governmental Facilities Fund	School Capital Projects Fund			
<b>REVENUES</b>						
Ad valorem taxes	\$ 23,061,695	\$ -	\$ -	\$ -	\$ 340,858	\$ 23,402,553
Other taxes and licenses	11,946,441	-	-	4,901,640	2,521,413	19,369,494
Unrestricted intergovernmental	369,270	-	-	-	-	369,270
Restricted intergovernmental	3,268,727	139,590	620,980	-	110,182	4,139,479
Permits and fees	1,953,439	-	-	-	-	1,953,439
Sales and services	386,698	-	-	-	-	386,698
Investment earnings	1,001,212	455,457	408,782	359,893	234,183	2,459,527
Miscellaneous	113,654	-	-	-	-	113,654
Total revenues	42,101,136	595,047	1,029,762	5,261,533	3,206,636	52,194,114
<b>EXPENDITURES</b>						
Current:						
General government	5,274,333	-	-	-	16,065	5,290,398
Public safety	10,700,713	1,099,666	-	-	807,770	12,608,149
Transportation	395,832	489,106	-	-	-	884,938
Environmental protection	247,279	-	-	-	7,863	255,142
Economic and physical development	3,544,186	203,318	-	-	10,620	3,758,124
Human services	4,051,203	-	-	-	-	4,051,203
Cultural and recreational	1,378,573	150,309	-	-	-	1,528,882
Intergovernmental:						
Education	9,032,596	-	3,248,493	-	-	12,281,089
Debt service:						
Principal	950,000	-	-	-	-	950,000
Interest	354,100	-	-	-	-	354,100
Total expenditures	35,928,815	1,942,399	3,248,493	-	842,318	41,962,025
Excess (deficiency) of revenues over expenditures	6,172,321	(1,347,352)	(2,218,731)	5,261,533	2,364,318	10,232,089
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	1,226,078	12,156,922	3,180,407	-	824,896	17,388,303
Transfers to other funds	(4,115,943)	-	-	(10,322,579)	(3,168,821)	(17,607,343)
Total other financing sources and uses	(2,889,865)	12,156,922	3,180,407	(10,322,579)	(2,343,925)	(219,040)
Net change in fund balance	3,282,456	10,809,570	961,676	(5,061,046)	20,393	10,013,049
Fund balances-beginning	24,157,275	7,637,436	10,156,292	11,194,180	6,429,709	59,574,892
Fund balances-ending	\$ 27,439,731	\$ 18,447,006	\$ 11,117,968	\$ 6,133,134	\$ 6,450,102	\$ 69,587,941

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

Exhibit 4

**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	\$ 10,013,049
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	2,573,592
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(110,291)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(10,620)
Principal payments on debt owed are recorded as a use of funds on the fund statements, but again affect only the statements of net assets in the government-wide statements	950,000
Actuarial decrease in prepaid pension costs that do not use current financial resources and are not reported as revenues in the funds	(1,748)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(60,319)</u>
Total changes in net assets of governmental activities	<u><u>\$13,353,663</u></u>

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



**County of Currituck, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2006**

	2006			Variance With Final Positive (Negative)	2005
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Ad valorem taxes	\$ 19,306,003	\$ 19,645,598	\$23,061,695	\$ 3,416,097	\$16,463,406
Other taxes and licenses	11,353,544	11,943,015	11,946,441	3,426	11,469,897
Unrestricted intergovernmental	146,500	154,500	369,270	214,770	155,552
Restricted intergovernmental	2,459,406	2,677,078	3,268,727	591,649	3,015,205
Permits and fees	1,851,417	1,877,261	1,953,439	76,178	1,959,085
Sales and services	290,656	399,994	386,898	(13,296)	416,792
Investment earnings	445,000	750,393	1,001,212	250,819	526,961
Miscellaneous	191,200	197,954	113,654	(84,300)	313,648
Total revenues	<u>36,043,726</u>	<u>37,645,793</u>	<u>42,101,136</u>	<u>4,455,343</u>	<u>34,320,546</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	5,791,543	5,992,704	5,274,333	718,371	4,834,172
Public safety	11,215,211	11,741,298	10,700,713	1,040,585	8,332,431
Transportation	298,686	412,074	395,832	16,242	275,182
Environmental protection	195,545	346,385	247,279	99,106	256,698
Economic and physical development	3,887,238	4,659,139	3,544,186	1,114,953	3,740,053
Human services	4,446,618	4,564,633	4,051,203	513,430	3,684,564
Cultural and recreational	1,505,593	1,690,784	1,378,573	312,211	1,001,452
<b>Intergovernmental:</b>					
Education	9,032,596	9,032,596	9,032,596	-	8,245,617
Debt service	1,304,100	1,304,100	1,304,100	-	1,354,700
Total expenditures	<u>37,677,130</u>	<u>39,743,713</u>	<u>35,928,815</u>	<u>3,814,898</u>	<u>31,724,869</u>
Revenues over (under) expenditures	<u>(1,633,404)</u>	<u>(2,097,920)</u>	<u>6,172,321</u>	<u>8,270,241</u>	<u>2,595,677</u>
<b>Other financing sources (uses):</b>					
Transfers to other funds	(2,571,000)	(4,396,903)	(4,115,943)	-	(2,061,939)
Transfers from other funds	1,154,282	1,226,078	1,226,078	-	1,209,656
Total other financing sources (uses)	<u>(2,645,329)</u>	<u>(3,170,825)</u>	<u>(2,889,865)</u>	<u>280,960</u>	<u>(852,283)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>(4,278,733)</u>	<u>(5,268,745)</u>	<u>3,282,456</u>	<u>8,551,201</u>	<u>1,743,394</u>
Appropriated fund balance	<u>\$ 4,278,733</u>	<u>\$ 5,268,745</u>	<u>\$ -</u>	<u>\$ (5,268,745)</u>	<u>\$ -</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>3,282,456</u>	<u>\$ 3,282,456</u>	<u>1,743,394</u>
<b>Fund balances:</b>					
Beginning of year, July 1			24,157,275		22,325,083
Prior period adjustment			-		88,798
End of year, June 30			<u>\$27,439,731</u>		<u>\$24,157,275</u>

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

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

	Enterprise Funds					Totals	
	Ocean Sands Water and Sewer District Fund	Mainland Water Fund	Southern Outer Banks Water System Fund	Non-Major Proprietary Funds	June 30, 2006	June 30, 2005	
	Solid Waste Fund	Fund	Fund	Fund	Fund	Fund	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 3,664,818	\$ 4,371,166	\$ 5,430,843	\$ -	\$ 186,622	\$ 13,653,449	\$ 12,204,252
Taxes receivable, net	63,734	2,031	-	-	73	65,838	74,986
Receivables, net	85,128	83,988	118,747	82,368	4,981	375,212	531,997
Deferred charges - bond issuance	-	-	40,109	-	-	40,109	43,452
Deferred charges - refunding	-	-	193,706	-	-	193,706	209,848
Total current assets	<u>3,813,680</u>	<u>4,457,185</u>	<u>5,783,405</u>	<u>82,368</u>	<u>191,676</u>	<u>14,328,314</u>	<u>13,064,535</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	523,192	1,414,962	8,294,447	15,295,562	300,699	25,828,862	25,533,525
Total capital assets	<u>586,154</u>	<u>2,377,974</u>	<u>8,299,597</u>	<u>15,330,562</u>	<u>387,699</u>	<u>26,981,986</u>	<u>26,686,649</u>
Total noncurrent assets	<u>586,154</u>	<u>2,377,974</u>	<u>8,299,597</u>	<u>15,330,562</u>	<u>387,699</u>	<u>26,981,986</u>	<u>26,686,649</u>
Total assets	<u>4,399,834</u>	<u>6,835,159</u>	<u>14,083,002</u>	<u>15,412,930</u>	<u>579,375</u>	<u>41,310,300</u>	<u>39,751,184</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	324,294	32,543	149,634	71,562	4,517	582,550	743,331
Due to operating fund	-	-	-	251,197	-	251,197	-
Customer deposits	-	-	56,265	1,000	215	57,480	52,981
Accrued salaries	-	-	32,271	10,735	-	43,006	31,240
General obligation bonds payable	-	-	250,000	-	-	250,000	245,000
Notes payable	-	-	-	909,979	-	909,979	879,033
Premium on debt issued	-	-	226,761	-	-	226,761	245,648
Total current liabilities	<u>324,294</u>	<u>32,543</u>	<u>714,931</u>	<u>1,244,473</u>	<u>4,732</u>	<u>2,320,973</u>	<u>2,197,233</u>
Noncurrent liabilities:							
Liabilities payable from restricted assets:							
General obligation bonds payable	-	-	3,195,000	-	-	3,195,000	3,445,000
Notes payable	-	-	-	6,748,170	-	6,748,170	7,658,149
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>3,195,000</u>	<u>6,748,170</u>	<u>-</u>	<u>9,943,170</u>	<u>11,103,149</u>
Total liabilities	<u>324,294</u>	<u>32,543</u>	<u>3,909,931</u>	<u>7,992,643</u>	<u>4,732</u>	<u>12,264,143</u>	<u>13,300,382</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	586,154	2,377,974	4,854,597	7,672,413	387,699	15,878,837	14,459,467
Unrestricted	3,489,386	4,424,642	5,318,474	(252,126)	186,944	13,167,320	11,991,335
Total net assets	<u>\$ 4,075,540</u>	<u>\$ 6,802,616</u>	<u>\$ 10,173,071</u>	<u>\$ 7,420,287</u>	<u>\$ 574,643</u>	<u>\$ 29,046,157</u>	<u>\$ 26,450,802</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, 2006**

	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, 2006	June 30, 2005
<b>OPERATING REVENUES</b>							
Charges for services	\$ 2,791,799	\$ 802,480	\$ 1,569,565	\$ 719,622	\$ 80,537	\$ 5,964,003	\$ 4,262,936
Water and sewer taps	-	2,250	1,403,915	1,018,228	-	2,424,393	1,500,152
Miscellaneous	-	1,925	73,364	18,642	449	94,380	22,763
Total operating revenues	<u>2,791,799</u>	<u>806,655</u>	<u>3,046,844</u>	<u>1,756,492</u>	<u>80,986</u>	<u>8,482,776</u>	<u>5,785,851</u>
<b>OPERATING EXPENSES</b>							
Administration	22,645	51,393	176,024	218,361	3,497	471,920	425,541
Water operations	-	72,428	1,170,905	452,200	-	1,695,533	1,991,349
Sewer operations	-	322,019	-	-	63,659	385,678	360,300
Landfill operations	4,139,477	-	-	-	-	4,139,477	3,841,513
Depreciation	73,290	350,260	542,853	725,134	17,766	1,709,303	1,111,034
Total operating expenses	<u>4,235,412</u>	<u>796,100</u>	<u>1,889,782</u>	<u>1,395,695</u>	<u>84,922</u>	<u>8,401,911</u>	<u>7,729,737</u>
Operating income (loss)	<u>(1,443,613)</u>	<u>10,555</u>	<u>1,157,062</u>	<u>360,797</u>	<u>(3,936)</u>	<u>80,865</u>	<u>(1,943,886)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Tax revenue	1,961,452	104,750	-	-	36,913	2,103,115	1,851,322
Unrestricted intergovernmental revenues	57,583	-	72,177	34,287	-	164,047	57,488
Investment earnings	127,977	157,373	175,735	548	6,722	468,355	262,625
Interest expenses	-	-	(149,723)	(290,344)	-	(440,067)	(479,161)
Total nonoperating revenue (expenses)	<u>2,147,012</u>	<u>262,123</u>	<u>98,189</u>	<u>(265,509)</u>	<u>43,635</u>	<u>2,295,450</u>	<u>1,692,274</u>
Income (loss) before contributions and transfers	<u>703,399</u>	<u>272,678</u>	<u>1,255,251</u>	<u>105,288</u>	<u>39,699</u>	<u>2,376,315</u>	<u>(251,612)</u>
Transfer	-	-	19,040	200,000	-	219,040	379,513
Change in net assets	<u>703,399</u>	<u>272,678</u>	<u>1,274,291</u>	<u>305,288</u>	<u>39,699</u>	<u>2,595,355</u>	<u>127,901</u>
Total net assets - beginning	3,372,141	6,529,938	8,898,780	7,114,999	534,944	26,450,802	26,092,901
Prior period adjustment	-	-	-	-	-	-	230,000
Total net assets - ending	<u>\$ 4,075,540</u>	<u>\$ 6,802,616</u>	<u>\$ 10,173,071</u>	<u>\$ 7,420,287</u>	<u>\$ 574,643</u>	<u>\$ 29,046,157</u>	<u>\$ 28,450,802</u>

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

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

						Totals	
						June 30,	June 30,
	Solid Waste Fund	Ocean Sands Water and Sewer Fund	Mainland Water Fund	Southern Outer Banks Water System Fund	Non-Major Proprietary Funds	2006	2005
<b>Cash flows from operating activities:</b>							
Cash received from customers	\$ 2,813,588	\$ 832,352	\$ 3,108,303	\$ 1,799,058	\$ 83,886	\$ 8,637,187	\$ 5,736,894
Cash paid for goods and services	(4,186,350)	(445,121)	(887,316)	(429,379)	(67,566)	(6,015,732)	(6,826,147)
Cash paid to employees for services	-	-	(507,990)	(317,903)	-	(825,893)	(742,935)
Customer deposits received	-	-	4,100	400	-	4,500	1,259
Customer deposits returned	-	1,925	-	-	-	1,925	(100)
Other operating revenue	-	-	-	-	449	449	716
Net cash provided (used) by operating activities	<u>(1,372,762)</u>	<u>389,156</u>	<u>1,717,097</u>	<u>1,052,176</u>	<u>16,769</u>	<u>1,802,436</u>	<u>(1,830,313)</u>
<b>Cash flows from noncapital financing activities</b>							
Tax revenues	1,969,225	105,213	-	-	37,825	2,112,263	1,875,174
Loan from other funds	-	-	-	251,197	-	251,197	-
Transfer from other funds	-	-	19,040	200,000	-	219,040	379,513
Net cash provided by noncapital financing	<u>1,969,225</u>	<u>105,213</u>	<u>19,040</u>	<u>451,197</u>	<u>37,825</u>	<u>2,582,500</u>	<u>2,254,697</u>
<b>Cash flows from capital and related financing activities:</b>							
Acquisition and construction of capital assets	(102,896)	(290,004)	(748,650)	(835,453)	(27,826)	(2,004,629)	(4,531,650)
Principal paid on bond maturities and equipment contracts	-	-	(245,000)	(879,034)	-	(1,124,034)	(1,079,140)
Interest paid on bond maturities and equipment contracts	-	-	(149,135)	(290,344)	-	(439,479)	(478,573)
Grants	57,583	-	72,177	34,287	-	164,047	28,947
Net cash used by capital and related financing activities	<u>(45,313)</u>	<u>(290,004)</u>	<u>(1,070,608)</u>	<u>(1,970,544)</u>	<u>(27,626)</u>	<u>(3,404,095)</u>	<u>(6,060,416)</u>
<b>Cash flows from investing activities:</b>							
Interest on investments	127,977	157,373	175,735	548	6,722	468,355	262,625
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>679,127</u>	<u>361,738</u>	<u>841,264</u>	<u>(466,623)</u>	<u>33,690</u>	<u>1,449,196</u>	<u>(5,373,417)</u>
Cash and cash equivalents, July 1	2,985,691	4,009,428	4,589,579	466,623	152,932	12,204,253	17,610,729
Cash and cash equivalents, June 30	<u>\$ 3,664,818</u>	<u>\$ 4,371,166</u>	<u>\$ 5,430,843</u>	<u>\$ -</u>	<u>\$ 186,622</u>	<u>\$ 13,653,449</u>	<u>\$ 12,237,312</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>							
Operating income (loss)	\$ (1,443,613)	\$ 10,555	\$ 1,157,062	\$ 360,797	\$ (3,936)	\$ 80,865	\$ (1,943,886)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	73,290	350,260	542,853	725,134	17,766	1,709,303	1,111,034
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	21,789	27,622	61,459	42,566	3,349	156,785	(48,241)
(Increase) decrease in taxes receivable	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(24,228)	719	(55,584)	(81,280)	(410)	(160,783)	(927,722)
(Increase) in accrued vacation	-	-	7,207	4,559	-	11,766	(22,657)
Increase (Decrease) in customer deposits	-	-	4,100	400	-	4,500	1,159
<b>Total adjustments</b>	<u>70,851</u>	<u>378,601</u>	<u>560,035</u>	<u>691,379</u>	<u>20,705</u>	<u>1,721,571</u>	<u>113,573</u>
Net cash provided (used) by operating activities	<u>\$ (1,372,762)</u>	<u>\$ 389,156</u>	<u>\$ 1,717,097</u>	<u>\$ 1,052,176</u>	<u>\$ 16,769</u>	<u>\$ 1,802,436</u>	<u>\$ (1,830,313)</u>

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

Exhibit 9

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

	Pension Trust Fund	Agency Fund
	<u>          </u>	<u>          </u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 418,949	\$ 29,406
Due from other governments	-	27,717
Total assets	<u>418,949</u>	<u>57,123</u>
<b>Liabilities:</b>		
Accounts payable	-	29,148
Due to other governments	-	27,975
Total liabilities	<u>-</u>	<u>57,123</u>
<b>Net assets:</b>		
Assets held in trust for pension benefits	<u>\$ 418,949</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, 2006**

	Post-employment June 30 2006	Benefits Fund June 30 2005
<b>Additions:</b>		
Employer contributions		
Law enforcement separation allowance	\$ 38,883	\$ 36,615
Postemployment benefits	95,814	84,660
	<u>134,697</u>	<u>121,275</u>
<b>Investment income:</b>		
Interest	11,993	6,318
Total additions	<u>146,690</u>	<u>127,593</u>
<b>Deductions:</b>		
<b>Benefits</b>		
Law enforcement separation allowance	24,638	27,556
Postemployment benefits	96,290	85,109
Administrative expense	275	271
Total deductions	<u>121,203</u>	<u>112,936</u>
Change in net assets	25,487	14,657
<b>Net assets:</b>		
<b>Beginning of year, July 1</b>		
Law enforcement separation allowance	86,319	76,393
Postemployment benefits	307,143	302,412
Beginning of year, totals	<u>393,462</u>	<u>378,805</u>
<b>End of year, June 30</b>		
Law enforcement separation allowance	102,447	86,319
Postemployment benefits	316,502	307,143
Net assets - end of year, totals	<u>\$ 418,949</u>	<u>\$ 393,462</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, 2006**

**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 2005 through February 2006 apply to the fiscal year ended June 30, 2006. 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 31<sup>st</sup> each year with taxes due by May 1<sup>st</sup> 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, 2005. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

## **4. Allowances for Doubtful Accounts**

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

## **5. Inventories and Prepaid Items**

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

## **6. Capital Assets**

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

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

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

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

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

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

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

## **7. Long-term Obligations**

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

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

## **8. Compensated Absences**

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

of service. Employees may choose to take the vacation time or be compensated for it. Accumulated earned vacation at June 30, 2006 and 2005 amounted to approximately \$3,508 and \$4,072, respectively. The current portion of the accumulated vacation pay for the ABC Board is not considered material.

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

## **9. Net Assets/Fund Balances**

### **Net Assets**

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

### **Fund Balances**

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

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

The governmental fund types classify fund balances as follows:

#### **Reserved**

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

Reserved 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 2006-2007 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 \$32,850,515 consists of several elements as follows:

<b>Description</b>	<b>Amount</b>
Prepaid pension costs resulting from actuarial study, which are not reported in the funds	\$ 27,430
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)	54,594,794
Less accumulated depreciation	(14,206,460)
Net capital assets	<u>40,388,334</u>
Deferred charges related to advance refunding bond issue	62,653
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	770,169
Bonds, leases, and installment financing	(7,770,000)
Compensated absences	(565,418)
Premium on debt issued	(62,653)
Total adjustment	<u>\$ 32,850,515</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 \$3,340,614 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 4,734,968
Cost of disposed capital asset not recorded on fund statement	(110,291)
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.	(2,161,376)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	950,000
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(60,319)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/03	(785,234)
Recording of tax receipts deferred in the fund statements as of 6/30/04	774,614
Change in prepaid pension cost for law enforcement separation allowance	<u>(1,748)</u>
Total adjustment	<u>\$ 3,340,614</u>

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

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

**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in

these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County and the ABC Board do not have policies regarding custodial credit risk for deposits.

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, 2006, the County's deposits had a carrying amount of \$27,641,781 and a bank balance of \$28,471,462. Of the bank balance, \$400,000 was covered by federal depository insurance and \$28,071,462 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2006, Currituck County had \$1,525 cash on hand.

At June 30, 2006, the carrying amount of deposits for Currituck County ABC Board was \$794,165. 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, 2006, the Whalehead Preservation Trust's deposits had a balance of \$391,002 and a bank balance of \$410,053. Of the bank balance, \$100,000 was covered by federal depository insurance and \$291,002 was uninsured and not collateralized. The organization has no policy regarding custodial credit risks for deposits.

## **2. Investments**

As of June 30, 2006, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than		
		6 Months	6-12 Months	1-3 Years
Commercial Paper	\$ 20,542,824	\$ 15,726,236	\$ 4,816,588	\$ -
Federal agencies	31,270,455	1,000,000	3,000,000	27,270,455
NC Capital Management Trust:				
Cash Portfolio	1,981,879	N/A	N/A	N/A
Term Portfolio*	807,447	-	807,447	-
Total Investments	<u>\$ 54,602,605</u>	<u>\$ 16,726,236</u>	<u>\$ 8,624,035</u>	<u>\$ 27,270,455</u>

\* 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, 2006, 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, 2006. 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, 2006, 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 New Center Asset Commercial Paper, Cooper Association Tractor Commercial Paper, General Electric Credit Corporation Commercial Paper and the Federal Home Loan Bank securities. These investments are 5.46%, 5.35%, 7.05% and 57.50%, 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	Tax	Interest	Total
2003	\$ 457,045	\$ 149,682	\$ 606,727
2004	425,255	100,998	526,253
2005	478,715	70,610	549,325
2006	989,603	56,902	1,046,505
Total	\$ 2,350,618	\$ 378,192	\$ 2,728,810

**4. Receivables**

Receivables at the government-wide level at June 30, 2006, were as follows:

	<b>Accounts</b>	<b>Taxes and Related Accrued Interest</b>	<b>Due from Other Governments</b>	<b>Total</b>
<b>Governmental Activities:</b>				
General	\$ 114,646	\$ 746,431	\$ 2,170,815	\$ 3,031,892
County Gov't Facilities	-	-	44,476	44,476
School Capital Projects	-	-	-	-
Transfer Tax	-	-	-	-
Other Governmental	14,555	34,259	685,587	734,401
<b>Total receivables</b>	<b>129,201</b>	<b>780,690</b>	<b>2,900,878</b>	<b>3,810,769</b>
Allowance for doubtful accounts	-	(10,521)	-	(10,521)
<b>Total-governmental activities</b>	<b>\$ 129,201</b>	<b>\$ 770,169</b>	<b>\$ 2,900,878</b>	<b>\$ 3,800,248</b>
<b>Business-type Activities</b>				
Solid Waste	\$ 85,128	\$ 64,136	\$ -	\$ 149,264
Ocean Sands Water and Sewer	83,988	2,031	-	86,019
Mainland Water	118,747	-	-	118,747
Southern Outer Banks Water	82,368	-	-	82,368
Other Proprietary	4,981	73	-	5,054
<b>Total receivables</b>	<b>375,212</b>	<b>66,240</b>	<b>-</b>	<b>441,452</b>
Allowance for doubtful accounts	-	(402)	-	(402)
<b>Total - business-type activities</b>	<b>\$ 375,212</b>	<b>\$ 65,838</b>	<b>\$ -</b>	<b>\$ 441,050</b>

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

Clerk of Court fee revenues	\$ 40,223
Currituck ABC Board distributions	14,653
Local option sales tax	2,163,682
Sales and use tax refund	217,803
NC Information Technology Services	23,765
Social services grant	129,677
NC Department of Crime Control/FEMA	302,941
Other miscellaneous revenues	<u>8,134</u>
<b>Total</b>	<b><u>\$2,900,878</u></b>

## 5. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 11,721,371	183,033	35,000	\$ 11,869,404
Construction in progress	2,536,672	897,209	802,230	2,631,651
Total capital assets not being depreciated	14,258,043	1,080,242	837,230	14,501,055
<b>Capital assets being depreciated:</b>				
Buildings	25,950,746	1,803,127	-	27,753,873
Furniture and fixtures	3,957,066	516,075	-	4,473,141
Equipment	2,418,181	846,527	11,250	3,253,458
Vehicles and motor equipment	3,408,170	1,291,227	86,130	4,613,267
Total capital assets being depreciated'	35,734,163	4,456,956	97,380	40,093,739
Less accumulated depreciation for:				
Buildings	7,250,963	1,157,255	-	8,408,218
Furniture and fixtures	1,348,530	146,141	-	1,494,671
Equipment	1,668,825	274,073	-	1,942,898
Vehicles and motor equipment	1,798,855	583,907	22,089	2,360,673
Total accumulated depreciation	12,067,173	2,161,376	22,089	14,206,460
Total capital assets being depreciated, net	23,666,990			25,887,279
<b>Governmental activity capital assets, net</b>	<b>\$ 37,925,033</b>			<b>\$ 40,388,334</b>

### Primary Government

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

General government	\$ 865,641
Public safety	948,321
Transportation	50,855
Economic and physical development	38,952
Human services	134,588
Cultural and recreational	123,019
Total depreciation expense	<u>\$ 2,161,376</u>

### Proprietary Funds

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Solid Waste</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 62,962	-	-	62,962
Total capital assets not being depreciated	62,962	-	-	62,962
<b>Capital assets being depreciated:</b>				
Buildings	701,386	102,896		804,282
Equipment	100,006			100,006
Vehicles and motor equipment	12,736			12,736
Total capital assets being depreciated	814,128	102,896	-	917,024
Less accumulated depreciation for:				
Buildings	235,826	68,425		304,251
Equipment	79,409	2,318		81,727
Vehicles and motor equipment	5,307	2,547		7,854
Total accumulated depreciation	320,542	73,290	-	393,832
Total capital assets being depreciated, net	493,586			523,192
<b>Solid Waste capital assets, net</b>	<b>\$ 556,548</b>			<b>586,154</b>

continued

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Ocean Sands Water and Sewer District</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 963,012	-	-	963,012
Total capital assets not being depreciated	<u>963,012</u>	<u>-</u>	<u>-</u>	<u>963,012</u>
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	3,692,275	238,129	-	3,930,404
Furniture and maintenance equipment	365,104	51,875	-	416,979
Total capital assets being depreciated	<u>4,057,379</u>	<u>290,004</u>	<u>-</u>	<u>4,347,383</u>
Less accumulated depreciation for:				
Plant and distribution systems	2,256,767	336,487	-	2,593,254
Furniture and maintenance equipment	325,394	13,773	-	339,167
Total accumulated depreciation	<u>2,582,161</u>	<u>350,260</u>	<u>-</u>	<u>2,932,421</u>
Total capital assets being depreciated, net	<u>1,475,218</u>			<u>1,414,962</u>
<b>Ocean Sands Water and Sewer District capital assets, net</b>	<b>\$ <u>2,438,230</u></b>			<b><u>2,377,974</u></b>

<b>Mainland Water</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 5,150	-	-	5,150
Total capital assets not being depreciated	<u>5,150</u>	<u>-</u>	<u>-</u>	<u>5,150</u>
<b>Capital assets being depreciated:</b>				
Buildings	2,690,708	-	-	2,690,708
Equipment	11,154,505	723,388	-	11,877,893
Vehicles	240,150	25,272	-	265,422
Total capital assets being depreciated	<u>14,085,363</u>	<u>748,660</u>	<u>-</u>	<u>14,834,023</u>
Less accumulated depreciation for:				
Buildings	1,316,663	84,970	-	1,401,633
Equipment	4,516,885	414,547	-	4,931,432
Vehicles	163,175	43,336	-	206,511
Total accumulated depreciation	<u>5,996,723</u>	<u>542,853</u>	<u>-</u>	<u>6,539,576</u>
Total capital assets being depreciated, net	<u>8,088,640</u>			<u>8,294,447</u>
<b>Mainland Water capital assets, net</b>	<b>\$ <u>8,093,790</u></b>			<b><u>8,299,597</u></b>

<b>Newtown Road Sewer District</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 87,000	-	-	87,000
Total capital assets not being depreciated	<u>87,000</u>	<u>-</u>	<u>-</u>	<u>87,000</u>
<b>Capital assets being depreciated:</b>				
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	217,423	17,108	-	234,531
Total accumulated depreciation	<u>217,423</u>	<u>17,108</u>	<u>-</u>	<u>234,531</u>
Total capital assets being depreciated, net	<u>290,839</u>			<u>273,731</u>
<b>Newtown Road Sewer District capital assets, net</b>	<b>\$ <u>377,839</u></b>			<b><u>360,731</u></b>

continued

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Moyock Commons Sewer District</b>				
<b>Capital assets being depreciated:</b>				
Equipment	-	27,626	-	27,626
Total capital assets being depreciated	-	27,626	-	27,626
Less accumulated depreciation for:				
Equipment	-	658	-	658
Total accumulated depreciation	-	658	-	658
Total capital assets being depreciated, net	-			26,968
<b>Moyock Commons Sewer District capital assets, net</b>	<b>\$ -</b>			<b>26,968</b>

<b>Southern Outer Banks Water System</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 35,000	-	-	35,000
Total capital assets not being depreciated	35,000	-	-	35,000
<b>Capital assets being depreciated:</b>				
Buildings	14,546,762	271,191	-	14,817,953
Equipment	1,142,993	499,164	-	1,642,157
Vehicles	89,341	65,099	-	154,440
Total capital assets being depreciated	15,779,096	835,454	-	16,614,550
Less accumulated depreciation for:				
Buildings	309,351	493,932	-	803,283
Equipment	225,624	195,712	-	421,336
Vehicles	58,879	35,490	-	94,369
Total accumulated depreciation	593,854	725,134	-	1,318,988
Total capital assets being depreciated, net	15,185,242			15,295,562
<b>Southern Outer Banks Water capital assets, net</b>	<b>\$ 15,220,242</b>			<b>15,330,562</b>

<b>Business-type activities capital assets, net</b>	<b>\$ 26,686,649</b>	<b>\$ 26,981,986</b>
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### Construction commitments

Currituck County has active construction projects as of June 30, 2006, for the construction of a Cooperative Extension building, a kitchen for the jail, and an extension of the runway at the airport. The Cooperative extension building is in the final design stage and no construction contracts have been signed. At June 30, 2006, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Cooperative extension building	\$ 743,839	\$ 6,666,723
Jail kitchen	\$ 23,168	\$ 1,468,764
Runway extension	\$ 1,864,643	\$ 83,674
Total	\$ 2,631,650	\$ 8,219,161

### Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2006, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 451,403	\$ -	\$ -	\$ 451,403
Capital assets being depreciated:				
Buildings	212,681	97,983	-	310,664
Furniture and equipment	153,112	582	-	153,694
Vehicles	34,827	-	-	34,827
Leasehold improvements	5,631	-	-	5,631
Total capital assets being depreciated	406,251	98,565	-	504,816
Less accumulated depreciation for:				
Buildings	162,135	7,714	-	169,849
Furniture and equipment	97,933	10,392	-	108,325
Vehicles	12,189	6,965	-	19,154
Leasehold improvements	1,675	693	-	2,368
Total accumulated depreciation	273,932	25,764	-	299,696
ABC capital assets, net	\$ 583,722			\$ 656,523



Activity for the Whalehead Preservation Trust and Currituck Wildlife Museum as of June 30, 2006, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Museum collection	\$ 597,203	\$ 28,387	\$ -	\$ 625,590
Total capital assets not being depreciated	597,203	28,387	-	625,590
Capital assets being depreciated:				
Furniture, fixtures and equipment	237,156	2,343	-	239,499
Total capital assets being depreciated	237,156	2,343	-	239,499
Less accumulated depreciation for:				
Furniture, fixtures and equipment	75,301	23,271	-	98,572
Total accumulated depreciation	75,301	23,271	-	98,572
Total capital assets being depreciated, net	161,855			140,927
Whalehead Preservation Trusts capital assets, net	<u>\$ 759,058</u>			<u>\$ 766,517</u>

## **B. Liabilities**

### **1. Payables**

Payables at the government-wide level at June 30, 2006, were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	\$ 864,239	\$ 459,190	\$ 1,323,429
County Gov't Facilities	6,933	-	6,933
School Capital Projects	448,798	-	448,798
Transfer Tax	-	-	-
Other Governmental	38,339	-	38,339
Total-governmental activities	<u>\$ 1,358,309</u>	<u>\$ 459,190</u>	<u>\$ 1,817,499</u>
Business-type Activities			
Solid Waste	\$ 324,294	\$ -	\$ 324,294
Ocean Sands Water and Sewer	32,543	-	32,543
Mainland Water	149,634	-	149,634
Southern Outer Banks Water	71,562	-	71,562
Other Proprietary	4,517	-	4,517
Total - business-type activities	<u>\$ 582,550</u>	<u>\$ -</u>	<u>\$ 582,550</u>

## **2. Pension Plan Obligations**

### **a. Local Governmental Employees' Retirement System**

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

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.91% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 11.48% of annual covered payroll. The contribution requirements of members and of Currituck County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2006, 2005, and 2003 were \$489,635, \$433,508, and \$369,462, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2006, 2005, and 2004 were \$21,729, \$20,639, and \$18,354, 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, 2006, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Active plan members	<u>60</u>
Total	<u>63</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 \$38,883, or 1.85% 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, 2005 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2005, was 25 years.

### Six Year Trend Information

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2001	\$ 16,909	158.19%	\$ (21,095)
2002	26,269	100.92%	(21,336)
2003	28,132	92.30%	(19,169)
2004	30,483	127.05%	(27,416)
2005	34,853	105.06%	(29,178)
2006	40,631	95.70%	(27,430)

**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	\$ 41,070
Interest on net pension obligation	(2,115)
Adjustment to annual required contribution	<u>1,676</u>
Annual pension cost	\$ 40,631
Employer contributions made for fiscal year	<u>38,883</u>
Decrease in net pension obligation	\$ 1,748
Net pension obligation beginning of fiscal year	<u>(29,178)</u>
Net pension obligation end of fiscal year	<u><u>\$ (27,430)</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, 2006, were \$146,034, which consisted of \$103,815 from the County and \$42,219 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, 2006 were \$602,963 which consisted of \$387,803 from the County and \$215,160 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, 2006, the County's required and actual contributions were \$16,636.

**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 23 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2006, the County made payments for postretirement health benefit premiums of \$96,290. 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. \$316,502 of the \$418,949 fund balance reserved for employees' pension benefits at June 30, 2006, 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, 2006, the County made contributions to the State for death benefits of \$13,414. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .11% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

**3. Closure and Postclosure Care Costs - Maple Landfill Facility**

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

**4. Deferred / Unearned Revenues**

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

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 19,377
Taxes receivable, net (General)	736,432	-
Taxes receivable, net (Special Revenue)	33,737	
Total	<u>\$ 770,169</u>	<u>\$ 19,377</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 30<sup>th</sup>. An executive committee administers the Plan. A third party administrator is responsible for processing claims.

### **b. General Liability**

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

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

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

The ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workmen's compensation and employee health coverage. The ABC Board 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, 2006, 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, 2006, are comprised of the following individual issues:



**Serviced by the County's General Fund:**

**\$8,770,000** 2004 General Obligation Refunding Bonds, dated April 1, 2004 with annual principal payments due June 1 and semi-annual interest payments due June 1 and December 1, \$930,000 2007; interest at 4%, \$920,000 2008 and \$900,000 2009; interest at 3%, \$875,000 2010; interest at 4%, \$865,000 2011, \$855,000 2012 and \$850,000 2013; interest at 5%, \$845,000 2014; interest at 4%, \$730,000 2015; interest at 5% \$7,770,000

**General obligation bonds serviced by the Mainland Water System Fund:**

**\$4,150,000** 2004 General Obligation Refunding Bonds, dated April 1, 2004 with annual principal payments due June 1 and semi-annual interest payments due June 1 and December 1, \$250,000 2007; interest at 4%, \$260,000 2008 and \$265,000 2009; interest at 3%, \$275,000 2010; interest at 4%, \$285,000 2011, \$305,000 2012 and \$315,000 2013; interest at 5%, \$330,000 2014; interest at 4%, \$345,000 2015; interest at 5%, \$275,000 2016; interest at 3.5%, \$270,000 2017; interest at 3.6%, \$270,000; interest at 3.7% 3,445,000

Total General Obligation Bond debt \$11,215,000

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
2007	930,000	325,600	250,000	141,785
2008	920,000	288,400	260,000	131,785
2009	900,000	260,800	265,000	123,985
2010	875,000	233,800	275,000	116,035
2011	865,000	198,800	285,000	105,035
2012-2016	3,280,000	375,150	1,570,000	302,085
2017-2018	-	-	540,000	29,700
<b>Total</b>	<b>\$ 7,770,000</b>	<b>\$ 1,682,550</b>	<b>\$ 3,445,000</b>	<b>\$ 950,410</b>

At June 30, 2006, Currituck County had no bonds authorized but un-issued and a legal debt margin of \$601,748,140.

**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, 2006:

	Balance		Balance		Current
	June 30, 2004	Increases	Decreases	June 30, 2005	Portion of
					Balance
<b>Governmental activities:</b>					
General obligation debt	\$ 8,720,000	\$ -	\$ 950,000	\$ 7,770,000	\$ 950,000
Compensated absences	505,099	229,748	169,429	565,418	229,748
<b>Total governmental activities</b>	<b>\$ 9,225,099</b>	<b>\$ 229,748</b>	<b>\$ 1,119,429</b>	<b>\$ 8,335,418</b>	<b>\$ 1,179,748</b>
<b>Business-type activities:</b>					
General obligation debt	\$ 3,690,000	\$ -	\$ 245,000	\$ 3,445,000	\$ 245,000
Installment purchase	8,537,182	-	849,140	7,688,042	879,033
Compensated absences	33,027	15,482	5,503	43,006	15,482
<b>Total business-type activities</b>	<b>\$ 12,260,209</b>	<b>\$ 15,482</b>	<b>\$ 1,099,643</b>	<b>\$ 11,176,048</b>	<b>\$ 1,139,515</b>
<b>Discretely presented component units:</b>					
Compensated absences	\$ 4,072	\$ -	\$ 564	\$ 3,508	\$ -
<b>Total discretely presented component units long-term liabilities</b>	<b>\$ 4,072</b>	<b>\$ -</b>	<b>\$ 564</b>	<b>\$ 3,508</b>	<b>\$ -</b>

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, 2006 consist of the following:

Due to the General Fund from the Southern Outer Banks Water Fund due to expected cash flows \$ 251,197

Transfers to/from other funds

Transfers to/from other funds at June 30, 2006, consists of the following:

From the General fund to the Fire Vehicle Replacement Fund to accumulate resources for equipment replacement	\$ 250,000
property	121,000
From the General fund to the School Construction fund to accumulate funds for future school construction	1,300,407
From the General fund to the Mainland Water fund to refund fire hydrant installation charges	19,040
From the General fund to the Multi-year Grant fund for Economic Vision Plan	153,896
From the General fund to the Southern Outer Banks Water fund for GIS mapping of the water system	200,000
From the General fund to the County Government Facilities fund to accumulate resources to construct a facility for Parks and Recreation	2,000,000
From the General fund to the County Government Facilities fund for the County match portion of grant for taxiway at the Maple airport	71,600
Total transfers from the General fund	\$ 4,115,943

From the Fire Services fund to the General fund to supplement the fire budgets for the Poplar Branch Fire District	\$ 71,796
Total transfers from the Fire Services fund	\$ 71,796

From the Transfer Tax Capital fund to the General fund for the 2004 School refunding debt payment	\$ 57,257
From the Transfer Tax Capital fund to the County Government Facilities fund for computer and communications equipment for public safety	1,632,822
From the Transfer Tax Capital fund to the County Government Facilities fund to construct a Cooperative Extension facility	4,400,000
From the Transfer Tax Capital fund to the County Government Facilities fund to accumulate resources for a recreation facility	1,000,000
From the Transfer Tax Capital fund to the County Government Facilities fund for design of a fire station for Knotts Island	52,500
From the Transfer Tax Capital fund to the County Government Facilities fund to accumulate resources for future Emergency Operations Center.	1,000,000
From the Transfer Tax Capital fund to the School Facilities fund to purchase land for Shawboro school site.	880,000
From the Transfer Tax Capital fund to the School Facilities fund to accumulate resources for future school construction.	1,000,000
From the Transfer Tax Capital fund to the Land Banking fund to accumulate resources for future land purchases.	200,000
From the Transfer Tax Capital fund to the Land Banking fund to accumulate resources for farmland preservation.	100,000
Total transfers from the Transfer Tax Capital fund	\$ 10,322,579

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 to accumulate resources for future Emergency Operations Center.	1,000,000
From the School Capital fund to the General fund for capital purchases for the Currituck County Schools.	897,025
Total transfers from other governmental funds	\$ 3,097,025

#### **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, 2006, 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, 2006. 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, 2006, the County contributed \$30,347 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, 2006. 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, 2006, 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, 2006. 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, 2006, expenditures were \$278,080. 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, 2006. 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 \$12,359 to the Commission during the fiscal year ended June 30, 2006.

**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	\$ 127,033	\$ -
Medicaid	8,271,780	3,989,416
Food stamp program	1,243,359	-
Energy assistance	13,078	-
Adoption assistance	61,060	17,530
Adult assistance	-	99,220
Title IV-E, foster care	21,557	5,772
Total	<u>\$ 9,737,867</u>	<u>\$ 4,111,938</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.

**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%



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%

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	12/31/2005
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	25 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, 2006

	2006			Variance with Final Budget Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Revenues:</b>					
<b>Ad valorem taxes:</b>					
Taxes	\$ -	\$ -	\$ 22,949,307	\$ -	\$ 16,358,007
Interest	-	-	112,388	-	105,399
<b>Total</b>	<b>19,306,003</b>	<b>19,645,598</b>	<b>23,061,695</b>	<b>3,416,097</b>	<b>16,463,406</b>
<b>Other taxes and licenses:</b>					
Sexually oriented business license	-	-	425	-	326
Animal tax	-	-	12,634	-	12,079
Marriage license	-	-	21,800	-	19,100
Franchise tax	-	-	222,374	-	209,387
Deed stamp excise tax	-	-	983,308	-	1,500,746
Article 39 local option sales tax	-	-	3,927,351	-	3,758,709
Article 44 local option sales tax	-	-	1,456,010	-	1,302,069
Occupancy tax	-	-	5,322,539	-	4,667,481
<b>Total</b>	<b>11,353,544</b>	<b>11,943,015</b>	<b>11,946,441</b>	<b>3,426</b>	<b>11,469,897</b>
<b>Unrestricted intergovernmental:</b>					
Gasoline tax refund	-	-	3,433	-	2,569
Payments in lieu of taxes-outside sources	-	-	269,212	-	61,810
Beer and wine tax	-	-	96,625	-	91,173
<b>Total</b>	<b>146,500</b>	<b>154,500</b>	<b>369,270</b>	<b>214,770</b>	<b>155,552</b>
<b>Restricted intergovernmental:</b>					
Federal and State grants	-	-	3,074,534	-	2,841,413
Safe roads act	-	-	3,353	-	4,062
Crime control act	-	-	15,973	-	9,627
Court facility fees	-	-	96,385	-	86,752
Jail fees	-	-	28,908	-	25,402
Officer fees	-	-	38,953	-	38,110
ABC bottles taxes	-	-	10,621	-	9,839
<b>Total</b>	<b>2,459,406</b>	<b>2,677,078</b>	<b>3,268,727</b>	<b>591,649</b>	<b>3,015,205</b>
<b>Permits and fees:</b>					
Ambulance service fees	-	-	476,534	-	414,546
Administration and filing fees	-	-	186,074	-	137,105
Register of deeds fees	-	-	347,881	-	427,064
Building permit fees	-	-	779,469	-	826,382
Re-inspection fees	-	-	58,025	-	97,812
Fire inspection fees	-	-	-	-	300
Planning fees	-	-	86,856	-	36,963
Land disturbance permit	-	-	7,500	-	4,650
Zoning violation fees	-	-	850	-	2,225
Homeowners' recovery fees	-	-	3,620	-	3,985
CAMA permits	-	-	5,100	-	7,100
Street naming fees	-	-	-	-	-
Animal control fees	-	-	1,530	-	953
<b>Total</b>	<b>1,851,417</b>	<b>1,877,261</b>	<b>1,953,439</b>	<b>76,178</b>	<b>1,959,085</b>
<b>Sales and services:</b>					
Rents	-	-	41,202	-	77,536
Airport fees	-	-	37,133	-	47,644
Vending sales	-	-	8,055	-	9,966
Senior meals	-	-	3,812	-	-
EMS revenues	-	-	763	-	-
Jail housing	-	-	66,310	-	44,729
Aviation fuel sales	-	-	178,310	-	94,021
Tax data fees	-	-	-	-	50

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, 2006

	2006			Variance with Final Budget Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
Sale of fixed assets	-	-	75	-	109,464
Auction proceeds	-	-	288	-	-
Recreation fees	-	-	39,036	-	33,382
Co-op advertising	-	-	11,715	-	-
<b>Total</b>	<b>290,656</b>	<b>399,994</b>	<b>386,698</b>	<b>(13,296)</b>	<b>416,792</b>
<b>Investment earnings</b>	<b>445,000</b>	<b>750,393</b>	<b>1,001,212</b>	<b>250,819</b>	<b>526,961</b>
<b>Miscellaneous:</b>					
Sale of materials	-	-	9,196	-	11,742
Donations	-	-	4,577	-	2,602
Insurance recoveries	-	-	39,610	-	50,829
ABC Education distribution	-	-	21,041	-	12,968
ABC Law enforcement distribution	-	-	15,030	-	9,263
ABC profits	-	-	-	-	175,364
Other	-	-	24,200	-	50,880
<b>Total</b>	<b>191,200</b>	<b>197,954</b>	<b>113,654</b>	<b>(84,300)</b>	<b>313,648</b>
<b>Total revenues</b>	<b>36,043,726</b>	<b>37,645,793</b>	<b>42,101,136</b>	<b>4,455,343</b>	<b>34,320,546</b>
<b>Expenditures:</b>					
<b>General government:</b>					
<b>Administration:</b>					
Salaries and employee benefits	-	-	320,192	-	290,584
Other operating expenditures	-	-	59,426	-	68,674
<b>Total</b>	<b>480,561</b>	<b>480,561</b>	<b>379,618</b>	<b>100,943</b>	<b>359,258</b>
<b>Legal:</b>					
Salaries and employee benefits	-	-	128,792	-	43,870
Other operating expenditures	-	-	222,657	-	440,099
<b>Total</b>	<b>361,703</b>	<b>360,249</b>	<b>351,449</b>	<b>8,800</b>	<b>483,969</b>
<b>Governing body:</b>					
Salaries and employee benefits	-	-	78,420	-	52,967
Other operating expenditures	-	-	33,483	-	21,526
<b>Total</b>	<b>123,700</b>	<b>123,700</b>	<b>111,903</b>	<b>11,797</b>	<b>74,493</b>
<b>Elections:</b>					
Salaries and employee benefits	-	-	75,148	-	57,904
Other operating expenditures	-	-	219,484	-	82,457
<b>Total</b>	<b>462,738</b>	<b>487,554</b>	<b>294,632</b>	<b>192,922</b>	<b>140,361</b>
<b>Finance</b>					
Salaries and employee benefits	-	-	168,615	-	161,564
Other operating expenditures	-	-	64,190	-	58,797
<b>Total</b>	<b>238,247</b>	<b>238,954</b>	<b>232,805</b>	<b>6,149</b>	<b>220,361</b>
<b>Information Technology:</b>					
Salaries and employee benefits	-	-	176,360	-	106,249
Other operating expenditures	-	-	126,547	-	111,171
Capital outlay	-	-	211,477	-	69,510
<b>Total</b>	<b>527,278</b>	<b>530,532</b>	<b>514,384</b>	<b>16,148</b>	<b>286,930</b>
<b>Human resources:</b>					
Salaries and employee benefits	-	-	89,344	-	83,368
Other operating expenditures	-	-	15,735	-	12,620
<b>Total</b>	<b>112,788</b>	<b>113,688</b>	<b>105,079</b>	<b>8,609</b>	<b>95,988</b>

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, 2006

	2006			Variance with Final Budget Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Public information:</b>					
Salaries and employee benefits	-	-	81,720	-	58,166
Other operating expenditures	-	-	45,678	-	35,550
<b>Total</b>	<b>126,368</b>	<b>131,068</b>	<b>127,398</b>	<b>3,670</b>	<b>93,716</b>
<b>Taxes:</b>					
Salaries and employee benefits	-	-	318,596	-	339,541
Other operating expenditures	-	-	81,308	-	73,825
<b>Total</b>	<b>426,324</b>	<b>426,324</b>	<b>399,904</b>	<b>26,420</b>	<b>413,366</b>
<b>Public works:</b>					
Salaries and employee benefits	-	-	389,359	-	284,070
Other operating expenditures	-	-	302,662	-	308,186
Capital outlay	-	-	266,375	-	161,791
<b>Total</b>	<b>1,060,448</b>	<b>1,077,048</b>	<b>958,396</b>	<b>118,652</b>	<b>754,047</b>
<b>Corolla office:</b>					
Operating expenditures	-	-	33,005	-	40,929
Capital outlay	-	-	25,724	-	-
<b>Total</b>	<b>64,512</b>	<b>72,619</b>	<b>58,729</b>	<b>13,890</b>	<b>40,929</b>
<b>Register of deeds:</b>					
Salaries and employee benefits	-	-	217,518	-	212,345
Other operating expenditures	-	-	570,874	-	844,303
Capital outlay	-	-	8,365	-	121,133
<b>Total</b>	<b>851,691</b>	<b>896,429</b>	<b>796,757</b>	<b>99,672</b>	<b>1,177,781</b>
<b>Court facilities:</b>					
Operating expenditures	-	-	153,417	-	146,717
Capital outlay	-	-	27,198	-	-
<b>Total</b>	<b>190,355</b>	<b>210,594</b>	<b>180,615</b>	<b>29,979</b>	<b>146,717</b>
<b>Agency appropriations:</b>					
Operating expenditures	-	-	75,900	-	21,000
<b>Total</b>	<b>73,100</b>	<b>76,100</b>	<b>75,900</b>	<b>200</b>	<b>21,000</b>
<b>Central services:</b>					
Operating expenditures	-	-	686,764	-	525,256
<b>Total</b>	<b>691,730</b>	<b>767,284</b>	<b>686,764</b>	<b>80,520</b>	<b>525,256</b>
<b>Total general government</b>	<b>5,791,543</b>	<b>5,992,704</b>	<b>5,274,333</b>	<b>718,371</b>	<b>4,834,172</b>
<b>Public safety:</b>					
<b>Sheriff:</b>					
Salaries and employee benefits	-	-	2,880,040	-	2,527,120
Other operating expenditures	-	-	433,138	-	373,726
Capital outlay	-	-	357,903	-	328,028
<b>Total</b>	<b>3,641,299</b>	<b>3,831,890</b>	<b>3,671,081</b>	<b>160,809</b>	<b>3,228,874</b>
<b>Jail:</b>					
Salaries and employee benefits	-	-	1,098,976	-	814,724
Other operating expenditures	-	-	431,225	-	542,573
Capital outlay	-	-	90,569	-	25,023
<b>Total</b>	<b>1,769,433</b>	<b>1,729,933</b>	<b>1,620,770</b>	<b>109,163</b>	<b>1,382,320</b>

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, 2006

	2006			Variance with Final Budget Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Animal control:</b>					
Salaries and employee benefits	-	-	110,924	-	98,366
Other operating expenditures	-	-	102,315	-	81,048
Capital outlay	-	-	-	-	18,335
<b>Total</b>	<b>207,808</b>	<b>220,060</b>	<b>213,239</b>	<b>6,821</b>	<b>197,749</b>
<b>Jury commission:</b>					
Operating expenditures	-	-	2,075	-	1,800
<b>Total</b>	<b>2,300</b>	<b>2,300</b>	<b>2,075</b>	<b>225</b>	<b>1,800</b>
<b>Emergency medical services:</b>					
Salaries and employee benefits	-	-	2,412,655	-	1,990,190
Other operating expenditures	-	-	212,719	-	145,880
Capital outlay	-	-	178,880	-	254,380
<b>Total</b>	<b>2,766,074</b>	<b>2,977,913</b>	<b>2,804,254</b>	<b>173,659</b>	<b>2,390,450</b>
<b>Emergency management:</b>					
Salaries and employee benefits	-	-	58,253	-	44,759
Other operating expenditures	-	-	40,914	-	78,044
Capital outlay	-	-	849	-	91,328
<b>Total</b>	<b>105,967</b>	<b>112,656</b>	<b>100,016</b>	<b>12,640</b>	<b>214,131</b>
<b>Communications:</b>					
Salaries and employee benefits	-	-	461,710	-	407,963
Other operating expenditures	-	-	68,844	-	37,954
Capital outlay	-	-	11,489	-	-
<b>Total</b>	<b>634,514</b>	<b>641,767</b>	<b>542,043</b>	<b>99,724</b>	<b>445,917</b>
<b>Building inspections:</b>					
Salaries and employee benefits	-	-	458,770	-	-
Other operating expenditures	-	-	37,214	-	-
Capital outlay	-	-	51,921	-	-
<b>Total</b>	<b>545,427</b>	<b>573,427</b>	<b>547,905</b>	<b>25,522</b>	<b>-</b>
<b>Fire prevention:</b>					
Salaries and employee benefits	-	-	104,102	-	84,570
Carova Beach Volunteer Fire Department	-	-	103,081	-	-
Corolla Fire & Rescue Squad	-	-	284,844	-	-
Crawford Volunteer Fire Department	-	-	186,459	-	-
Lower Currituck Volunteer Fire Department	-	-	153,129	-	-
Knotts Island Volunteer Fire Department	-	-	131,914	-	-
Moyock Volunteer Fire Department	-	-	133,193	-	-
Other operating expenditures	-	-	15,619	-	20,362
Capital outlay	-	-	74,283	-	34,532
<b>Total</b>	<b>1,534,389</b>	<b>1,629,664</b>	<b>1,186,624</b>	<b>443,040</b>	<b>139,464</b>
<b>Medical examiner:</b>					
Contracted services	-	-	5,375	-	10,950
<b>Total</b>	<b>8,000</b>	<b>8,000</b>	<b>5,375</b>	<b>2,625</b>	<b>10,950</b>
<b>Disaster recovery:</b>					
Salaries and employee benefits	-	-	7,331	-	-
Other operating expenditures	-	-	-	-	320,776
<b>Total</b>	<b>-</b>	<b>13,688</b>	<b>7,331</b>	<b>6,357</b>	<b>320,776</b>
<b>Total public safety</b>	<b>11,215,211</b>	<b>11,741,298</b>	<b>10,700,713</b>	<b>1,040,585</b>	<b>8,332,431</b>

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, 2006

	2006			Variance with Final Budget Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Transportation:</b>					
Airport:					
Salaries and employee benefits	-	-	21,530		19,899
Other operating expenditures	-	-	260,083	-	144,325
Capital outlay	-	-	1,500	-	-
<b>Total</b>	<b>173,653</b>	<b>287,041</b>	<b>283,113</b>	<b>3,928</b>	<b>164,224</b>
Inter-county transportation:					
Contracted services	-	-	112,719	-	110,958
<b>Total</b>	<b>125,033</b>	<b>125,033</b>	<b>112,719</b>	<b>12,314</b>	<b>110,958</b>
<b>Total transportation</b>	<b>298,686</b>	<b>412,074</b>	<b>395,832</b>	<b>16,242</b>	<b>275,182</b>
<b>Environmental protection:</b>					
Forestry:					
Contracted services	-	-	55,797	-	48,591
<b>Total</b>	<b>61,698</b>	<b>61,698</b>	<b>55,797</b>	<b>5,901</b>	<b>48,591</b>
Soil and water conservation:					
Salaries and employee benefits	-	-	76,716	-	74,623
Other operating expenditures	-	-	114,766	-	133,484
<b>Total</b>	<b>133,847</b>	<b>284,687</b>	<b>191,482</b>	<b>93,205</b>	<b>208,107</b>
<b>Total environmental protection</b>	<b>195,545</b>	<b>346,385</b>	<b>247,279</b>	<b>99,106</b>	<b>256,698</b>
<b>Economic and physical development:</b>					
Cooperative extension:					
Salaries and employee benefits	-	-	122,162	-	126,663
Other operating expenditures	-	-	38,466	-	36,054
Contracted services	-	-	146,928	-	134,780
Capital outlay	-	-	5,432	-	-
<b>Total</b>	<b>322,017</b>	<b>333,017</b>	<b>312,988</b>	<b>20,029</b>	<b>297,497</b>
Support our students:					
Salaries and employee benefits	-	-	34,305	-	30,243
Other operating expenditures	-	-	38,579	-	40,221
<b>Total</b>	<b>80,000</b>	<b>80,000</b>	<b>72,884</b>	<b>7,116</b>	<b>70,464</b>
Economic development:					
Salaries and employee benefits	-	-	59,446	-	55,686
Other operating expenditures	-	-	57,893	-	21,206
<b>Total</b>	<b>131,239</b>	<b>131,239</b>	<b>117,339</b>	<b>13,900</b>	<b>76,892</b>
Planning and inspections:					
Salaries and employee benefits	-	-	448,349	-	840,338
Other operating expenditures	-	-	126,100	-	160,068
Capital outlay	-	-	24,522	-	53,609
<b>Total</b>	<b>768,978</b>	<b>768,978</b>	<b>598,971</b>	<b>170,007</b>	<b>1,054,015</b>
Occupancy tax:					
Promotion of tourism	566,864	919,711	732,739	186,972	-
Tourism related expenses	2,018,140	2,426,194	1,709,265	716,929	-
Tourism	-	-	-	-	987,539
General purpose	-	-	-	-	74,795
Museum	-	-	-	-	1,178,851
<b>Total</b>	<b>2,585,004</b>	<b>3,345,905</b>	<b>2,442,004</b>	<b>903,901</b>	<b>2,241,185</b>

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, 2006

	2006			Variance with Final Budget Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
Total economic and physical development	3,887,238	4,659,139	3,544,186	1,114,953	3,740,053
<b>Human services:</b>					
Health:					
Contracted services	-	-	45,000	-	45,000
Total	45,000	45,000	45,000	-	45,000
Mental health:					
Contracted services	-	-	30,347	-	29,565
Total	30,000	30,000	30,347	(347)	29,565
Social services:					
Administration:					
Salaries and employee benefits	-	-	1,675,357	-	1,517,508
Other operating expenditures	-	-	273,422	-	267,086
Capital outlay	-	-	32,023	-	4,074
Total	2,188,522	2,240,111	1,980,802	259,309	1,788,668
Public Assistance:					
Electronic issuance	-	-	5,731	-	4,352
Medical Transportation	-	-	28,346	-	30,000
TANF	-	-	-	-	1,701
Medical assistance program	-	-	698,637	-	674,653
Special assistance for adults	-	-	99,220	-	87,111
State foster care and boarding home payments	-	-	27,227	-	14,176
Title IV-E foster care	-	-	56,943	-	3,704
Special assistance for the blind	-	-	997	-	1,302
Title IV-E adoption assistance	-	-	17,530	-	16,882
Title IV-B adoption assistance	-	-	14,095	-	21,960
Title IV-B adoption assistance vendor payments	-	-	6,870	-	-
Child daycare	-	-	650,208	-	601,231
Smart start child daycare	-	-	171,935	-	159,369
Home care block grant	-	-	46,007	-	27,462
LINKS special assistance	-	-	3,758	-	-
Other assistance	-	-	57,163	-	62,109
Total	2,066,098	2,134,126	1,884,667	249,459	1,706,012
Total social services	4,254,620	4,374,237	3,865,469	508,768	3,494,680
Smart Start - Eat Smart, Move More:					
Operating expenditures	-	-	4,376	-	7,032
Contracted services	-	-	4,500	-	3,000
Total	9,120	9,120	8,876	244	10,032
Juvenile crime prevention control					
Currituck wilderness camp program	-	-	-	-	6,005
JCPC council	-	-	10,241	-	11,315
Mediation	-	-	-	-	550
Partnership of adolescents and support services	-	-	71,312	-	63,839
Restitution	-	-	6,534	-	8,103
Teen court	-	-	13,424	-	15,475
Total	107,878	106,276	101,511	4,765	105,287
Total human services	4,446,618	4,564,633	4,051,203	513,430	3,684,564



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, 2006

	2006			Variance with Final Budget Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Cultural and recreational:</b>					
Senior citizens centers:					
Salaries and employee benefits	-	-	165,680	-	129,118
Other operating expenditures	-	-	112,879	-	106,150
Capital outlay	-	-	115,858	-	14,843
Total	<u>440,026</u>	<u>440,614</u>	<u>394,417</u>	<u>46,197</u>	<u>249,611</u>
Libraries:					
Salaries and employee benefits	-	-	197,580	-	165,232
Other operating expenditures	-	-	80,500	-	59,643
Capital outlay	-	-	-	-	18,963
Total	<u>281,933</u>	<u>451,111</u>	<u>278,080</u>	<u>173,031</u>	<u>243,838</u>
Recreation:					
Salaries and employee benefits	-	-	260,382	-	221,649
Other operating expenditures	-	-	199,135	-	185,702
Capital outlay	-	-	246,559	-	100,652
Total	<u>783,634</u>	<u>799,059</u>	<u>706,076</u>	<u>92,983</u>	<u>508,003</u>
Total culture and recreation	<u>1,505,593</u>	<u>1,690,784</u>	<u>1,378,573</u>	<u>312,211</u>	<u>1,001,452</u>
<b>Education:</b>					
Public schools - current	-	-	8,085,571	-	7,362,740
Public schools - capital outlay	-	-	897,025	-	832,877
Community college	-	-	50,000	-	50,000
Total education	<u>9,032,596</u>	<u>9,032,596</u>	<u>9,032,596</u>	<u>-</u>	<u>8,245,617</u>
<b>Debt service:</b>					
Principal retirement	-	-	950,000	-	950,000
Interest and other charges	-	-	354,100	-	404,700
Total debt service	<u>1,304,100</u>	<u>1,304,100</u>	<u>1,304,100</u>	<u>-</u>	<u>1,354,700</u>
Total expenditures	<u>37,677,130</u>	<u>39,743,713</u>	<u>35,928,815</u>	<u>3,814,898</u>	<u>31,724,869</u>
<b>Revenues over (under) expenditures</b>	<u>(1,633,404)</u>	<u>(2,097,920)</u>	<u>6,172,321</u>	<u>8,270,241</u>	<u>2,595,677</u>
<b>Other financing sources (uses):</b>					
Transfers to other funds:					
Special Revenue Funds	-	-	(524,896)	-	(471,939)
Capital Projects Funds	-	-	(3,372,007)	-	(1,590,000)
Enterprise Funds	-	-	(219,040)	-	-
Total transfers to other funds	<u>-</u>	<u>-</u>	<u>(4,115,943)</u>	<u>-</u>	<u>(2,061,939)</u>
Transfers from other funds:					
Special Revenue Funds	-	-	71,796	-	-
Capital Projects Funds	-	-	1,154,282	-	1,209,656
Total transfers from other funds	<u>-</u>	<u>-</u>	<u>1,226,078</u>	<u>-</u>	<u>1,209,656</u>
Total other financing sources (uses)	<u>(2,645,329)</u>	<u>(3,170,825)</u>	<u>(2,889,865)</u>	<u>280,960</u>	<u>(852,283)</u>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>(4,278,733)</u>	<u>(5,268,745)</u>	<u>3,282,456</u>	<u>8,551,201</u>	<u>1,743,394</u>
Appropriated fund balance	<u>4,278,733</u>	<u>5,268,745</u>	<u>-</u>	<u>(5,268,745)</u>	<u>-</u>

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, 2006

	2006			2005	
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Actual
	Original	Final			
<b>Revenues, other sources, and appropriated fund balance over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	3,282,456	<u>\$ 3,282,456</u>	1,743,394
<b>Fund balances:</b>					
<b>Beginning of year, July 1</b>			24,157,275		22,325,083
Prior period adjustment			-		88,798
<b>End of year, June 30</b>			<u>\$ 27,439,731</u>		<u>\$ 24,157,275</u>

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County of Currituck, North Carolina  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2006

Special Revenue Funds

Multi-year Grant Fund	Emergency Telephone System Fund	Revaluation Fund	Fire District Fund	Fire Equipment Replacement Fund	Guinea Mill Watershed Improvement Fund	Hog Ditch Watershed Improvement Fund	Moyock Watershed Improvement Fund	Northwest Watershed Improvement Fund	Wahlehead Watershed Improvement Fund	Total Non-Major Special Revenue Funds
\$ 142,494	\$ 551,533	\$ 143,065	\$ 909,910	\$ 34,811	\$ 21,242	\$ -	\$ 31,742	\$ 3,146	\$ 564,920	\$ 2,403,798
-	14,555	-	-	-	-	-	-	-	-	14,555
-	-	-	31,616	-	617	-	243	16	1,245	33,737
28,425	23,765	-	2,006	-	-	-	-	-	-	54,196
\$ 170,919	\$ 589,873	\$ 143,065	\$ 943,532	\$ 34,811	\$ 21,859	\$ -	\$ 31,985	\$ 3,162	\$ 566,165	\$ 2,506,286

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  
 Deferred revenue  
 Total liabilities

\$ 25,472	\$ 1,390	\$ -	\$ 6,124	\$ 3,178	\$ -	\$ -	\$ -	\$ -	\$ 2,175	\$ 38,339
-	-	-	31,616	-	617	-	243	16	1,245	33,737
25,472	1,390	-	37,740	3,178	617	-	243	16	3,420	72,076

Fund balances:

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

28,425	38,320	-	2,006	-	-	-	-	-	-	68,751
117,022	170,843	143,065	903,786	31,633	12,242	-	11,742	646	162,745	1,554,639
-	379,320	-	-	-	9,000	-	20,000	2,500	400,000	810,820
145,447	588,483	143,065	905,792	31,633	21,242	-	31,742	3,146	562,745	2,434,210
\$ 170,919	\$ 589,873	\$ 143,065	\$ 943,532	\$ 34,811	\$ 21,859	\$ -	\$ 31,985	\$ 3,162	\$ 566,165	\$ 2,506,286

continued

**Capital Projects Funds**

	Land Banking Fund	Capital Improvements Fund	School Capital Fund	Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
\$ 1,902,185 \$	1,165,605 \$	316,711 \$	3,384,501 \$	5,788,299	
-	-	-	-	14,555	
-	-	-	-	33,737	
-	347,961	283,430	631,391	685,587	
\$ 1,902,185 \$	1,513,566 \$	600,141 \$	4,015,892 \$	6,522,178	

**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  
 Deferred revenue  
 Total liabilities

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,339
-	-	-	-	-	33,737
-	-	-	-	-	72,076
1,902,185	347,961	283,430	631,391	700,142	
-	1,104,620	316,711	3,323,516	4,878,155	
-	60,985	-	60,985	871,805	
\$ 1,902,185 \$	1,513,566 \$	600,141 \$	4,015,892 \$	6,430,102	
\$ 1,902,185 \$	1,513,566 \$	600,141 \$	4,015,892 \$	6,522,178	

**Fund balances:**

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

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 Non-Major Special Revenue Funds
	Multi- year Grant Fund	Emergency Telephone System Fund	Revaluation Fund	Fire District Fund	Fire Equipment Replacement Fund	Guinea Mill Watershed Improvement Fund	Hog Ditch Watershed Improvement Fund	Moyock Watershed Improvement Fund	Northwest Watershed Improvement Fund	Whalehead Watershed Improvement Fund	Whalehead Watershed Improvement Fund	Total	
<b>REVENUES</b>													
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 86,831	\$ -	\$ 9,355	\$ 893	\$ 12,212	\$ 1,694	\$ -	\$ -	\$ 340,858	
Other taxes and licenses	-	173,902	-	-	-	-	-	-	-	-	-	173,902	
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	
intergovernmental	-	110,182	-	-	-	-	-	-	-	-	-	110,182	
Investment earnings	2,171	19,138	4,440	31,238	11,045	652	22	1,060	93	21,056	90,935		
Total revenues	2,171	303,222	4,440	118,089	11,045	10,007	915	13,272	1,787	250,929	715,877		
<b>EXPENDITURES</b>													
Current													
General government	-	-	16,065	-	-	-	-	-	-	-	-	16,065	
Public safety	-	193,384	-	152,078	462,308	-	-	-	-	-	-	807,770	
Economic and physical development	10,620	-	-	-	-	-	-	-	-	-	-	10,620	
Environmental protection	-	-	-	-	-	-	-	3,250	-	4,613	7,863		
Total expenditures	10,620	193,384	16,065	152,078	462,308	-	-	3,250	-	4,613	842,318		
Excess (deficiency) of revenues over	(8,449)	109,838	(11,625)	(33,989)	(451,263)	10,007	915	10,022	1,787	246,316	(126,441)		
<b>OTHER FINANCING SOURCES (USES)</b>													
Transfers (to) from other funds	153,896	-	121,000	(71,796)	250,000	-	-	-	-	-	-	453,100	
Total other financing sources and uses	153,896	-	121,000	(71,796)	250,000	-	-	-	-	-	-	453,100	
Net change in fund balances	145,447	109,838	109,375	(105,785)	(201,263)	10,007	915	10,022	1,787	246,316	326,659		
Fund balances - beginning	-	478,645	33,690	1,011,577	232,896	11,235	-	21,720	1,359	316,429	2,107,551		
Fund balances - ending	\$ 145,447	\$ 588,483	\$ 143,065	\$ 905,792	\$ 31,633	\$ 21,242	\$ 915	\$ 31,742	\$ 3,146	\$ 562,745	\$ 2,434,210		

continued

	Capital Projects Funds				Total
	Land Banking Fund	Capital Improvements Fund	School Capital Fund	Non-major Capital Projects Funds	
<b>REVENUES</b>					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 340,858
Other taxes and licenses	-	1,293,525	1,053,986	2,347,511	2,521,413
Restricted intergovernmental investment earnings	-	71,246	-	-	110,182
Total revenues	63,497	1,364,771	1,062,491	2,490,759	3,206,636
	63,497	1,364,771	1,062,491	2,490,759	3,206,636
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	16,065
Public safety	-	-	-	-	807,770
Economic and physical development	-	-	-	-	10,620
Environmental protection	-	-	-	-	7,863
Total expenditures	-	-	-	-	842,318
Excess (deficiency) of revenues over	63,497	1,364,771	1,062,491	2,490,759	2,364,318
	63,497	1,364,771	1,062,491	2,490,759	2,364,318
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (to) from other funds	300,000	(2,200,000)	(897,025)	(2,797,025)	(2,343,925)
Total other financing sources and uses	300,000	(2,200,000)	(897,025)	(2,797,025)	(2,343,925)
Net change in fund balances	363,497	(835,229)	165,466	(306,266)	20,393
Fund balances - beginning	1,538,688	2,348,795	434,675	4,322,158	6,429,709
Fund balances - ending	\$ 1,902,185	\$ 1,513,566	\$ 600,141	\$ 4,015,892	\$ 6,450,102

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, 2006

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
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)
Investment Earnings	-	194	2,171	2,365	2,365
<b>Total revenues</b>	<b>840,400</b>	<b>\$ 811,469</b>	<b>\$ 2,171</b>	<b>813,640</b>	<b>\$ (26,760)</b>
<b>Expenditures</b>					
General government:					
Canal #2 water salinity study	37,900	38,772	-	38,772	(872)
<b>Total general government</b>	<b>37,900</b>	<b>38,772</b>	<b>-</b>	<b>38,772</b>	<b>(872)</b>
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
<b>Total CDBG</b>					
scattered site project 2000	417,375	392,526	-	392,526	24,849
CDBG scattered site project - 2002					
Administration	22,551	24,137	-	24,137	(1,586)
Clearance	35,328	35,328	-	35,328	-
Housing Rehabilitation	61,559	61,559	-	61,559	-
Relocation	280,562	278,976	-	278,976	1,586
<b>Total CDBG</b>					
scattered site project 2002	400,000	400,000	-	400,000	-
UNC economic vision study	153,896	-	10,620	10,620	143,276
<b>Total economic</b>					
<b>and physical development</b>	<b>971,271</b>	<b>792,526</b>	<b>10,620</b>	<b>803,146</b>	<b>168,125</b>
<b>Total expenditures</b>	<b>1,009,171</b>	<b>831,298</b>	<b>10,620</b>	<b>841,918</b>	<b>167,253</b>
<b>Revenues under expenditures</b>	<b>(168,771)</b>	<b>(19,829)</b>	<b>(8,449)</b>	<b>(28,278)</b>	<b>140,493</b>
<b>Other financing sources:</b>					
Transfers in:					
General Fund	168,771	15,843	153,896	169,739	968
<b>Revenues and other financing</b>					
<b>sources over (under) expenditures</b>	<b>\$ -</b>	<b>\$ (3,986)</b>	<b>145,447</b>	<b>\$ 141,461</b>	<b>\$ 141,461</b>
<b>Fund balance:</b>					
Beginning of year, July 1			-		
End of Year, June 30			<u>\$ 145,447</u>		



County of Currituck, North Carolina  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2006

	2006			Variance with Final Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Revenues</b>					
Other taxes and licenses:					
911 system subscriber fees	\$ 171,000	\$ 171,000	\$ 173,902	\$ 2,902	\$ 173,741
Restricted intergovernmental:					
Wireless 911 funds	70,000	70,000	110,182	40,182	87,021
Investment earnings	3,000	3,000	19,138	16,138	7,484
Total revenues	<u>244,000</u>	<u>244,000</u>	<u>303,222</u>	<u>59,222</u>	<u>268,246</u>
<b>Expenditures</b>					
Public safety	634,670	634,670	193,384	441,286	109,313
Total expenditures	<u>634,670</u>	<u>634,670</u>	<u>193,384</u>	<u>441,286</u>	<u>109,313</u>
Revenues over (under) expenditures	(390,670)	(390,670)	109,838	500,508	158,933
Appropriated fund balance	390,670	390,670	-	(390,670)	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	109,838	<u>\$ 109,838</u>	158,933
<b>Fund balances:</b>					
Beginning of year, July 1					
E-911 fund			356,498		197,565
Wireless 911			122,147		122,147
Beginning of year, totals			<u>478,645</u>		<u>319,712</u>
End of year, June 30					
E-911 fund			338,477		356,498
Wireless 911			250,006		122,147
End of year, totals			<u>\$ 588,483</u>		<u>\$ 478,645</u>

County of Currituck, North Carolina  
**Revaluation Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2006

	2006			Variance with Final Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Investment earnings	\$ 1,000	\$ 1,000	\$ 4,440	\$ 3,440	\$ 1,927
Expenditures:					
Current:					
General government:					
Contract services	122,000	122,000	16,065	105,935	204,960
Total expenditures	122,000	122,000	16,065	105,935	204,960
Revenues over (under) expenditures	(121,000)	(121,000)	(11,625)	109,375	(203,033)
Other financing sources:					
Operating transfer in:					
General Fund	121,000	121,000	121,000	-	149,000
Revenues and other sources over (under) expenditures	\$ -	\$ -	109,375	\$ 109,375	(54,033)
Fund balances:					
Beginning of year, July 1			33,690		87,723
End of year, June 30			\$ 143,065		\$ 33,690

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, 2006

	2006			Variance with Final Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Revenues:</b>					
Ad valorem taxes:					
Current year	\$ -	\$ -	\$ 34,516	\$ 34,516	\$ 1,344,714
Prior years	-	-	45,632	45,632	40,484
Interest	-	-	6,683	6,683	9,568
Total ad valorem taxes	<u>-</u>	<u>-</u>	<u>86,831</u>	<u>86,831</u>	<u>1,394,766</u>
Investment earnings	6,500	12,500	31,258	18,758	19,389
Total revenues	<u>6,500</u>	<u>12,500</u>	<u>118,089</u>	<u>105,589</u>	<u>1,414,155</u>
<b>Expenditures:</b>					
Current:					
Public safety:					
Crawford Fire District	4,000	48,386	44,185	4,201	239,761
Fruitville Fire District	6,200	6,500	6,500	-	298,113
Moyock Fire District	3,000	53,000	52,543	457	190,389
Poplar Branch Fire District	43,150	48,850	48,850	-	686,068
Total expenditures	<u>56,350</u>	<u>156,736</u>	<u>152,078</u>	<u>4,658</u>	<u>1,414,331</u>
Revenues over (under) expenditures	(49,850)	(144,236)	(33,989)	110,247	(176)
Other financing sources (uses):					
Transfers to general fund	(71,796)	(71,796)	(71,796)	-	-
Transfers from general fund	-	-	-	-	92,441
Revenues and other financing sources under expenditures	(121,646)	(216,032)	(105,785)	110,247	92,265
Appropriated fund balance	<u>121,646</u>	<u>216,032</u>	<u>-</u>	<u>(216,032)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(105,785)	<u>\$ (105,785)</u>	92,265
<b>Fund balances:</b>					
Beginning of year, July 1			<u>1,011,577</u>		<u>919,312</u>
End of year, June 30			<u>\$ 905,792</u>		<u>\$ 1,011,577</u>

County of Currituck, North Carolina  
**Fire Equipment Replacement Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2006

	2006			Variance with Final Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Investment earnings	\$ 1,000	\$ 5,000	\$ 11,045	\$ 6,045	\$ 1,124
Expenditures:					
Current:					
Public safety	251,000	467,130	462,308	4,822	-
Total expenditures	251,000	467,130	462,308	4,822	-
Revenues over (under) expenditures	(250,000)	(462,130)	(451,263)	10,867	1,124
Other financing sources:					
Transfers from general fund	250,000	250,000	250,000	-	229,530
Revenues and other financing sources under expenditures	-	(212,130)	(201,263)	10,867	230,654
Appropriated fund balance	-	212,130	-	(212,130)	-
Revenues, other finance sources and appropriated fund balance over (under) expenditures	\$ -	\$ -	(201,263)	\$ (201,263)	230,654
Fund balances:					
Beginning of year, July 1			232,896		2,242
End of year, June 30			\$ 31,633		\$ 232,896

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, 2006

	2006			Variance with Final Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Revenues:</b>					
Ad valorem taxes:					
Current year	\$ 7,990	\$ 7,990	\$ 9,100	\$ 1,110	\$ 3,812
Prior years	-	-	194	194	137
Interest	-	-	61	61	34
Total ad valorem taxes	<u>7,990</u>	<u>7,990</u>	<u>9,355</u>	<u>1,365</u>	<u>3,983</u>
Investment earnings	<u>140</u>	<u>140</u>	<u>652</u>	<u>512</u>	<u>216</u>
Total revenues	<u>8,130</u>	<u>8,130</u>	<u>10,007</u>	<u>1,877</u>	<u>4,199</u>
<b>Expenditures:</b>					
Current:					
Environmental protection:	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>2,932</u>
Total expenditures	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>2,932</u>
Revenues over (under) expenditures	(9,870)	(9,870)	10,007	19,877	1,267
Appropriated fund balance	<u>9,870</u>	<u>9,870</u>	<u>-</u>	<u>(9,870)</u>	<u>-</u>
Revenues, other finance sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	10,007	<u>\$ 10,007</u>	1,267
<b>Fund balances:</b>					
Beginning of year, July 1			<u>11,235</u>		<u>9,968</u>
End of year, June 30			<u>\$ 21,242</u>		<u>\$ 11,235</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, 2006

	2006			Variance with Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes:				
Current year	\$ 835	\$ 835	\$ 890	\$ 55
Interest	-	-	3	3
Total ad valorem taxes	<u>835</u>	<u>835</u>	<u>893</u>	<u>58</u>
Investment earnings	-	-	22	22
Total revenues	<u>835</u>	<u>835</u>	<u>915</u>	<u>80</u>
<b>Expenditures:</b>				
Current:				
Environmental protection:	835	835	-	835
Total expenditures	<u>835</u>	<u>835</u>	<u>-</u>	<u>835</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	915	<u>\$ 915</u>
<b>Fund balances:</b>				
Beginning of year, July 1			-	
End of year, June 30			<u>\$ 915</u>	

This fund was established July 1, 2005 and therefore there is no comparative data to report.

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, 2006

	2006			Variance with Final Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Revenues:</b>					
Ad valorem taxes:					
Current year	\$ 12,644	\$ 12,644	\$ 12,030	\$ (614)	\$ 11,956
Prior years taxes	-	-	141	\$ 141	488
Interest	50	50	41	(9)	80
Total ad valorem taxes	<u>12,694</u>	<u>12,694</u>	<u>12,212</u>	<u>(482)</u>	<u>12,524</u>
Investment earnings	150	150	1,060	910	344
Total revenues	<u>12,844</u>	<u>12,844</u>	<u>13,272</u>	<u>428</u>	<u>12,868</u>
<b>Expenditures:</b>					
Current:					
Environmental protection:	22,844	22,844	3,250	19,594	2,070
Total expenditures	<u>22,844</u>	<u>22,844</u>	<u>3,250</u>	<u>19,594</u>	<u>2,070</u>
Revenues over (under) expenditures	(10,000)	(10,000)	10,022	20,022	10,798
Appropriated fund balance	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
Revenues, other finance sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	10,022	<u>\$ 10,022</u>	10,798
<b>Fund balances:</b>					
Beginning of year, July 1			21,720		10,922
End of year, June 30			<u>\$ 31,742</u>		<u>\$ 21,720</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, 2006

	2006			Variance with Final Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Ad valorem taxes:					
Current year	\$ 1,497	\$ 1,497	\$ 1,682	\$ 185	\$ 1,338
Prior years taxes	-	-	6	\$ 6	-
Interest	-	-	6	6	4
Total ad valorem taxes	<u>1,497</u>	<u>1,497</u>	<u>1,694</u>	<u>197</u>	<u>1,342</u>
Investment earnings	-	-	93	93	17
Total revenues	<u>1,497</u>	<u>1,497</u>	<u>1,787</u>	<u>290</u>	<u>1,359</u>
Expenditures:					
Current:					
Environmental protection:	1,497	1,497	-	1,497	-
Total expenditures	<u>1,497</u>	<u>1,497</u>	<u>-</u>	<u>1,497</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	1,787	<u>\$ 1,787</u>	1,359
Fund balances:					
Beginning of year, July 1			1,359		-
End of year, June 30			<u>\$ 3,146</u>		<u>\$ 1,359</u>



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, 2006

	2006			Variance with Final Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Revenues:</b>					
Ad valorem taxes:					
Current year	\$ 196,610	\$ 196,610	\$ 227,847	\$ 31,237	\$ 182,923
Prior year taxes	-	-	1,566	1,566	306.00
Interest	175	175	460	285	222
Total ad valorem taxes	<u>196,785</u>	<u>196,785</u>	<u>229,873</u>	<u>33,088</u>	<u>183,451</u>
Investment earnings	<u>3,500</u>	<u>3,500</u>	<u>21,056</u>	<u>17,556</u>	<u>7,091</u>
Total revenues	<u>200,285</u>	<u>200,285</u>	<u>250,929</u>	<u>50,644</u>	<u>190,542</u>
<b>Expenditures:</b>					
Current:					
Environmental protection:	<u>450,285</u>	<u>450,285</u>	<u>4,613</u>	<u>445,672</u>	<u>33,425</u>
Total expenditures	<u>450,285</u>	<u>450,285</u>	<u>4,613</u>	<u>445,672</u>	<u>33,425</u>
Revenues over (under) expenditures	\$ (250,000)	\$ (250,000)	246,316	\$ 496,316	157,117
Appropriated fund balance	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>
Revenues, other finance sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	246,316	<u>\$ 246,316</u>	157,117
<b>Fund balances:</b>					
Beginning of year, July 1			<u>316,429</u>		<u>159,312</u>
End of year, June 30			<u>\$ 562,745</u>		<u>\$ 316,429</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, 2006

	2006			Variance with Final Positive (Negative)	2005
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Investment earnings	-	-	63,497	63,497	28,270
Total revenues	-	-	63,497	63,497	28,270
<b>Expenditures:</b>					
Capital outlay	300,000	300,000	-	300,000	591,578
Total expenditures	300,000	300,000	-	300,000	591,578
Revenues over (under) expenditures	(300,000)	(300,000)	63,497	363,497	(563,308)
<b>Other finances sources:</b>					
Transfers from transfer tax fund	300,000	300,000	300,000	-	300,000
Revenues and other finance sources over (under) expenditures	\$ -	\$ -	363,497	\$ 363,497	(263,308)
<b>Fund balances:</b>					
Beginning of year, July 1			1,538,688		1,801,996
End of year, June 30			<u>\$ 1,902,185</u>		<u>\$ 1,538,688</u>

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, 2006

	2006			Variance with Final Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Revenues:</b>					
Other taxes and licenses:					
Article 40 supplemental sales tax	699,946	699,946	827,214	127,268	673,982
Article 42 supplemental sales tax	392,226	392,226	466,311	74,085	379,412
Investment earnings	25,000	25,000	71,246	46,246	45,008
Total revenues	<u>1,117,172</u>	<u>1,117,172</u>	<u>1,364,771</u>	<u>247,599</u>	<u>1,098,402</u>
<b>Expenditures:</b>					
Contingency	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	1,117,172	1,117,172	1,364,771	247,599	1,098,402
<b>Other financing uses:</b>					
Transfers to other funds:					
General fund	200,000	200,000	200,000	-	200,000
County Government Facilities fund	1,000,000	2,000,000	2,000,000	-	1,000,000
Total other financing uses	<u>1,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>	<u>1,200,000</u>
Revenues and appropriated fund balance over (under) other financing uses	<u>(82,828)</u>	<u>(1,082,828)</u>	<u>(835,229)</u>	<u>247,599</u>	<u>(101,598)</u>
Appropriated fund balance	82,828	1,082,828	-	(1,082,828)	-
Revenues, other financing uses and appropriated fund balance over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(835,229)</u>	<u>\$ (835,229)</u>	<u>(101,598)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			2,348,795		2,450,393
End of year, June 30			<u>\$ 1,513,566</u>		<u>\$ 2,348,795</u>

County of Currituck, North Carolina  
**School Capital Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2006

	2006			Variance with Final Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Other taxes and licenses:					
Article 40 supplemental sales tax	302,918	302,918	354,520	51,602	288,850
Article 42 supplemental sales tax	594,107	594,107	699,466	105,359	569,118
Investment earnings	-	-	8,505	8,505	6,406
Total revenues	897,025	897,025	1,062,491	165,466	864,374
Other financing uses:					
Transfers to other funds:					
General fund	897,025	897,025	897,025	-	832,877
Total other financing uses	897,025	897,025	897,025	-	832,877
Revenues over other financing sources	\$ -	\$ -	165,466	\$ 165,466	31,497
Fund balances:					
Beginning of year, July 1			434,675		403,178
End of year, June 30			\$ 600,141		\$ 434,675

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, 2006

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
<b>Intergovernmental revenues:</b>					
State aid to airports	\$ 2,947,500	\$ 1,824,046	\$ 139,590	\$ 1,963,636	\$ (983,864)
Park grant	250,000	250,000	-	250,000	-
Total	3,197,500	2,074,046	139,590	2,213,636	(983,864)
Investment earnings	1,174,149	604,483	455,457	1,059,940	(114,209)
Total revenues	4,371,649	2,678,529	595,047	3,273,576	(1,098,073)
<b>Expenditures</b>					
<b>Public safety:</b>					
Maple Law Enforcement Center and Jail	3,290,385	3,245,983	21,674	3,267,657	22,728
Jail Kitchen	1,883,764	46,047	67,878	113,925	1,769,839
Knotts Island Fire Station	52,500	-	5,884	5,884	46,616
Public Safety Communications Equipm	1,632,822	-	426,886	426,886	1,205,936
Waterlily Fire Station	1,002,500	256,493	577,344	833,837	168,663
Total public safety	7,861,971	3,548,523	1,099,666	4,648,189	3,213,782
<b>Economic and physical development:</b>					
Cooperative extension building	8,400,000	670,966	203,318	874,284	7,525,716
<b>Transportation:</b>					
Airport terminal building	500,000	495,753	1,447	497,200	2,800
Hangar #3 FY 2006	71,600	-	9,691	9,691	61,909
Partial parallel and connector taxiway	700,000	57,824	22,619	80,443	619,557
Runway expansion and environmental assessment	2,425,000	1,900,759	455,349	2,356,108	68,892
Total transportation	3,696,600	2,454,336	489,106	2,943,442	753,158
<b>Cultural and recreational:</b>					
Community park development	2,500,000	2,282,870	98,473	2,381,343	118,657
Recreation facility - Maple	770,000	24,250	51,836	76,086	693,914
Total cultural and recreational	3,270,000	2,307,120	150,309	2,457,429	812,571
Total expenditures	23,228,571	8,980,945	1,942,399	10,923,344	12,305,227
Revenues under expenditures	(18,856,922)	(6,302,416)	(1,347,352)	(7,649,768)	(13,403,300)
<b>Other financing sources:</b>					
<b>Transfers from other funds:</b>					
General fund	6,069,100	5,748,334	2,071,600	7,819,934	1,750,834
Capital improvements fund	1,000,000	2,500,000	2,000,000	4,500,000	3,500,000
Transfer tax capital fund	11,287,822	4,702,500	8,085,322	12,787,822	1,500,000
Total other financing sources	18,356,922	12,950,834	12,156,922	25,107,756	6,750,834
Revenues and other sources over (under) expenditures	\$ (500,000)	\$ 6,648,418	10,809,570	\$ 17,457,988	\$ 17,957,988
Appropriated fund balance	500,000	-	-	-	(500,000)
Revenues, other sources and appropriated fund balance over (under) expenditures	\$ -	\$ 6,648,418	10,809,570	\$ 17,457,988	\$ 17,457,988
<b>Fund balances:</b>					
Beginning of year, July 1			7,637,436		
End of year, June 30			<u>\$ 18,447,006</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, 2006

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Public School Capital Building Fund	620,980	-	620,980	620,980	0
Investment earnings	571,633	1,339,973	408,782	1,748,755	1,177,122
Total revenues	1,192,613	1,339,973	1,029,762	2,369,735	1,177,122
<b>Expenditures</b>					
Intergovernmental - education:					
Currituck County High School Modular Class	300,000	-	300,000	300,000	-
Jarvisburg Elementary School construction	-	-	397,374	397,374	(397,374)
Moyock Elementary School, renovation	1,850,000	710,764	1,091,068	1,801,832	48,168
Moyock Middle School, construction	7,286,478	7,286,039	-	7,286,039	439
Moyock Middle School Modular Classes	100,000	-	100,000	100,000	-
Shawboro Elementary School construction	2,677,000	-	1,360,051	1,360,051	1,316,949
Total expenditures	12,213,478	7,996,803	3,248,493	11,245,296	968,182
Revenues over (under) expenditures	(11,020,865)	(6,656,830)	(2,218,731)	(8,875,561)	208,940
Other financing sources:					
Transfers from					
General Fund	-	4,000,000	1,300,407	5,300,407	5,300,407
Transfer Tax Capital Fund	10,870,865	9,961,396	1,880,000	11,841,396	970,531
Total other financing sources	10,870,865	13,961,396	3,180,407	17,141,803	6,270,938
Revenues and other sources over (under) expenditures	\$ (150,000)	\$ 7,304,566	961,676	\$ 8,266,242	\$ 6,479,878
Appropriated fund balance	150,000	-	-	-	(150,000)
Revenues, other sources and appropriated fund balance over (under) expenditures	\$ -	\$ 7,304,566	961,676	\$ 8,266,242	\$ 8,266,242
Fund balances:					
Beginning of year, July 1			10,156,292		
End of year, June 30			\$ 11,117,968		

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, 2006

	2006			Variance with Final Positive (Negative)	2005
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>Revenues:</b>					
Other taxes and licenses					
Land transfer tax	4,567,519	5,447,519	4,901,640	(545,879)	7,508,030
Investment earnings	59,467	59,467	359,893	300,426	200,395
Total revenues	<u>4,626,986</u>	<u>5,506,986</u>	<u>5,261,533</u>	<u>(245,453)</u>	<u>7,708,425</u>
<b>Expenditures:</b>					
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>4,626,286</u>	<u>5,506,286</u>	<u>5,261,533</u>	<u>(244,753)</u>	<u>7,708,425</u>
<b>Other financing uses:</b>					
Transfers to general fund	57,257	57,257	57,257	-	176,779
Transfers to County government facilities	3,269,029	8,085,322	8,085,322	-	2,502,500
Transfers to school facilities fund	1,000,000	1,880,000	1,880,000	-	1,000,000
Transfers to land banking fund	300,000	300,000	300,000	-	300,000
Transfers to mainland water fund	-	-	-	-	379,513
Total other financing uses	<u>4,626,286</u>	<u>10,322,579</u>	<u>10,322,579</u>	<u>-</u>	<u>4,358,792</u>
Revenues and other financing uses over (under) expenditures	-	(4,816,293)	(5,061,046)	(244,753)	3,349,633
Appropriated fund balance	-	<u>4,816,293</u>	-	<u>(4,816,293)</u>	-
Revenues, other financing uses and appropriated fund balance over expenditures	<u>\$ -</u>	<u>\$ -</u>	(5,061,046)	<u>\$ (5,061,046)</u>	3,349,633
<b>Fund balances:</b>					
Beginning of year, July 1			11,194,180		7,844,547
End of year, June 30			<u>\$ 6,133,134</u>		<u>\$ 11,194,180</u>

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**County of Currituck, North Carolina**  
**Combining Statement of Net Assets**  
**Non-Major Proprietary Funds**  
**June 30, 2006**

	Enterprise Funds		Totals	
	Newtown	Moyock	June 30 2006	June 30 2005
	Road Sewer Fund	Commons Sewer Fund		
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 31,746	\$ 154,876	\$ 186,622	\$ 152,932
Taxes receivable, net	-	73	73	985
Receivables, net	718	4,263	4,981	8,330
Total current assets	<u>32,464</u>	<u>159,212</u>	<u>191,676</u>	<u>162,247</u>
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	87,000	-	87,000	87,000
Other capital assets, net of depreciation	273,731	26,968	300,699	290,839
Total capital assets	<u>360,731</u>	<u>26,968</u>	<u>387,699</u>	<u>377,839</u>
Total assets	<u>393,195</u>	<u>186,180</u>	<u>579,375</u>	<u>540,086</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	28	4,489	4,517	4,926
Customer deposits	215	-	215	216
Total liabilities	<u>243</u>	<u>4,489</u>	<u>4,732</u>	<u>5,142</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	360,731	26,968	387,699	377,839
Unrestricted	32,221	154,723	186,944	157,105
Total net assets	<u>\$ 392,952</u>	<u>\$ 181,691</u>	<u>\$ 574,643</u>	<u>\$ 534,944</u>

**County of Currituck, North Carolina**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Non-Major Proprietary Funds**  
**For the Year Ended June 30, 2006**

	<b>Enterprise Funds</b>			
	<b>Newtown</b>	<b>Moyock</b>	<b>Totals</b>	
	<b>Road Sewer Fund</b>	<b>Commons Sewer Fund</b>	<b>June 30, 2006</b>	<b>June 30, 2005</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 8,164	\$ 72,373	\$ 80,537	\$ 74,768
Miscellaneous	50	399	449	716
Total operating revenues	<u>8,214</u>	<u>72,772</u>	<u>80,986</u>	<u>75,484</u>
<b>OPERATING EXPENSES</b>				
Administration	645	2,852	3,497	1,547
Water and sewer district	5,916	57,743	63,659	71,572
Depreciation	17,108	658	17,766	16,942
Total operating expenses	<u>23,669</u>	<u>61,253</u>	<u>84,922</u>	<u>90,061</u>
Operating income (loss)	<u>(15,455)</u>	<u>11,519</u>	<u>(3,936)</u>	<u>(14,577)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Tax revenue	-	36,913	36,913	30,880
Interest and investment revenue	1,153	5,569	6,722	2,723
Total nonoperating revenue (expenses)	<u>1,153</u>	<u>42,482</u>	<u>43,635</u>	<u>33,603</u>
Change in net assets	(14,302)	54,001	39,699	19,026
Total net assets - beginning	407,254	127,690	534,944	515,918
Total net assets - ending	<u>\$ 392,952</u>	<u>\$ 181,691</u>	<u>\$ 574,643</u>	<u>\$ 534,944</u>

**County of Currituck, North Carolina**  
**Combining Statement of Cash Flows**  
**Non-Major Proprietary Fund**  
**For The Fiscal Year Ended June 30, 2006**

	Newtown Road Sewer Fund	Moyock Commons Sewer Fund	Totals	
			June 30, 2006	June 30, 2005
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 8,314	\$ 75,572	\$ 83,886	\$ 72,247
Cash paid for goods and services	(8,004)	(59,562)	(67,566)	(74,042)
Customer deposits received	-	-	-	-
Customer deposits returned	-	-	-	-
Other operating revenue	50	399	449	716
Net cash provided (used) by operating activities	<u>360</u>	<u>16,409</u>	<u>16,769</u>	<u>(1,079)</u>
<b>Cash flows from noncapital financing activities:</b>				
Tax revenues	-	37,825	37,825	31,415
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	-	(27,626)	(27,626)	-
<b>Cash flows from investing activities:</b>				
Interest on investments	1,153	5,569	6,722	2,723
Net increase (decrease) in cash and cash equivalents	1,513	32,177	33,690	33,059
Cash and cash equivalents, July 1	30,233	122,699	152,932	119,873
Cash and cash equivalents, June 30	<u>\$ 31,746</u>	<u>\$ 154,876</u>	<u>\$ 186,622</u>	<u>\$ 152,932</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (15,455)	\$ 11,519	\$ (3,936)	\$ (14,577)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	17,108	658	17,766	16,942
Changes in assets and liabilities:				
Increase (decrease) in accounts receivable	150	3,199	3,349	(2,521)
Increase (decrease) in accounts payable and accrued liabilities	(1,443)	1,033	(410)	(923)
Increase in customer deposits	-	-	-	-
Total adjustments	<u>15,815</u>	<u>4,890</u>	<u>20,705</u>	<u>13,498</u>
Net cash provided (used) by operating activities	<u>\$ 360</u>	<u>\$ 16,409</u>	<u>\$ 16,769</u>	<u>\$ (1,079)</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, 2006

	2006		2005	
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Charges for services:				
Sewer charges	\$ -	\$ 7,881	\$ -	\$ 7,360
Penalties and interest, sewer	-	283	-	388
Other operating revenues, sewer	-	50	-	165
Total, sewer operating revenues	<u>8,384</u>	<u>8,214</u>	<u>(170)</u>	<u>7,913</u>
Nonoperating revenues:				
Interest earnings	<u>400</u>	<u>1,153</u>	<u>753</u>	<u>562</u>
Total revenues	<u>8,784</u>	<u>9,367</u>	<u>583</u>	<u>8,475</u>
<b>Expenditures:</b>				
Administration:				
Telephone and postage	-	11	-	1
Administrative expenses	-	634	-	-
	<u>684</u>	<u>645</u>	<u>39</u>	<u>1</u>
Sewer treatment operations:				
Utilities	-	1,197	-	273
Gas, oil, etc.	-	-	-	48
Repairs and maintenance	-	1,231	-	2,646
Lab tests	-	1,380	-	1,200
System supplies	-	536	-	80
Contracted services	-	1,572	-	982
Total	<u>7,100</u>	<u>5,916</u>	<u>1,184</u>	<u>5,229</u>
Capital outlay	<u>1,000</u>	-	<u>1,000</u>	-
Total expenditures	<u>8,784</u>	<u>6,561</u>	<u>2,223</u>	<u>5,230</u>
Revenues over expenditures	<u>\$ -</u>	<u>2,806</u>	<u>\$ 2,806</u>	<u>3,245</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
Reconciling items:				
Depreciation		<u>(17,108)</u>		<u>(16,942)</u>
Total reconciling items		<u>(17,108)</u>		<u>(16,942)</u>
Change in net assets		<u>\$ (14,302)</u>		<u>\$ (13,697)</u>

County of Currituck, North Carolina  
Moyock Commons Sewer Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2006

	2006			Variance	2005
	Original Budget	Final Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>					
Charges for services:					
Sewer charges	\$ -	\$ -	\$ 72,373	\$ -	\$ 67,020
Penalties and interest	-	-	399	-	551
Total, sewer operating revenues	<u>43,776</u>	<u>43,776</u>	<u>72,772</u>	<u>28,996</u>	<u>67,571</u>
Nonoperating revenues:					
Tax revenue	-	-	36,913	-	30,880
Unrestricted intergovernmental revenues	-	-	-	-	-
Interest earnings	-	-	5,569	-	2,161
Total nonoperating revenues	<u>33,075</u>	<u>37,575</u>	<u>42,482</u>	<u>4,907</u>	<u>33,041</u>
Appropriated retained earnings	-	23,500	-	(23,500)	-
Total revenues and appropriated retained earnings	<u>76,851</u>	<u>104,851</u>	<u>115,254</u>	<u>10,403</u>	<u>100,612</u>
<b>Expenditures:</b>					
Administration:					
Telephone and postage	-	-	282	-	286
Administration	-	-	1,101	-	-
Supplies	-	-	361	-	153
Dues and subscriptions	-	-	1,090	-	1,090
Software license fees	-	-	18	-	17
	<u>3,351</u>	<u>3,351</u>	<u>2,852</u>	<u>499</u>	<u>1,546</u>
Sewer treatment operations:					
Utilities	-	-	5,448	-	6,874
Repairs and maintenance	-	-	8,987	-	11,908
Lab tests	-	-	7,756	-	5,239
Chemicals	-	-	2,883	-	1,110
Contracted services	-	-	32,669	-	33,762
Professional services	-	-	-	-	7,450
Total	<u>71,500</u>	<u>71,500</u>	<u>57,743</u>	<u>13,757</u>	<u>66,343</u>
Capital outlay	<u>2,000</u>	<u>30,000</u>	<u>27,626</u>	<u>2,374</u>	<u>-</u>
Total expenditures	<u>76,851</u>	<u>104,851</u>	<u>88,221</u>	<u>16,630</u>	<u>67,889</u>
Revenues and appropriated retained earnings over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>27,033</u>	<u>\$ 27,033</u>	<u>32,723</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>					
Capital outlays			27,626		-
Depreciation			(658)		-
Change in net assets			<u>\$ 54,001</u>		<u>\$ 32,723</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, 2006

	2006			2005	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>					
Charges for services:					
Water sales	\$ -	\$ -	\$ 719,622	\$ -	\$ 132,617
Water tap fees	-	-	1,018,228	-	923,952
Penalties and interest	-	-	15,893	-	19,552
Other operating revenues	-	-	2,749	-	270
<b>Total, water operating revenues</b>	<b>2,005,725</b>	<b>2,115,914</b>	<b>1,756,492</b>	<b>(359,422)</b>	<b>1,076,391</b>
Nonoperating revenues:					
Administration	-	-	31,476	-	-
Insurance recovery	-	-	2,811	-	-
Interest earnings	-	-	548	-	29,075
<b>Total nonoperating revenues</b>	<b>30,000</b>	<b>32,811</b>	<b>34,835</b>	<b>2,024</b>	<b>29,075</b>
<b>Total revenues</b>	<b>2,035,725</b>	<b>2,148,725</b>	<b>1,791,327</b>	<b>(357,398)</b>	<b>1,105,466</b>
Other financing sources:					
Proceeds from debt issuance	-	-	-	-	-
Transfer from operating fund	-	-	200,000	-	-
	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>	<b>-</b>
Appropriated retained earnings	130,571	430,571	-	(430,571)	-
<b>Total revenues and     other financing sources</b>	<b>2,366,296</b>	<b>2,779,296</b>	<b>1,991,327</b>	<b>(787,969)</b>	<b>1,105,466</b>
<b>Expenditures:</b>					
Administration:					
Salaries and benefits	-	-	79,476	-	239,316
Telephone and postage	-	-	9,702	-	4,083
Advertising	-	-	686	-	908
Supplies	-	-	69,564	-	6,592
Dues and subscriptions	-	-	1,095	-	2,340
Other administrative expenditures	-	-	57,838	-	4,500
<b>Total administration expenditures</b>	<b>239,275</b>	<b>239,275</b>	<b>218,361</b>	<b>20,914</b>	<b>257,739</b>

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, 2006

	2006			2005	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Water treatment operations:					
Salaries and benefits	-	-	233,868	-	-
Utilities	-	-	62,216	-	22,606
Gas, oil, etc	-	-	9,747	-	5,490
Repairs and maintenance	-	-	32,877	-	27,207
Lab tests	-	-	16,170	-	21,672
Chemicals	-	-	45,240	-	28,579
Uniforms	-	-	2,438	-	1,625
Contracted services	-	-	17,878	-	298,063
Professional services	-	-	27,207	-	565,683
Total water treatment operations	<u>514,825</u>	<u>514,825</u>	<u>447,641</u>	<u>67,184</u>	<u>970,925</u>
Debt service:					
Interest and other charges	-	-	290,344	-	320,238
Debt principal	-	-	879,034	-	849,140
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	442,818	855,818	835,454	20,364	3,819,956
Total expenditures	<u>2,366,296</u>	<u>2,779,296</u>	<u>2,670,834</u>	<u>108,462</u>	<u>6,217,998</u>
Revenues, other financing sources and appropriated retained earnings over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(679,507)	<u>\$ (679,507)</u>	(5,112,532)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>					
Reconciling items:					
Capital outlays			835,454		3,819,956
Debt principal			879,034		849,140
Accrued vacation			(4,559)		(2,007)
Depreciation			(725,134)		(441,106)
Total reconciling items			<u>984,795</u>		<u>4,225,983</u>
Change in net assets			<u>\$ 305,288</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, 2006

	2006			Variance Positive (Negative)	2005
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Operating revenues:					
Charges for services:					
Solid waste disposal charges	\$ -	\$ -	\$ 1,762,965	\$ -	\$ 1,717,825
Tipping fees	-	-	1,028,834	-	100,790
Total	<u>1,798,500</u>	<u>1,770,700</u>	<u>2,791,799</u>	<u>1,021,099</u>	<u>1,818,615</u>
Nonoperating revenues:					
Ad valorem taxes	-	-	1,961,452	-	1,468,705
White goods tax	-	-	27,241	-	8,012
Tire tax	-	-	30,342	-	20,519
Other solid waste grants	-	-	-	-	21,967
Investment earnings	-	-	127,977	-	70,422
Total	<u>1,736,509</u>	<u>2,427,409</u>	<u>2,147,012</u>	<u>(280,397)</u>	<u>1,589,625</u>
Appropriated retained earnings	<u>227,947</u>	<u>227,947</u>	<u>-</u>	<u>(227,947)</u>	<u>-</u>
Total revenues and appropriated retained earnings	<u>3,762,956</u>	<u>4,426,056</u>	<u>4,938,811</u>	<u>512,755</u>	<u>3,408,240</u>
<b>Expenditures:</b>					
Solid waste administration:					
Travel	-	-	474	-	-
Telephone and postage	-	-	293	-	317
Other administrative expenditures	-	-	21,878	-	(31)
Total	<u>21,997</u>	<u>22,697</u>	<u>22,645</u>	<u>52</u>	<u>286</u>
Solid waste operations:					
Salaries and employee benefits	-	-	-	-	-
Utilities	-	-	3,782	-	3,186
Repair and maintenance	-	-	9,619	-	8,036
Rent	-	-	21,900	-	18,900
Gas, oil, etc.	-	-	-	-	1,633
Supplies	-	-	2,023	-	1,558
Uniforms	-	-	-	-	-
Contract services, other	-	-	39,863	-	70,695
Contract services, collection	-	-	1,448,578	-	1,364,655
Contract services, disposal	-	-	2,249,641	-	2,021,743
Site work and landscaping	-	-	19,190	-	16,347
White goods disposal	-	-	19,099	-	25,895
Tire disposal	-	-	31,605	-	27,095
Monitoring wells	-	-	4,500	-	4,500



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, 2006

	2006			Variance Positive (Negative)	2005
	Original Budget	Final Budget	Actual		Actual
Recycling	-	-	289,677	-	277,270
Total	<u>3,531,359</u>	<u>4,202,759</u>	<u>4,139,477</u>	<u>63,282</u>	<u>3,841,513</u>
Capital outlays	209,600	200,600	102,896	97,704	4,101
Total expenditures	<u>3,762,956</u>	<u>4,426,056</u>	<u>4,265,018</u>	<u>161,038</u>	<u>3,845,900</u>
Revenues and appropriated retained earnings over expenditures	<u>\$ -</u>	<u>\$ -</u>	673,793	<u>\$ 673,793</u>	(437,660)
 <b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>					
Reconciling items:					
Capital outlays			102,896		4,101
Depreciation			(73,290)		(32,235)
Total reconciling items			<u>29,606</u>		<u>(28,134)</u>
Change in net assets			<u>\$ 703,399</u>		<u>\$ (465,794)</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, 2006

	2006			Variance Positive (Negative)	2005
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Charges for services:					
Water sales	\$ -	\$ -	\$ 472,506	\$ -	\$ 265,108
Water impact fees	-	-	5,000	-	15,000
Water tap fees	-	-	1,125	-	4,600
Penalties and interest, water	-	-	6,454	-	2,525
Other operating revenues, water	-	-	963	-	1,113
Total, water operating revenues	<u>177,500</u>	<u>216,475</u>	<u>486,048</u>	<u>269,573</u>	<u>288,346</u>
Sewer charges	-	-	308,177	-	263,457
Sewer impact fees	-	-	5,000	-	19,900
Sewer tap fees	-	-	1,125	-	4,600
Penalties and interest, sewer	-	-	5,342	-	2,547
Other operating revenues, sewer	-	-	963	-	1,113
Total, sewer operating revenues	<u>305,500</u>	<u>305,500</u>	<u>320,607</u>	<u>15,107</u>	<u>291,617</u>
Total operating revenues	<u>483,000</u>	<u>521,975</u>	<u>806,655</u>	<u>284,679</u>	<u>579,962</u>
Nonoperating revenues:					
Tax revenue	-	-	104,750	-	351,737
Interest earnings	-	-	157,373	-	78,065
Total nonoperating revenues	<u>149,641</u>	<u>149,641</u>	<u>262,123</u>	<u>112,482</u>	<u>429,802</u>
Total revenues	<u>632,641</u>	<u>671,616</u>	<u>1,068,778</u>	<u>397,162</u>	<u>1,009,764</u>
Appropriated retained earnings	<u>995,059</u>	<u>995,059</u>	-	<u>(995,059)</u>	-
Total revenues and appropriated retained earnings	<u>1,627,700</u>	<u>1,666,675</u>	<u>1,068,778</u>	<u>(597,897)</u>	<u>1,009,764</u>
<b>Expenditures:</b>					
Administration:					
Telephone and postage	-	-	2,682	-	1,671
Fuel	-	-	-	-	250
Supplies	-	-	6,132	-	1,232
Dues and subscriptions	-	-	1,765	-	2,065
Software license fees	-	-	304	-	289
Contract services	-	-	40,510	-	12,346
	<u>53,000</u>	<u>56,175</u>	<u>51,393</u>	<u>4,782</u>	<u>17,853</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, 2006

	2006			Variance Positive (Negative)	2005
	Original Budget	Final Budget	Actual		Actual
<b>Water treatment operations:</b>					
Utilities	-	-	5,412	-	18,466
Repairs and maintenance	-	-	18,119	-	18,561
Lab tests	-	-	5,387	-	4,254
System supplies	-	-	26,804	-	565
Chemicals	-	-	-	-	9,117
Contracted services	-	-	849	-	55,565
Professional services	-	-	15,857	-	-
<b>Total</b>	<b>142,450</b>	<b>140,250</b>	<b>72,428</b>	<b>67,822</b>	<b>106,528</b>
<b>Sewer treatment operations:</b>					
Utilities	-	-	46,044	-	54,318
Repairs and maintenance	-	-	92,247	-	68,290
Lab tests	-	-	15,569	-	13,451
System supplies	-	-	1,920	-	872
Chemicals	-	-	9,214	-	5,718
Contracted services	-	-	142,649	-	146,079
Professional services	-	-	14,376	-	-
<b>Total</b>	<b>320,350</b>	<b>358,350</b>	<b>322,019</b>	<b>36,331</b>	<b>288,728</b>
Capital outlay	1,111,900	1,111,900	290,004	821,896	-
<b>Total expenditures</b>	<b>1,627,700</b>	<b>1,666,675</b>	<b>735,844</b>	<b>930,831</b>	<b>413,109</b>
<b>Revenues and appropriated retained earnings over expenditures</b>	<b>-</b>	<b>-</b>	<b>332,934</b>	<b>332,934</b>	<b>596,655</b>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>					
Reconciling items:					
Capital outlays			290,004		-
Depreciation			(350,260)		(133,230)
<b>Total reconciling items</b>			<b>(60,256)</b>		<b>(133,230)</b>
Change in net assets			<b>\$ 272,678</b>		<b>\$ 463,425</b>

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, 2006

	2006			Variance Positive (Negative)	2005
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Charges for services:					
Water sales	\$ -	\$ -	\$ 1,569,565	\$ -	\$ 1,594,567
Water tap fees	-	-	1,403,915	-	567,000
Reconnection fees	-	-	26,895	-	29,203
Penalties and interest	-	-	46,469	-	44,629
Total	<u>2,187,776</u>	<u>2,187,776</u>	<u>3,046,844</u>	<u>859,068</u>	<u>2,235,399</u>
Nonoperating revenues:					
Interest earnings	-	-	175,735	-	82,340
Other nonoperating revenues	-	-	72,177	-	6,990
Total nonoperating revenues	<u>61,216</u>	<u>61,216</u>	<u>247,912</u>	<u>186,696</u>	<u>89,330</u>
Total revenues	<u>2,248,992</u>	<u>2,248,992</u>	<u>3,294,756</u>	<u>1,045,764</u>	<u>2,324,729</u>
Other financing sources (uses):					
Transfer from operating fund	-	300,000	19,040	(280,960)	-
Transfer from transfer tax capital fund	-	-	-	-	379,513
	<u>-</u>	<u>300,000</u>	<u>19,040</u>	<u>(280,960)</u>	<u>379,513</u>
Appropriated retained earnings	<u>3,648,725</u>	<u>3,656,215</u>	<u>-</u>	<u>(3,656,215)</u>	<u>-</u>
Total revenues, other financing sources and appropriated retained earnings	<u>5,897,717</u>	<u>6,205,207</u>	<u>3,313,796</u>	<u>(2,891,411)</u>	<u>2,704,242</u>
<b>Expenditures:</b>					
Administration:					
Salaries and benefits	-	-	41,248	-	38,316
Administrative support	-	-	92,258	-	79,000
Credit card fees	-	-	3,861	-	-
Telephone and postage	-	-	20,164	-	17,480
Travel	-	-	4,043	-	1,972
Training and education	-	-	2,143	-	946
Advertising	-	-	2,432	-	1,055
Supplies	-	-	5,753	-	5,527
Dues and subscriptions	-	-	2,665	-	2,480
Software license fees	-	-	1,397	-	1,327
Other administration	-	-	60	-	13
	<u>174,530</u>	<u>174,530</u>	<u>176,024</u>	<u>(1,493)</u>	<u>148,116</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, 2006

	2006			Variance Positive (Negative)	2005
	Original Budget	Final Budget	Actual		Actual
Water treatment operations:					
Salaries and benefits	-	-	466,742	-	465,303
Utilities	-	-	67,229	-	61,289
Repairs and maintenance	-	-	135,493	-	58,015
Gas, oil, etc.	-	-	23,920	-	15,868
Lab tests	-	-	9,110	-	12,969
Chemicals	-	-	28,653	-	29,104
Uniforms	-	-	1,348	-	1,454
Purchase of water from another	-	-	223,084	-	232,871
Contracted services	-	-	1,850	-	1,975
Professional services	-	-	205,869	-	57,705
Total	<u>1,339,552</u>	<u>1,339,552</u>	<u>1,163,298</u>	<u>176,253</u>	<u>936,553</u>
Debt service:					
Interest and other charges	-	-	149,135	-	158,335
Debt principal	-	-	245,000	-	230,000
Total	<u>394,135</u>	<u>394,135</u>	<u>394,135</u>	<u>-</u>	<u>388,335</u>
Capital outlay	<u>3,989,500</u>	<u>4,296,990</u>	<u>748,660</u>	<u>3,240,840</u>	<u>707,594</u>
Total expenditures	<u>5,897,717</u>	<u>6,205,207</u>	<u>2,482,117</u>	<u>3,415,600</u>	<u>2,180,598</u>
Revenues and appropriated retained earnings over expenditures	<u>\$ -</u>	<u>\$ -</u>	831,679	<u>\$ 831,679</u>	523,644
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>					
Reconciling items:					
Capital outlays			748,660		707,594
Debt principal			245,000		230,000
Depreciation			(542,853)		(487,521)
Amortization of issuance costs, refunding costs and premium			(588)		(588)
Accrued vacation			(7,607)		24,664
Total reconciling items			<u>442,612</u>		<u>474,149</u>
Change in net assets			<u>\$ 1,274,291</u>		<u>\$ 997,793</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, 2006

	Balance July 1 2005	Additions	Deductions	Balance June 30 2006
<b>Social Services</b>				
Assets:				
Cash and cash equivalents	\$ 13,492	\$ 95,978	\$ 80,322	\$ 29,148
Liabilities:				
Accounts Payable	\$ 13,492	\$ 95,978	\$ 80,322	\$ 29,148
<b>Fines and Forfeitures</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 407,274	\$ 407,274	\$ -
Due from other governments	29,853	27,717	29,853	27,717
Total assets	<u>\$ 59,547</u>	<u>\$ 434,991</u>	<u>\$ 437,127</u>	<u>\$ 27,717</u>
Liabilities:				
Intergovernmental payable	<u>\$ 29,853</u>	<u>\$ 405,138</u>	<u>\$ 407,274</u>	<u>\$ 27,717</u>
<b>Motor Vehicle Tax</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 999	\$ 741	\$ 258
Liabilities:				
Intergovernmental payable	<u>\$ -</u>	<u>\$ 999</u>	<u>\$ 741</u>	<u>\$ 258</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 13,492	\$ 504,251	\$ 488,337	\$ 29,406
Due from other governments	29,853	27,717	29,853	27,717
Total assets	<u>\$ 43,345</u>	<u>\$ 531,968</u>	<u>\$ 518,190</u>	<u>\$ 57,123</u>
Liabilities:				
Accounts payable	13,492	95,978	80,322	29,148
Intergovernmental payable	29,853	406,137	408,015	27,975
Total liabilities	<u>\$ 43,345</u>	<u>\$ 502,115</u>	<u>\$ 488,337</u>	<u>\$ 57,123</u>

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County of Currituck, North Carolina  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
June 30, 2006

Fiscal Year	Uncollected Balance June 30, 2005	Additions	Collections And Credits	Uncollected Balance June 30, 2006
2005-2006	\$ -	\$ 24,831,240 (a)	\$ 24,362,991 (b)	\$ 468,249 (c)
2004-2005	418,402	109,509	407,457	120,454
2003-2004	119,493	10,265	73,248	56,510
2002-2003	75,525	3,228	30,976	47,777
2001-2002	45,515	-	16,647	28,868
2000-2001	46,037	-	9,736	36,301
1999-2000	20,729	-	5,931	14,798
1998-1999	15,707	-	3,899	11,808
1997-1998	13,525	-	1,332	12,193
1996-1997	15,338	-	1,636	13,702
1995-1996	14,963	-	14,963	-
	785,234	24,954,242	24,928,816 (d)	810,660
Plus: uncollected 2005-2006 ad valorem taxes receivable on annually registered vehicles				36,270
Less: allowance for uncollectible accounts:				
General Fund				(10,521)
Solid Waste Fund				(402)
Ad valorem taxes receivable - net:				\$ 836,007
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 23,061,695
Ad valorem taxes - Solid Waste Fund				\$ 1,961,452
				\$ 25,023,147
Reconciling items:				
Interest collected				(112,388)
Taxes written off				18,057
Total reconciling items				(94,331)
Total collections and credits				\$ 24,928,816 (d)

County of Currituck, North Carolina  
**Analysis of Current Tax Levy**  
**County - wide Levy**  
For the Fiscal Year Ended June 30, 2006

	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	\$ 7,661,226,333	0.32	\$ 24,515,924	\$ 24,020,677	\$ 495,413
Motor vehicles taxed at prior year's rate	72,652,419	0.62	450,867	-	450,867
Penalties	-		12,510	12,510	-
<b>Total</b>	<u>7,733,878,752</u>		<u>24,979,301</u>	<u>24,033,187</u>	<u>946,280</u>
Discoveries:					
Current year taxes	1,284,667	0.32	4,109	4,109	-
Penalties	-		152	152	-
<b>Total</b>	<u>1,284,667</u>		<u>4,261</u>	<u>4,261</u>	<u>-</u>
Abatements	(20,579,063)		(152,488)	(107,360)	(45,128)
<b>Total property valuation</b>	<u>\$ 7,714,584,356</u>				
Net levy			24,831,074 (a)	23,930,088	901,152
Uncollected taxes at June 30, 2005			468,249 (c)	388,714	79,535
Current year's taxes collected			<u>\$ 24,362,825 (b)</u>	<u>\$ 23,541,374</u>	<u>\$ 821,617</u>
Current levy collection percentage			<u>98.11%</u>	<u>98.38%</u>	<u>91.17%</u>

County of Currituck, North Carolina  
**Analysis of Current Tax Levy**  
**County - wide Levy**  
For the Fiscal Year Ended June 30, 2006

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**Secondary Market Disclosures:**

Assessed Valuation:

Assessment Ratio <sup>1</sup>	100 %
Real Property	\$ 7,275,400,957
Personal Property	374,211,112
Public Service Companies <sup>2</sup>	65,091,540
Total Assessed Valuation	\$ 7,714,703,609
Tax Rate per \$100	0.32
Levy (includes discoveries, releases and abatements) <sup>3</sup>	\$ 24,831,240

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

Guinea Mill watershed improvement district	9,386
Hog Ditch watershed improvement district	873
Moyock watershed improvement district	12,219
Northwest watershed improvement district	1,697
Whalehead watershed improvement district	229,110
Moyock Commons sewer district	36,674
Ocean Sands water and sewer district	103,496
<b>Total</b>	<b>\$ 25,224,695</b>

<sup>1</sup> Percentage of appraised value has been established by statute.

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

<sup>3</sup> The levy includes interest and penalties.

County of Currituck, North Carolina  
**Ten Largest Taxpayers**  
For the Fiscal Year Ended June 30, 2006

Taxpayer	Type of Business	2005 Assessed Valuation	Percentage of Total Assessed Valuation
Turnpike Properties	Land Development	\$ 115,892,379	1.50 %
Coastland Properties	Land Development	75,094,000	0.97
Dominion Power	Utility	52,423,833	0.68
Coastland Corporation	Land Development	49,484,631	0.64
Beach Mar IV, LLC	Land Development	19,484,631	0.25
Lane, Kimberly H	Real Estate Investor	14,890,051	0.19
Currituck Associates ResidentialPartners	Land Development	14,093,564	0.18
Tudor, John B	Real Estate Investor	12,046,125	0.16
Johnson, James E, Jr.	Real Estate Investor	10,608,449	0.14
Schaeffer, Forrest R	Real Estate Investor	9,212,010	0.12
<b>Total</b>		<u><u>\$ 373,229,673</u></u>	<u><u>4.83 %</u></u>

Schedule 1  
 Currituck County, North Carolina  
 Net Assets by Component  
*(accrual basis of accounting)*

	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 26,693,349	\$ 34,106,089	\$ 37,925,033	\$ 40,388,334
Restricted	14,872	3,060	-	-
Unrestricted	34,760,360	41,852,873	51,159,760	62,050,122
<b>Total governmental activities net assets</b>	<u>\$ 61,468,581</u>	<u>\$ 75,962,022</u>	<u>\$ 89,084,793</u>	<u>\$ 102,438,456</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 9,308,414	\$ 9,729,712	\$ 14,459,467	\$ 15,878,837
Unrestricted	13,128,435	15,736,338	11,991,335	13,167,320
<b>Total business-type activities net assets</b>	<u>\$ 22,436,849</u>	<u>\$ 25,466,050</u>	<u>\$ 26,450,802</u>	<u>\$ 29,046,157</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 36,001,763	\$ 43,835,801	\$ 52,384,500	\$ 56,267,171
Restricted	14,872	3,060	-	-
Unrestricted	47,888,795	57,589,211	63,151,095	75,217,442
<b>Total governmental activities net assets</b>	<u>\$ 83,905,430</u>	<u>\$ 101,428,072</u>	<u>\$ 115,535,595</u>	<u>\$ 131,484,613</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 2  
 Currituck County, North Carolina  
 Changes in Net Assets  
 (accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	3,702,311	3,624,010	4,415,836	4,583,886
Public safety	6,256,770	10,348,741	9,519,057	11,311,450
Transportation	574,238	400,063	295,590	791,450
Economic and physical development	2,372,004	3,063,105	3,794,111	3,539,620
Environmental protection	154,180	173,025	295,732	238,502
Human services	3,010,850	3,207,729	3,682,371	4,168,102
Cultural and recreation	980,464	1,272,882	1,536,324	1,232,301
Education	8,361,774	7,422,207	8,956,381	12,281,089
Interest on long-term debt	654,140	555,056	404,700	354,100
Total governmental activities expenses	<u>\$ 26,066,731</u>	<u>\$ 30,066,818</u>	<u>\$ 32,900,102</u>	<u>\$ 38,500,500</u>
Business-type activities:				
Solid Waste	2,545,400	3,282,646	3,874,034	4,235,412
Water and Sewer	2,117,515	4,336,850	4,334,864	4,606,566
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>
Total primary government expenses	<u>\$ 30,729,646</u>	<u>\$ 37,686,314</u>	<u>\$ 41,109,000</u>	<u>\$ 47,342,478</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	446,262	657,106	670,821	596,957
Public safety	398,375	411,296	1,534,985	1,592,122
Transportation	164,327	111,981	141,666	109,221
Economic and physical development	1,006,830	1,130,911	54,923	95,206
Environmental protection	-	16,025	-	5,100
Human services	-	6,950	-	-
Cultural and recreation	24,875	28,500	33,382	35,771
Operating grants and contributions:				
General government	31,569	315,380	53,482	11,715
Public safety	1,685,941	581,916	641,533	458,277
Economic and physical development	73,441	346,227	183,018	-
Environmental protection	26,569	17,963	25,094	-
Human services	1,758,469	1,971,389	2,080,364	2,198,370
Cultural and recreation	-	25,959	-	-
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
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>

	Fiscal Year			
	2003	2004	2005	2006
<b>Business-type activities:</b>				
Charges for services:				
Solid Waste	1,605,206	1,717,826	1,818,615	2,791,799
Water and Sewer	2,028,159	6,195,098	3,967,236	5,690,977
Operating grants and contributions:				
Solid Waste	1,376,261	1,420,714	1,519,203	1,961,452
Water and Sewer	1,441,507	474,192	389,607	141,663
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>
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>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (18,110,890)	\$ (22,364,076)	\$ (27,111,578)	\$ (32,106,188)
Business-type activities	<u>1,830,468</u>	<u>2,188,334</u>	<u>(514,237)</u>	<u>1,907,960</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>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Property taxes	\$ 19,600,458	\$ 17,092,287	\$ 17,925,962	\$ 23,391,822
Intergovernmental	9,269,968	19,968,817	21,117,685	19,734,572
Investment earnings	791,107	460,406	1,147,418	2,459,638
Miscellaneous	55,687	-	395,381	92,859
Gains on disposal/sale of capital assets	-	(14,275)	-	-
Transfers	-	(649,718)	(379,513)	(219,040)
Total governmental activities	<u>29,717,220</u>	<u>36,857,517</u>	<u>40,206,933</u>	<u>45,459,851</u>
Business-type activities:				
Investment earnings	308,646	185,149	262,625	468,355
Miscellaneous	-	6,000	-	-
Transfers	-	649,718	379,513	219,040
Total business-type activities	<u>308,646</u>	<u>840,867</u>	<u>642,138</u>	<u>687,395</u>
Total primary government	<u>\$ 30,025,866</u>	<u>\$ 37,698,384</u>	<u>\$ 40,849,071</u>	<u>\$ 46,147,246</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 11,606,330	\$ 14,493,441	\$ 13,095,355	\$ 13,353,663
Business-type activities	<u>2,139,114</u>	<u>3,029,201</u>	<u>127,901</u>	<u>2,595,355</u>
Total primary government	<u>\$ 13,745,444</u>	<u>\$ 17,522,642</u>	<u>\$ 13,223,256</u>	<u>\$ 15,949,018</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
General Fund				
Reserved	964,081	2,585,457	1,860,239	3,274,084
Unreserved	17,787,660	19,739,626	22,297,036	24,165,647
<b>Total General Fund</b>	<b>\$ 18,751,741</b>	<b>\$ 22,325,083</b>	<b>\$ 24,157,275</b>	<b>\$ 27,439,731</b>
All Other Governmental Funds				
Reserved	56,558	53,702	608,390	744,618
Unreserved				
Designated				
Special revenue funds	1,248,837	1,457,146	2,057,547	2,365,459
Capital project funds	24,757,080	27,121,787	32,751,680	39,038,133
<b>Total all other governmental funds</b>	<b>\$ 26,062,475</b>	<b>\$ 28,632,635</b>	<b>\$ 35,417,617</b>	<b>\$ 42,148,210</b>

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues</b>										
Ad Valorem taxes	\$ 11,754,944	\$ 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
Other taxes and licenses	6,421,056	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
Unrestricted										
intergovernmental	409,373	1,886,498	1,769,481	3,007,387	3,109,522	6,668,179	217,477	147,669	155,552	369,270
Restricted										
intergovernmental	2,293,418	433,628	434,883	427,103	418,250	227,763	2,569,567	4,678,096	3,611,061	4,139,479
Permits and fees	542,640	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
Sales and services	63,667	108,017	126,209	144,978	174,980	194,263	240,456	296,943	416,792	386,698
Investment earnings	1,453,936	1,588,865	1,114,405	1,992,580	2,403,063	1,619,659	1,049,079	480,406	1,147,418	2,459,527
Miscellaneous	50,340	128,006	51,825	41,510	51,212	34,032	65,944	669,244	313,648	113,654
Total revenues	22,989,394	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
<b>Expenditures</b>										
General government	2,371,925	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
Public safety	4,889,473	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
Transportation	54,759	85,278	141,672	338,090	471,376	317,674	770,532	1,799,434	581,917	884,938
Environmental protection	63,892	116,119	112,511	194,073	236,738	196,662	155,943	173,025	295,125	255,142
Economic and physical development	1,152,208	1,205,415	1,801,127	2,110,928	2,356,759	1,826,188	2,432,324	3,150,728	4,282,719	3,756,124
Human services	2,225,034	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
Cultural and recreation	311,943	438,700	883,454	507,346	705,316	808,645	1,080,901	1,284,754	3,207,252	1,528,882
Education	4,902,753	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
Capital outlay	7,117,218	3,394,537	1,443,894	1,690,270	4,540,300	6,191,629	20,023			
Debt service										
Debt issuance cost										
Principal	2,225,163	2,028,944	2,098,436	1,754,294	1,428,346	1,694,387	1,702,233	98,881	950,000	950,000
Interest	1,119,934	1,118,321	1,012,727	923,755	884,354	739,676	654,140	900,000	404,700	354,100
Total expenditures	26,434,302	22,755,006	23,685,785	25,353,291	26,467,716	30,991,823	32,188,943	38,507,933	37,818,169	41,962,025
Excess of revenues over (under) expenditures	(3,444,908)	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
<b>Other Financing Sources (Uses)</b>										
Bonds issued	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	8,770,000	-	-
Premium on debt issued	-	-	-	-	-	-	-	626,527	-	-
Payments to escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	2,927,258	5,330,897	3,223,079	4,825,580	15,136,501	4,913,809	4,746,373	(9,427,636)	8,074,095	17,386,303
Transfers out	(2,926,921)	(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)
State school bond proceeds	-	-	311,582	-	-	-	-	-	-	-
Installment purchase proceeds	3,186,423	253,608	67,522	1,357	30,202	13,472	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 3,186,760	\$ 2,684,470	\$ 26,671	\$ (1,531,510)	\$ (1,967,810)	\$ (3,090,176)	\$ -	\$ (680,827)	\$ (379,513)	\$ (219,040)
Net change in fund balances	\$ (258,148)	\$ 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
Debt service as a percent of noncapital expenditures	17.32%	16.26%	13.99%	11.32%	9.67%	9.69%	7.32%	3.78%	3.58%	3.11%

Schedule 5  
 Currituck County, North Carolina  
 Assessed Value and Actual Value of Taxable Property<sup>a</sup>

<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>
1997			Data not available		
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

Source: North Carolina Department of Revenue

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

	Year Taxes Are Payable									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
County Direct Rates										
General	0.640	0.640	0.640	0.640	0.620	0.620	0.620	0.620	0.620	0.320
Poplar Branch Fire District	0.040	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	0.080	-
Moyock Fire District	0.065	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	0.060	-
Guinea Mill Watershed Improvement District	-	-	-	-	0.010	0.010	0.010	0.010	0.010	0.010
Hog Ditch Watershed Improvement District	-	-	-	-	-	-	-	-	-	0.010
Moyock Watershed Improvement District	-	-	-	-	-	-	0.030	0.030	0.030	0.015
Northwest Watershed Improvement District	-	-	-	-	-	-	-	0.070	0.070	0.020
Whalehead Watershed Improvement District	-	-	-	-	-	-	-	0.070	0.070	0.025
Ocean Sands Water and Sewer District	0.310	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

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

Taxpayer	Type of Business	Fiscal Year 2006			Fiscal Year 1997		
		Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Turnpike Properties	Land Development	\$ 115,892,879	1	1.50%	\$ 12,488,684	5	0.78%
Coastland Properties	Land Development	75,094,000	2	0.97%			
Dominion Power	Utility	52,423,833	3	0.68%	33,305,643	2	2.08%
Coastland Corporation	Land Development	49,484,631	4	0.64%	21,944,103	3	1.37%
Beach Mar IV, LLC	Land Development	19,484,631	5	0.25%	7,534,752	10	0.47%
Lane, Kimberly H	Real Estate Investor	14,890,051	6	0.19%			
Currituck Associates Residential Partners	Land Development	14,093,564	7	0.18%	36,643,145	1	2.29%
Tudor, John B	Real Estate Investor	12,046,125	8	0.16%			
Johnson, James E, Jr.	Real Estate Investor	10,608,449	9	0.14%			
Schaeffer, Forrest R	Real Estate Investor	9,212,010	10	0.12%			
North Carolina Power	Utility						
Carolina Telephone	Utility				9,336,264	7	0.58%
Ocean Hill Properties	Land Development				12,577,010	4	0.79%
Whalehead Properties	Land Development				7,831,994	9	0.49%
Buck Island	Land Development				11,885,010	6	0.74%
Outer Banks Ventures	Land Development				8,568,452	8	0.53%
DeGabrielle, Robert R							
<b>Total</b>		<b>\$ 373,230,173</b>		<b>4.83%</b>	<b>\$ 162,115,057</b>		<b>10.12%</b>

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	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy	Amount
1997	10,533,338	(151,258)	10,382,080		93.18%	553,096	10,368,378	99.87%	
1998	12,382,559	(1,004,014)	11,378,545		87.17%	572,237	11,366,352	99.89%	
1999	13,194,732	16,481	13,211,213		96.31%	491,775	13,199,405	99.91%	
2000	14,073,475	22,142	14,095,617		96.14%	550,758	14,080,819	99.90%	
2001	14,459,054	29,676	14,488,730		96.01%	569,868	14,452,429	99.75%	
2002	15,112,177	29,403	15,141,580		96.86%	474,696	15,112,712	99.81%	
2003	15,916,809	7,264	15,924,073		96.82%	464,918	15,876,296	99.70%	
2004	16,896,180	19,778	16,915,958		97.00%	470,686	16,859,448	99.67%	
2005	17,729,373	52,223	17,781,596		97.32%	407,457	17,661,142	99.32%	
2006	24,979,301	(148,227)	24,831,074		97.53%	-	24,362,825	98.11%	

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Payable from Enterprise Revenues	Net General Obligation Bonded Debt	Percentage of Personal Income <sup>a</sup>	Percentage of Actual Value <sup>b</sup> of Taxable Property	Debt Per Capita <sup>a</sup>
1997	\$ 21,389,650	\$ 5,418,750	\$ 15,970,900	4.24%	1.01%	\$ 963.79
1998	20,322,150	5,200,750	15,121,400	3.74%	0.85%	\$ 850.04
1999	22,812,230	4,978,750	17,833,480	4.18%	0.87%	\$ 974.24
2000	20,742,729	4,752,750	15,989,979	3.42%	0.73%	\$ 846.03
2001	18,988,784	4,520,750	14,468,034	2.94%	0.63%	\$ 791.08
2002	17,011,111	4,283,750	12,727,361	2.46%	0.52%	\$ 667.79
2003	14,841,750	4,141,750	10,700,000	1.88%	0.42%	\$ 544.45
2004	13,590,000	3,920,000	9,670,000	1.55%	0.36%	\$ 464.15
2005	12,410,000	3,690,000	8,720,000	1.39%	0.31%	\$ 385.55
2006	11,215,000	3,445,000	7,770,000	1.24%	0.10%	\$ 336.19

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

<sup>a</sup>Population and personal income data can be found in Schedule 12.

<sup>b</sup>See 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  
 Currituck County, North Carolina  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assessed Value of Property	\$ 1,578,453,030	\$ 1,771,040,590	\$ 2,056,496,562	\$ 2,188,746,440	\$ 2,320,690,665	\$ 2,431,621,612	\$ 2,560,600,483	\$ 2,709,746,613	\$ 2,847,455,323	\$ 7,714,703,609
Debt Limit, 8% of Assessed Value (Statutory Limitation)	126,276,242	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
Amount of Debt Applicable to Limit										
General Obligation Bonds	21,389,650	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
Installment Purchase Agreements	6,155,986	4,895,250	3,573,180	2,789,979	1,968,034	1,127,361	-	9,386,321	8,537,182	7,658,149
Less: General Obligation Bonds paid from Enterprise Funds	(5,418,750)	(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)
Total net debt applicable to limit	22,126,886	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
Legal Debt Margin	\$ 104,149,346	\$ 121,666,597	\$ 146,686,245	\$ 159,109,736	\$ 171,187,219	\$ 181,802,368	\$ 194,148,039	\$ 197,723,408	\$ 210,539,244	\$ 601,748,140
Total net debt applicable to the limit as a percentage of debt limit	1.40%	1.13%	0.87%	0.73%	0.62%	0.52%	0.42%	0.70%	0.61%	0.20%

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

Year	Population <sup>a</sup>	Personal Income ( <i>thousands of dollars</i> ) <sup>d</sup>	Per Capita Personal Income <sup>a</sup>	Public School Enrollment <sup>b</sup>	Unemployment Rate <sup>c</sup>
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	*	*	3,854	2.90%
2006	23,112	*	*	4,156	2.40%

\* Information not yet available

<sup>a</sup> North Carolina Department of Commerce

<sup>b</sup> Currituck County Board of Education

<sup>c</sup> North Carolina Employment Security Commission

<sup>d</sup> Bureau of Economic Analysis



Schedule 12  
 Currituck County, North Carolina  
 Full-time Equivalent County Government Employees by Function,  
 Last Ten Fiscal Years

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	33.87	36.35	37.35	35.93	36.18	37.23	38.22	40.22	44.92	52.50
Public safety	68.24	74.24	79.74	80.38	88.38	106.58	123.22	133.62	146.62	162.42
Transportation	-	-	-	-	-	-	-	1.00	1.00	1.00
Environmental protection	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Community development	22.43	23.43	24.93	18.88	23.72	19.86	21.42	25.42	25.42	28.42
Cultural & recreation	4.25	4.25	6.25	4.25	8.36	9.64	9.79	9.79	10.79	14.15
Human services	39.68	40.68	43.68	39.45	34.00	35.25	35.75	38.75	39.75	43.00
Proprietary operations	10.45	12.45	12.45	11.45	11.45	12.70	12.70	17.70	20.10	20.00
	180.92	193.40	206.40	192.34	204.09	223.26	243.10	268.50	290.60	323.49

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  
 Currituck County, North Carolina  
 Operating Indicators

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety									
Law Enforcement									
Stations	1	1	1	1	1	1	1	1	1
Satellite Stations	2	2	3	3	3	3	3	3	3
Deputies	33	36	37	39	38	44	49	52	59
Emergency Medical Services									
Stations	8	8	6	6	6	6	6	8	11
Emergency Medical Technicians	16	17	18	30	30	43	45	49	55
Human Services									
Number of Physicians	9	7	7	*	6	6	*	*	*
Population/physician ratio	1,977	2,499	2,723	*	3,216	3,288	*	*	*
Education									
Schools	7	7	7	7	7	8	8	8	8
Teachers	260	230	233	240	273	273	257	254	346
Student Enrollment	2,988	2,988	3,354	3,392	3,400	3,729	3,685	3,854	4,156
SAT Scores	991	991	962	992	1,024	988	1,003	1,013	1,502 <sup>a</sup>

<sup>a</sup>The SAT scores include a new writing test this year.

\*Data not available

Note: This data was collected beginning in 1998 and will build to ten years of data in future years.



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

To the Board of County Commissioners  
Currituck County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregated remaining fund information of the County of Currituck, North Carolina, as of and for the year ended June 30, 2006, which collectively comprises the County of Currituck's basic financial statements, and have issued our report thereon dated October 6, 2006. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Currituck County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Currituck County, North Carolina in a separate letter dated October 6, 2006.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Currituck County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted certain immaterial instances of noncompliance that we have reported to management of Currituck County in a separate letter October 6, 2006.

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

*Pittard Perry & Crone, Inc.*

October 6, 2006



**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, 2006. 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, 2006.

Internal Control Over Compliance

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

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

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

*-Pittard Perry & Crone, Inc.*

October 6, 2006



**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, 2006. 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, 2006.

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.*

October 6, 2006

**CURRITUCK COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For the Fiscal Year Ended June 30, 2006

**Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted \_\_\_\_\_ yes    \_\_X\_\_ no

Federal Awards

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

Internal control over major federal programs

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

Noncompliance material to federal awards \_\_\_\_\_ yes    \_\_X\_\_ no

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

Identification of major federal programs:

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

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

\$360,241

Auditee qualified as low-risk auditee?

yes  no

State Awards

Internal control over Major State programs:

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

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

Unqualified

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

yes  no

Identification of major State programs:

Public School Building Capital Fund



**CURRITUCK COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2006

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, 2006

GRANTOR, PASS THROUGH GRANTOR PROGRAM TITLE	CFDA	AMOUNT EXPENDED		COUNTY
		FEDERAL	STATE	
<b>FEDERAL AWARDS -</b>				
<b>U.S. Department of Agriculture</b>				
North Carolina Department of Health Human Resources: Division of Social Services				
Food Stamp Program - Noncash	10.551	\$ 1,243,359	\$ -	\$ -
Food Stamps Administrative Match	10.561	117,732	-	-
Total Food Stamp Cluster		1,361,091	-	-
<b>Total U.S. Department of Agriculture</b>		1,361,091	-	-
<b>U.S. Department of Justice</b>				
Passed through NC Department of Crime Control and Public Safety				
Homeland Security	16.607	2,638	-	-
<b>Total U.S. Department of Justice</b>		2,638	-	-
<b>U.S. Department of Transportation</b>				
Federal Transit Administration Passed through through NC Dept of Transportation				
State aid to airports passed through NC Dept of Transportation	20.605	33,068	-	-
NC Dept of Transportation	20.106	139,590	-	1,400
<b>Total U.S. Department of Transportation</b>		172,658	-	1,400
<b>Elections Assistance Commission</b>				
Election grant	90.401	147,671	-	-
<b>Total Elections Assistance Commission</b>		147,671	-	-
<b>U.S. Department of Health and Human Services</b>				
North Carolina Department of Health and Human Services				
Division of Social Services:				
TANF Benefit Payments	93.558	127,033	-	-
TANF	93.558	59,609	-	-
Work First - Services	93.558	316,528	-	-
Low Income Home Energy Assistance				
Administration	93.568	2,932	-	-
Direct Payments	93.568	13,078	-	-
Crisis Intervention Program	93.568	29,764	6,681	7,000
Permanency Planning	93.645	6,418	1,535	-
LINKS	93.674	481	120	3,156
SSBG	93.667	39,521	4,528	-
SSBG	93.667	21,411	-	-
NC Health Choice	93.767	16,971	690	-
Foster Care and Adoption				
Title IV-E Foster Care - Administration	93.658	78,796	22,302	-
Foster Care - Direct Benefit Payments	93.658	21,557	5,772	46,750
Adoption - Administration	93.659	29,406	-	-
Adoption Assistance - Direct Payments	93.658	61,060	17,530	-
<b>Total Foster Care and Adoption Cluster</b>		190,819	45,604	46,750

continued

**COUNTY OF CURRITUCK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Fiscal Year Ending June 30, 2006

GRANTOR, PASS THROUGH GRANTOR PROGRAM TITLE	CFDA	AMOUNT EXPENDED		COUNTY
		FEDERAL	STATE	
<b>Division of Child Development:</b>				
CCDF - Administration	93.596	60,000	-	-
CCDF	93.575	177,207	-	-
CCDF - Match	93.596	67,440	38,742	-
CCDF - Mandatory	93.596	86,930	-	-
<b>Total Child Care Cluster</b>		<u>391,577</u>	<u>38,742</u>	<u>-</u>
<b>Centers for Medicare and Medicaid Services:</b>				
Passed-through NC Department of Health and Human Services, Division of Medical Assistance:				
Direct Benefit Payments	93.778	8,271,780	3,989,416	698,637
Administration	93.778	269,325	19,413	-
<b>Total U.S. Department of Health and Human Services</b>		<u>9,757,247</u>	<u>4,106,729</u>	<u>755,543</u>
<b>U.S. Department of Homeland Security</b>				
Passed through NC Department of Crime Control and Public Safety				
Homeland Security	97.004	44,834	-	-
Homeland Security	97.005	32,773	-	-
Emergency Management	97.042	20,792	-	-
Public Assistance (FEMA)	97.036	316,629	-	-
<b>Total U.S. Department of Homeland Security</b>		<u>415,028</u>	<u>-</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>		<u>11,856,333</u>	<u>4,106,729</u>	<u>756,943</u>
<b>STATE AWARDS -</b>				
<b>North Carolina Department of Health and Human Services</b>				
Division of Social Services:				
State/County Special Assistance for Adults		-	99,220	-
State Foster Care Benefits		-	1,039	27,227
State Aid to Counties		-	12,935	-
CWS Adoption Benefit Payments		-	47,550	-
State Adult Protective Services		-	18,179	-
Division of Child Development				
Smart Start		-	310,761	-
State appropriations		-	58,251	-
<b>Total North Carolina Department of Health and Human Services</b>		<u>-</u>	<u>547,935</u>	<u>27,227</u>
<b>NC Department of Juvenile Justice and Delinquency Prevention</b>				
Juvenile Crime Prevention Programs		-	84,329	17,182
Support Our Students		-	80,000	-
<b>Total North Carolina Department of Health and Human Services</b>		<u>-</u>	<u>164,329</u>	<u>17,182</u>
<b>North Carolina Department of Environment and Natural Resources</b>				
Hurricane Isabel Clean-up		-	77,737	-
Currituck/Pasquotank Environmental Assess		-	134,944	67,472
				continued

**COUNTY OF CURRITUCK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Fiscal Year Ending June 30, 2006

GRANTOR, PASS THROUGH GRANTOR PROGRAM TITLE	CFDA	AMOUNT EXPENDED		COUNTY
		FEDERAL	STATE	
<b>Total North Carolina Department of Environment and Natural Resources</b>		-	212,681	67,472
<b>North Carolina Department of Transportation</b> Public Transportation Division:				
ROAP		-	76,634	-
<b>Total North Carolina Department of Transportation</b>		-	76,634	-
<b>North Carolina Department of Public Instruction</b> Public School Building Capital Fund		-	620,980	62,098
		-	620,980	62,098
<b>TOTAL STATE AWARDS</b>		-	1,622,559	111,881
<b>TOTAL FEDERAL AND STATE AWARDS</b>		11,856,333	5,729,288	868,824

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

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

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

Program Title	CFDA	Federal Expenditures	State Expenditures
Support Our Students		-	72,884
Partnership of Adolescents and Support Services		-	71,312
Victim Compensation and Juvenile Restitution		-	6,534
Teen Court		-	14,424
JCPC Council Administration		-	10,241
Smart Start		-	8,876
Elderly and Disabled Transportation		-	38,343

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.