

*Financial Statements*

Hyde County, North Carolina  
**FINANCIAL STATEMENTS and  
INDEPENDENT AUDITOR'S REPORT**  
Year Ended June 30, 2011

**Hyde County, North Carolina**  
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**June 30, 2011**

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## FINANCIAL SECTION

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### **Independent Auditor's Report**

To the Board of County Commissioners  
Hyde County, North Carolina

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Hyde County, North Carolina, as of and for the year then ended June 30, 2011, which collectively comprise Hyde County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hyde County, North Carolina's management. My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of Hyde County ABC Board. Those financial statements were audited by other auditors whose report has been furnished to me, and my opinion on the financial statements, insofar as it relates to the amounts included for the Hyde County ABC Board is based on the report of the other auditors.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Hyde County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Hyde County, North Carolina as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Ocracoke Occupancy Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued our report dated December 9, 2011 on my consideration of Hyde County's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 my audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial

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statements but are supplementary information required by the Governmental Accounting Standards Board. I 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, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Hyde County, North Carolina. The combining and individual fund financial statements, budgetary schedules, other 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of Federal and State awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, I express no opinion on them.

A handwritten signature in black ink that reads "Andrew Harris, CPA". The signature is written in a cursive style with a large initial 'A'.

Farmville, North Carolina  
December 9, 2011

## **Management Discussion & Analysis**

# HYDE COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION & ANALYSIS

As management of Hyde County, we offer readers of Hyde County's financial statements this narrative overview and analysis of the financial activities of Hyde County for the fiscal year ended June 30, 2011. 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.

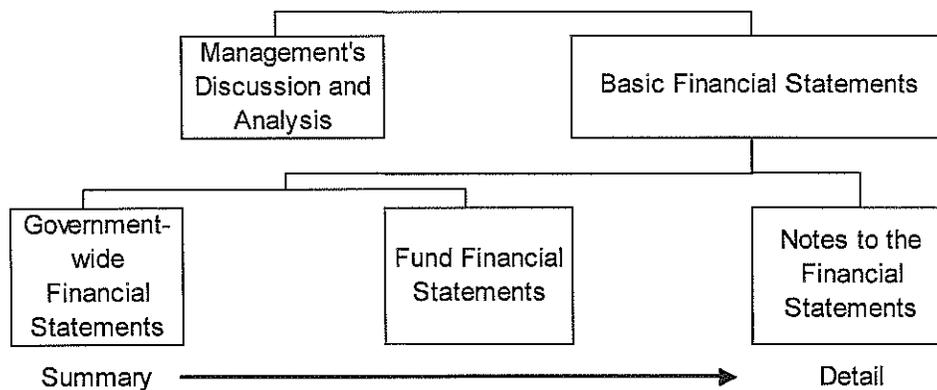
## Financial Highlights

- The assets of Hyde County exceeded its liabilities at the close of the fiscal year by \$42,052,884 (*net assets*).
- The government's total net assets increased by \$2,834,634, primarily due to increased net assets in the business-type funds. The government's total net assets increased by \$2,834,634, primarily due to increased net assets in the business-type funds.
- As of the close of the current fiscal year, Hyde County's governmental funds reported combined ending fund balances of \$10,450,440, after a net increase in fund balance of \$2,166,563. Approximately, 68.02 percent of this total amount, or \$7,108,016, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,400,812, or 29.24 percent of total general fund expenditures for the fiscal year.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Hyde 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 Hyde County.

**Required Components of Annual Financial Report**  
**Figure 1**



# HYDE COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION & ANALYSIS

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## 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 9) 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 and internal service 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 supplementary 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 gauge 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 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 services offered by Hyde County. The only sewer operated by Hyde County is operated and maintained for the benefit of the State prison. The final category is the component unit. 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. Hyde 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 Hyde County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. 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

## HYDE COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION & ANALYSIS

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are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Hyde 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.

**Proprietary Funds** – Hyde 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. Hyde County uses enterprise funds to account for its water and sewer activity. 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. Hyde County has three fiduciary funds, the Social Services Trust fund, the Ocracoke Mosquito fund, and the Fines and Forfeitures 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. The notes to the financial statements start on page 28 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Hyde County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 58 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 Hyde County exceeded liabilities by \$42,052,884 as of June 30, 2011. The County's net assets increased by \$2,834,634 for the fiscal year ended June 30, 2011. One of the largest portions \$28,074,593 (68.17%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was used to acquire those items. Hyde County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Hyde 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 Hyde County's net assets \$1,337,720 (3.17%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,640,571 (30.06%) is unrestricted.

**HYDE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION & ANALYSIS**

**Hyde County's Net Assets  
Figure 2**

|                                   | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                   | 2011                    | 2010                 | 2011                     | 2010                 | 2011                 | 2010                 |
| Current and other assets          | \$ 13,490,779           | \$ 10,857,753        | \$ 1,553,896             | \$ 1,606,975         | \$ 15,044,675        | \$ 12,464,728        |
| Capital assets                    | 25,283,878              | 23,608,784           | 13,018,098               | 11,272,783           | 38,301,976           | 34,881,567           |
| Total assets                      | <u>\$ 38,774,657</u>    | <u>\$ 34,466,537</u> | <u>\$ 14,571,994</u>     | <u>\$ 12,879,758</u> | <u>\$ 53,346,651</u> | <u>\$ 47,346,295</u> |
| Long-term liabilities outstanding | \$ 1,167,560            | \$ 4,528,277         | \$ 3,365,979             | \$ 3,410,737         | \$ 4,533,539         | \$ 7,939,014         |
| Other liabilities                 | 7,410,819               | 719,415              | 220,458                  | 398,007              | 7,631,277            | 1,117,422            |
| Total Liabilities                 | <u>\$ 8,578,379</u>     | <u>\$ 5,247,692</u>  | <u>\$ 3,586,437</u>      | <u>\$ 3,808,744</u>  | <u>\$ 12,164,816</u> | <u>\$ 9,056,436</u>  |
| Net assets:                       |                         |                      |                          |                      |                      |                      |
| Invested in capital assets        | \$ 18,372,495           | \$ 19,525,713        | \$ 9,702,098             | \$ 7,904,783         | \$ 28,074,593        | \$ 27,430,496        |
| Restricted                        | 1,337,720               | 56,973               | -                        | -                    | 1,337,720            | 56,973               |
| Unrestricted                      | 10,486,063              | 9,636,159            | 1,283,459                | 1,166,231            | 11,769,522           | 10,802,390           |
| Total net assets                  | <u>\$ 30,196,278</u>    | <u>\$ 29,218,845</u> | <u>\$ 10,985,557</u>     | <u>\$ 9,071,014</u>  | <u>\$ 41,181,835</u> | <u>\$ 38,289,859</u> |

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

- The County's collection of property taxes by 94.09% compares unfavorably with the State-wide average of 97.18%, but in comparison with other small counties (94.79%), the County's collection rate is comparable.

**HYDE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION & ANALYSIS**

**Hyde County's Changes in Net Assets  
Figure 3**

**Governmental activities.** Governmental activities increased the County's net assets by \$920,091, thereby accounting for 32.46% of the total growth in the net assets of Hyde County. Key elements of this increase include the capitalization of the various construction projects.

**Business activities.** Business-type activities increased the County's net assets by \$1,914,543, thereby accounting for 67.54% of the total growth in the net assets of Hyde County. Key elements of this increase include the capitalization of the various construction projects.

|                                    | Governmental Activities |                      | Business-Type Activities |                     | Total                |                      |
|------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                                    | 2011                    | 2010                 | 2011                     | 2010                | 2011                 | 2010                 |
| <b>Revenues:</b>                   |                         |                      |                          |                     |                      |                      |
| Program revenues:                  |                         |                      |                          |                     |                      |                      |
| Charges for services               | \$ 2,835,496            | \$ 2,808,345         | \$ 1,693,370             | \$ 1,633,956        | \$ 4,528,866         | \$ 4,442,301         |
| Operating grants and contributions | 2,088,612               | 1,970,639            | -                        | -                   | 2,088,612            | 1,970,639            |
| Capital grants and contributions   | 731,505                 | 3,814,539            | 1,942,303                | 663,605             | 2,673,808            | 4,478,144            |
| General revenues:                  |                         |                      |                          |                     |                      |                      |
| Property taxes                     | 6,109,108               | 5,863,543            | -                        | -                   | 6,109,108            | 5,863,543            |
| Other taxes                        | 2,260,946               | 1,927,548            | -                        | -                   | 2,260,946            | 1,927,548            |
| Investment earnings                | 213,591                 | 251,171              | 11,967                   | 11,627              | 225,558              | 262,798              |
| Other                              | 31,497                  | 120,027              | -                        | -                   | 31,497               | 120,027              |
| Total revenues                     | <u>14,270,755</u>       | <u>16,755,812</u>    | <u>3,647,640</u>         | <u>2,309,188</u>    | <u>17,918,395</u>    | <u>19,065,000</u>    |
| <b>Expenses:</b>                   |                         |                      |                          |                     |                      |                      |
| General government                 | 2,058,273               | 2,453,940            | -                        | -                   | 2,058,273            | 2,453,940            |
| Public safety                      | 2,205,548               | 2,233,528            | -                        | -                   | 2,205,548            | 2,233,528            |
| Transportation                     | 118,392                 | 190,043              | -                        | -                   | 118,392              | 190,043              |
| Economic and physical development  | 1,155,804               | 995,874              | -                        | -                   | 1,155,804            | 995,874              |
| Human services                     | 4,730,367               | 4,988,092            | -                        | -                   | 4,730,367            | 4,988,092            |
| Cultural and recreation            | 157,899                 | 144,756              | -                        | -                   | 157,899              | 144,756              |
| Environmental protection           | 1,231,217               | 1,071,896            | -                        | -                   | 1,231,217            | 1,071,896            |
| Education                          | 1,565,330               | 1,702,206            | -                        | -                   | 1,565,330            | 1,702,206            |
| Interest on long-term debt         | 127,834                 | 88,546               | -                        | -                   | 127,834              | 88,546               |
| Water and Sewer                    | -                       | -                    | 1,733,097                | 1,644,795           | 1,733,097            | 1,644,795            |
| Total expenses                     | <u>13,350,664</u>       | <u>13,868,881</u>    | <u>1,733,097</u>         | <u>1,644,795</u>    | <u>15,083,761</u>    | <u>15,513,676</u>    |
| Transfers                          | -                       | -                    | -                        | -                   | -                    | -                    |
| Increase/(Decrease) in net assets  | 920,091                 | 2,886,931            | 1,914,543                | 664,393             | 2,834,634            | 3,551,324            |
| Net assets, beginning as stated    | 29,218,845              | 26,398,485           | 9,071,014                | 8,986,459           | 38,289,859           | 35,384,944           |
| Prior period adjustment            | 57,342                  | (66,571)             | -                        | (579,838)           | 57,342               | (646,409)            |
| Net assets, beginning as restated  | <u>29,276,187</u>       | <u>26,331,914</u>    | <u>9,071,014</u>         | <u>8,406,621</u>    | <u>38,347,201</u>    | <u>34,738,535</u>    |
| Net assets, ending                 | <u>\$ 30,196,278</u>    | <u>\$ 29,218,845</u> | <u>\$ 10,985,557</u>     | <u>\$ 9,071,014</u> | <u>\$ 41,181,835</u> | <u>\$ 38,289,859</u> |

# **HYDE COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION & ANALYSIS**

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## **Financial Analysis of the County's Funds**

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

**Governmental Funds.** The focus of Hyde County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Hyde 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.

The General Fund is the chief operating fund of Hyde County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,400,812, while total fund balance reached \$4,601,632. 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. Unassigned fund balance represents 29.24 percent of total General Fund expenditures, while total fund balance represents 39.56 percent of that same amount.

At June 30, 2011 the governmental funds of Hyde County reported a combined fund balance of \$10,450,440, a 24.78 percent increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund and the Qualified School Construction Bond Fund.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund were made to increase revenues because the County did not expect to receive certain funds that later became available. Expenditures were held in check to comply with the County's budgetary requirements.

**Proprietary Funds.** Hyde County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets for the Water and Sewer Fund at the end of the fiscal year amounted to \$1,283,459. The total change in net assets the Water and Sewer Fund was \$2,834,634. Other factors concerning the finances of these funds have already been addressed in the discussion of Hyde County's business-type activities.

## **Capital Asset and Debt Administration**

**Capital assets.** Hyde County's capital assets for its governmental and business – type activities as of June 30, 2011, totals \$38,301,976 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Construction in progress for the Swan Quarter Fund.
- Construction in progress for the Qualified School Construction Bond Fund.

**HYDE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION & ANALYSIS**

**Hyde County's Capital Assets  
(net of depreciation)  
Figure 4**

|                                  | Governmental Activities |                      | Business-type Activities |                      | Total                |                      |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                  | 2011                    | 2010                 | 2011                     | 2010                 | 2011                 | 2010                 |
| Land                             | \$ 1,292,036            | \$ 1,292,036         | \$ 57,839                | \$ 57,839            | \$ 1,349,875         | \$ 1,349,875         |
| Buildings and systems            | 13,075,578              | 13,409,310           | 7,907,125                | 8,191,083            | 20,982,703           | 21,600,393           |
| Computer equipment               | 25,969                  | 31,949               | 1,208                    | 2,021                | 27,177               | 33,970               |
| Machinery and equipment          | 461,626                 | 262,812              | 74,065                   | 99,404               | 535,691              | 362,216              |
| Vehicles and motorized equipment | 449,335                 | 576,046              | 56,161                   | 52,818               | 505,496              | 628,864              |
| Construction in progress         | 9,979,332               | 8,036,631            | 4,921,699                | 2,869,618            | 14,901,031           | 10,906,249           |
| <b>Total</b>                     | <b>\$ 25,283,876</b>    | <b>\$ 23,608,784</b> | <b>\$ 13,018,097</b>     | <b>\$ 11,272,783</b> | <b>\$ 38,301,973</b> | <b>\$ 34,881,567</b> |

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

**Long-term Debt.** As of June 30, 2011, Hyde County had total bonded debt outstanding of \$3,316,000 all of which is debt backed by the full faith and credit of the County.

**Hyde County's Outstanding Debt  
Figure 5**

|                               | Governmental Activities |                     | Business-type Activities |                     | Total               |                     |
|-------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                               | 2011                    | 2010                | 2011                     | 2010                | 2011                | 2010                |
| General obligation bonds      | \$ -                    | \$ -                | \$ 3,316,000             | \$ 1,948,000        | \$ 3,316,000        | \$ 1,948,000        |
| Capitalized leases            | 23,959                  | 39,594              | -                        | -                   | 23,959              | 39,594              |
| Installment purchases         | 3,904,432               | 4,043,477           | -                        | -                   | 3,904,432           | 4,043,477           |
| Compensated absences          | 234,142                 | 244,075             | 49,979                   | 42,737              | 284,121             | 286,812             |
| Net pension obligation        | 91,111                  | 80,052              | -                        | -                   | 91,111              | 80,052              |
| Other postemployment benefits | 174,182                 | 121,079             | -                        | -                   | 174,182             | 121,079             |
| Bond anticipation notes       | 2,982,992               | -                   | -                        | 1,420,000           | 2,982,992           | 1,420,000           |
| <b>Total</b>                  | <b>\$ 7,410,818</b>     | <b>\$ 4,528,277</b> | <b>\$ 3,365,979</b>      | <b>\$ 3,410,737</b> | <b>\$10,776,797</b> | <b>\$ 7,939,014</b> |

Hyde County's total debt increased by \$2,837,783 (35.75 percent) during the past fiscal year, which includes compensated absences and net pension obligation, primarily due to bond anticipation notes obtained by the County in the business-type activities.

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 Hyde County is \$81,029,099.

**HYDE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION & ANALYSIS**

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Additional information regarding Hyde County's long-term debt can be found in note III.B.8 beginning on page 50 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:

- Tourism is a major economic contributor to Hyde County especially on Ocracoke Island, which was named America's #1 beach in 2007.
- Ecotourism, including hunting, fishing, and other more massive wildlife activities, are major economic factors for Hyde County.
- Hyde County has seen a precipitous drop in home construction and property sales, mirroring national trends.
- Agriculture, government, hospitality (tourism), and seafood are the largest employers in Hyde County.

**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 Carl Classen, County Manager, Hyde County, Swan Quarter, NC 27885.