

**Beaufort County, North Carolina**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**June 30, 1996**

Beaufort County, North Carolina  
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**FINANCIAL SECTION**



## Independent Auditor's Report

To the Board of County Commissioners  
Beaufort County  
Washington, North Carolina

We have audited the accompanying general purpose financial statements of Beaufort County, North Carolina as of and for the year ended June 30, 1996. These general purpose financial statements are the responsibility of Beaufort County, North Carolina's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Beaufort County ABC Board, Beaufort County Hospital Association, Inc., or Warren Field Airport Commission. 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 Beaufort County ABC Board, Beaufort County Hospital Association, Inc. and Warren Field Airport Commission is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Beaufort County, North Carolina, as of June 30, 1996, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Board of County Commissioners  
December 19, 1996  
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated December 19, 1996 on our consideration of Beaufort County, North Carolina's internal control structure and a report dated December 19, 1996 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules, as well as the schedule of federal and State financial assistance and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Beaufort County, North Carolina. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Pittard Perry + Crane, Inc.*

Belhaven, North Carolina  
December 19, 1996

**GENERAL PURPOSE FINANCIAL STATEMENTS**

Beaufort County, North Carolina  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
 June 30, 1996

	Governmental			Proprietary
	Fund Types			Fund Type
<b>ASSETS AND OTHER DEBITS</b>	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Enterprise</u>
Cash and investments	\$ 7,397,352	\$ 262,445	\$ 1,947,256	\$ 357,747
Receivables (net of allowances)				
Property taxes	1,565,316	74,524	-	-
Accounts	2,759,995	2,858	-	103,840
Other	-	-	-	-
Due from other funds	465,241	12,483	-	198,363
Due from other governmental units	12,756	-	-	-
Due from component units	13,163	-	-	-
Prepaid items	-	-	-	-
Inventory	-	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	-	373,057
Fixed assets, net	-	-	-	8,493,877
Other debits				
Amount to be provided for retirement of long-term debt	-	-	-	-
Total assets and other debits	<u>\$12,213,823</u>	<u>\$ 352,310</u>	<u>\$ 1,947,256</u>	<u>\$ 9,526,884</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
Liabilities				
Accounts payable & accrued liabilities	\$ 1,282,121	\$ 9,296	\$ 193,217	\$ 18,259
Due to primary government	-	-	-	-
Due to other funds	12,579	-	-	663,604
Customer deposits	-	-	-	3,050
Deferred revenue	2,098,290	80,569	-	-
Notes payable - current	-	-	-	100,000
Capital leases payable - current	-	-	-	-
General obligation bonds payable - current	-	-	-	83,000
Compensated absences payable	-	-	-	-
Accrued landfill care	-	-	-	-
General obligation bonds payable - noncurrent	-	-	-	8,686,000
Notes payable - noncurrent	-	-	-	-
Capital leases payable - noncurrent	-	-	-	-
Total liabilities	<u>3,392,990</u>	<u>89,865</u>	<u>193,217</u>	<u>9,553,913</u>
Equity and other credits				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	<27,029>
Fund balances				
Reserved				
Reserved for health services	414,547	-	-	-
Reserved by State statute	2,900,078	-	-	-
Unreserved				
Designated for subsequent year's expenditures	1,600,000	-	1,754,039	-
Undesignated	3,906,208	262,445	-	-
Total equity and other credits	<u>8,820,833</u>	<u>262,445</u>	<u>1,754,039</u>	<u>&lt;27,029&gt;</u>
Total liabilities, equity & other credits	<u>\$12,213,823</u>	<u>\$ 352,310</u>	<u>\$ 1,947,256</u>	<u>\$ 9,526,884</u>

Fiduciary Fund Type	Account Groups			Totals (Memorandum Only)	Component Units		
	Agency	General Fixed Assets	General Long- Term Debt	Primary Government	Beaufort County		Warren
					Hospital	ABC Board	Field Airport Commission
\$ 295,337	\$ -	\$ -	\$10,260,137	\$ 1,693,610	\$ 253,815	\$ 184,014	
-	-	-	1,639,840	-	-	-	-
-	-	-	2,866,693	4,137,143	-	-	215
-	-	-	-	397,851	133	-	5,435
96	-	-	676,183	-	-	-	-
-	-	-	12,756	-	-	-	-
-	-	-	13,163	-	-	-	-
-	-	-	-	237,071	671	-	2,862
-	-	-	-	828,575	348,702	-	-
-	-	-	373,057	-	-	-	123,441
-	13,028,012	-	21,521,889	7,814,129	454,112	-	1,200,204
-	-	13,970,087	13,970,087	-	-	-	-
<u>\$ 295,433</u>	<u>\$13,028,012</u>	<u>\$13,970,087</u>	<u>\$51,333,805</u>	<u>\$15,108,379</u>	<u>\$ 1,057,433</u>	<u>\$ 1,516,171</u>	
\$ 295,433	\$ -	\$ -	\$ 1,798,326	\$ 1,630,880	\$ 181,072	\$ 30	
-	-	-	-	-	13,163	-	-
-	-	-	676,183	-	-	-	-
-	-	-	3,050	-	-	-	900
-	-	-	2,178,859	-	-	-	95,991
-	-	488,837	588,837	162,419	27,488	-	-
-	-	41,232	41,232	54,906	-	-	-
-	-	1,195,000	1,278,000	-	-	-	-
-	-	325,809	325,809	425,347	-	-	-
-	-	400,437	400,437	-	-	-	-
-	-	9,910,000	18,596,000	-	-	-	-
-	-	1,565,478	1,565,478	319,520	68,166	-	-
-	-	43,294	43,294	43,936	-	-	-
295,433	-	13,970,087	27,495,505	2,637,008	289,889	-	96,921
-	13,028,012	-	13,028,012	-	-	-	-
-	-	-	-	-	-	-	1,452,511
-	-	-	<27,029>	12,471,371	767,544	-	<33,261>
-	-	-	414,547	-	-	-	-
-	-	-	2,900,078	-	-	-	-
-	-	-	3,354,039	-	-	-	-
-	-	-	4,168,653	-	-	-	-
-	13,028,012	-	23,838,300	12,471,371	767,544	-	1,419,250
<u>\$ 295,433</u>	<u>\$13,028,012</u>	<u>\$13,970,087</u>	<u>\$51,333,805</u>	<u>\$15,108,379</u>	<u>\$ 1,057,433</u>	<u>\$ 1,516,171</u>	

The accompanying notes are an integral part of this financial statement

Beaufort County, North Carolina  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**

For The Fiscal Year Ended June 30, 1996

EXHIBIT 2

	Governmental			Totals
	General	Special	Capital	(Memorandum Only)
	Revenue	Revenue	Project	Primary
	Government			Government
<b>REVENUES</b>				
Ad valorem taxes	\$13,534,489	\$ 547,175	\$ -	\$14,081,664
Other taxes, licenses & permits	564,231	-	-	564,231
Intergovernmental	6,830,529	56,625	500,000	7,387,154
Local option sales tax	5,355,480	-	-	5,355,480
Sales and services	3,734,528	-	-	3,734,528
Investment earnings	483,958	29,084	34,359	547,401
Miscellaneous	219,922	-	-	219,922
Total revenues	<u>30,723,137</u>	<u>632,884</u>	<u>534,359</u>	<u>31,890,380</u>
<b>EXPENDITURES</b>				
General government	2,461,394	10,016	-	2,471,410
Public safety	3,325,631	541,480	-	3,867,111
Environmental protection	3,013,888	-	-	3,013,888
Economic & physical development	391,331	56,625	-	447,956
Culture and recreation	170,883	-	-	170,883
Education	8,320,131	5,695	-	8,325,826
Human services	9,875,241	-	-	9,875,241
Transportation	48,174	-	-	48,174
Capital projects	-	-	429,618	429,618
Nondepartmental	84,031	-	-	84,031
Debt service:				
Bond principal	1,020,000	-	-	1,020,000
Lease principal	39,268	-	-	39,268
Note principal	478,151	-	-	478,151
Interest	884,695	-	-	884,695
Fees and commissions	71,295	-	-	71,295
Total expenditures	<u>30,184,113</u>	<u>613,816</u>	<u>429,618</u>	<u>31,227,547</u>
Revenues over <under> expenditures	539,024	19,068	104,741	662,833
<b>OTHER FINANCING SOURCES &lt;USES&gt;</b>				
Operating transfers from other funds	-	50,000	1,040,135	1,090,135
Operating transfers to other funds	<676,169>	<355,784>	<58,182>	<1,090,135>
Proceeds of refunding debt	9,379,606	-	-	9,379,606
Payment to refunded escrow agent	<9,308,414>	-	-	<9,308,414>
Operating transfer from component	50,248	-	-	50,248
Operating transfer to component unit	<28,500>	-	-	<28,500>
Total other financing sources <uses>	<u>&lt;583,229&gt;</u>	<u>&lt;305,784&gt;</u>	<u>981,953</u>	<u>92,940</u>
Revenues & other sources over <under> expenditures & other uses	<44,205>	<286,716>	1,086,694	755,773
<b>FUND BALANCES,</b>				
Beginning of year	<u>8,865,038</u>	<u>549,161</u>	<u>667,345</u>	<u>10,081,544</u>
End of year	<u>\$ 8,820,833</u>	<u>\$ 262,445</u>	<u>\$ 1,754,039</u>	<u>\$10,837,317</u>

The accompanying notes are an integral part of this financial statement

Beaufort County, North Carolina  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS**  
For The Fiscal Year Ended June 30, 1996

	General Fund		Variance
	Budget	Actual	Favorable <Unfavorable>
<b>REVENUES</b>			
Ad valorem taxes	\$12,942,900	\$13,534,489	\$ 591,589
Other taxes, licenses & permits	580,000	564,231	<15,769>
Intergovernmental	7,884,284	6,830,529	<1,053,755>
Sales and services	3,255,629	3,734,528	478,899
Investment earnings	150,000	483,958	333,958
Miscellaneous	230,013	219,922	<10,091>
Local option sales tax	<u>5,450,000</u>	<u>5,355,480</u>	<u>&lt;94,520&gt;</u>
<b>Total revenue</b>	<b>30,492,826</b>	<b>30,723,137</b>	<b>230,311</b>
<b>EXPENDITURES</b>			
General government	2,590,097	2,461,394	128,703
Public safety	3,506,835	3,325,631	181,204
Environmental protection	3,068,595	3,013,888	54,707
Economic and physical development	455,754	391,331	64,423
Culture and recreation	173,224	170,883	2,341
Education	8,320,131	8,320,131	-
Human services	10,658,257	9,875,241	783,016
Transportation	50,000	48,174	1,826
Contingency	7,748	-	7,748
Nondepartmental	84,350	84,031	319
Debt service:			
Bond principal	1,020,000	1,020,000	-
Lease principal	39,600	39,268	332
Note principal	478,975	478,151	824
Interest	883,897	884,695	<798>
Fees and commissions	<u>1,400</u>	<u>71,295</u>	<u>&lt;69,895&gt;</u>
<b>Total expenditures</b>	<b><u>31,338,863</u></b>	<b><u>30,184,113</u></b>	<b><u>1,154,750</u></b>
Revenue over <under> expenditures	<846,037>	539,024	1,385,061
<b>OTHER FINANCING SOURCES &lt;USES&gt;</b>			
Operating transfers from <to> other funds	<676,169>	<676,169>	-
Proceeds of refunding debt	-	9,379,606	9,379,606
Payment to refunded escrow agent	-	<9,308,414>	<9,308,414>
Operating transfer from component unit	80,000	50,248	<29,752>
Operating transfer to component unit	<u>&lt;28,500&gt;</u>	<u>&lt;28,500&gt;</u>	<u>-</u>
<b>Total other financing sources &lt;uses&gt;</b>	<b><u>&lt;624,669&gt;</u></b>	<b><u>&lt;583,229&gt;</u></b>	<b><u>41,440</u></b>
Revenues and other sources over <under> expenditures and other uses	<1,470,706>	<44,205>	1,426,501
Appropriated fund balance	<u>1,470,706</u>	<u>-</u>	<u>&lt;1,470,706&gt;</u>
Revenues, other sources & appropriated fund balance over <under> expenditures and other uses	<u>\$ -</u>	<u>&lt;44,205&gt;</u>	<u>\$ &lt;44,205&gt;</u>
FUND BALANCES, beginning of year		<u>8,865,038</u>	
FUND BALANCES, end of year		<u>\$ 8,820,833</u>	

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>&lt;Unfavorable&gt;</u>
\$ 544,000	\$ 547,175	\$ 3,175
-	-	-
-	-	-
5,000	29,084	24,084
-	-	-
<u>549,000</u>	<u>576,259</u>	<u>27,259</u>
52,000	10,016	41,984
514,000	541,480	<27,480>
-	-	-
-	-	-
30,000	5,695	24,305
-	-	-
3,000	-	3,000
-	-	-
-	-	-
-	-	-
<u>599,000</u>	<u>557,191</u>	<u>41,809</u>
<50,000>	19,068	69,068
<305,784>	<305,784>	-
-	-	-
-	-	-
<u>&lt;305,784&gt;</u>	<u>&lt;305,784&gt;</u>	<u>-</u>
<355,784>	<286,716>	69,068
<u>355,784</u>	<u>-</u>	<u>&lt;355,784&gt;</u>
<u>\$ -</u>	<u>&lt;286,716&gt;</u>	<u>\$ &lt;286,716&gt;</u>
	<u>549,161</u>	
	<u>\$ 262,445</u>	

The accompanying notes are an integral part of this financial statement

Beaufort County, North Carolina  
**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -**  
**PROPRIETARY FUND AND DISCRETELY PRESENTED COMPONENT UNITS**  
For The Fiscal Year Ended June 30, 1996

EXHIBIT 4  
PAGE 1 OF 2

	Proprietary Fund		Component Unit	
	Type		Beaufort County	
	Enterprise Primary Government	ABC Board	Hospital	Airport
<b>OPERATING REVENUES:</b>				
Charges for service and sales	\$ 575,337	\$ 2,062,224	\$23,373,123	\$ 25,556
Other operating revenue	<u>3,276</u>	<u>-</u>	<u>649,760</u>	<u>-</u>
Total operating revenues	578,613	2,062,224	24,022,883	25,556
<b>OPERATING EXPENSES:</b>				
Depreciation	98,226	34,074	1,108,124	69,518
Water treatment	40,771	-	-	-
Cost of goods sold	-	1,447,034	-	-
Water distribution	303,786	-	-	-
Warehouse expenses	-	13,033	-	-
Administration	<u>35,261</u>	<u>471,015</u>	<u>22,468,146</u>	<u>33,866</u>
Total operating expenses	<u>478,044</u>	<u>1,965,156</u>	<u>23,576,270</u>	<u>103,384</u>
Operating income <loss>	100,569	97,068	446,613	<77,828>
<b>NONOPERATING REVENUES &lt;EXPENSES&gt;:</b>				
Timber sale	-	-	-	76,518
Interest on investments	13,602	4,146	81,308	9,244
Miscellaneous income	-	-	5,804	10
Allocated to deferred revenue	-	-	-	<28,500>
Law Enforcement/Alcohol education	-	<44,255>	-	-
Interest expense	<533,026>	<6,711>	<33,287>	-
Donation	<u>-</u>	<u>-</u>	<u>72,271</u>	<u>-</u>
Total nonoperating revenue <expenses>	<u>&lt;519,424&gt;</u>	<u>&lt;46,820&gt;</u>	<u>126,096</u>	<u>57,272</u>
Income <loss> before operating transfers	<u>&lt;418,855&gt;</u>	<u>50,248</u>	<u>572,709</u>	<u>&lt;20,556&gt;</u>
Operating transfers to primary government	-	<50,248>	-	-
Operating transfers from primary government	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,500</u>
Total operating transfers	<u>-</u>	<u>&lt;50,248&gt;</u>	<u>-</u>	<u>-</u>
Net income <loss>	<418,855>	-	572,709	7,944
Add depreciation on contributed capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,190</u>

Beaufort County, North Carolina  
**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -**  
**PROPRIETARY FUND AND DISCRETELY PRESENTED COMPONENT UNITS** EXHIBIT 4  
For The Fiscal Year Ended June 30, 1996 PAGE 2 OF 2

	Proprietary Fund		Component Unit	
	Type		Beaufort County	
	Enterprise Primary Government	ABC Board	Hospital	Airport
Increase <decrease> in retained earnings	<418,855>	-	572,709	51,134
RETAINED EARNINGS, beginning of year	405,061	767,544	11,892,844	<84,395>
Prior period adjustment	<u>&lt;13,235&gt;</u>	<u>-</u>	<u>-</u>	<u>-</u>
Retained earnings, beginning of year, as restated	391,826	767,544	11,892,844	<84,395>
Add restricted contributions expended in current year	<u>-</u>	<u>-</u>	<u>5,818</u>	<u>-</u>
RETAINED EARNINGS, end of year	<u>\$ &lt;27,029&gt;</u>	<u>\$ 767,544</u>	<u>\$12,471,371</u>	<u>\$ &lt;33,261&gt;</u>

The accompanying notes are an integral part of this financial statement

Beaufort County, North Carolina  
**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND AND DISCRETELY PRESENTED COMPONENT UNITS**  
For The Fiscal Year Ended June 30, 1996

EXHIBIT 5  
PAGE 1 OF 2

	Proprietary Fund		Component Units	
	Type		Beaufort County	
	Enterprise Primary Government	ABC Board	Hospital	Airport
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 557,617	\$ 2,058,780	\$20,743,747	\$ 24,116
Cash paid for goods and services	<292,686>	<1,664,559>	<7,936,764>	<33,972>
Cash paid to employees for services	-	<278,498>	<11,732,102>	-
Other operating revenue	-	-	566,614	-
Net cash provided by <used in> operating activities	264,931	115,723	1,641,495	<9,856>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental revenues	-	-	-	65,345
Law enforcement/Alcohol education	-	<41,839>	-	-
Operating transfers to/from primary government	-	<51,056>	-	-
Gifts and grants	-	-	113,089	-
Other revenue	-	-	5,804	76,528
Cash payments for physician recruitment incentives	-	-	<155,866>	-
Net cash provided by <used in> non-capital financing activities	-	<92,895>	<36,973>	141,873
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	<79,171>	<7,151>	<1,002,392>	<11,089>
Proceeds of long-term borrowing	100,000	-	49,800	-
Principal paid on long-term borrowing, including capital lease obligations	-	<25,885>	<308,089>	-
Interest paid on long-term borrowing, including capital lease obligations	<533,026>	<6,711>	<33,287>	-
Other nonoperating expenses	-	-	-	<15,300>
Net cash provided by <used in> capital and related financing activities	<512,197>	<39,747>	<1,293,968>	<26,389>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	14,026	4,146	81,308	9,244
Net increase <decrease> in cash and cash equivalents	<233,240>	<12,773>	391,862	114,872
Cash and cash equivalents at beginning of year	964,044	266,588	1,301,748	192,583
Cash and cash equivalents at end of year	\$ 730,804	\$ 253,815	\$ 1,693,610	\$ 307,455

Beaufort County, North Carolina  
**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND AND DISCRETELY PRESENTED COMPONENT UNITS**  
For The Fiscal Year Ended June 30, 1996

EXHIBIT 5  
PAGE 2 OF 2

	Proprietary Fund		Component Unit	
	Type		Beaufort County	
	Enterprise Primary Government	ABC Board	Hospital	Airport
Reconciliation of operating income to net cash provided by operating activities:				
Operating income <loss>	\$ 100,569	\$ 97,068	\$ 413,326	\$ <77,828>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	98,226	34,074	1,117,291	69,518
Interest paid	-	-	33,287	-
Changes in assets and liabilities:				
<Increase> decrease in accounts receivable	4,201	-	148,050	795
Decrease <increase> in inventories, prepaid expenses, and other current assets	-	<10,318>	<195,545>	<2,341>
<Decrease> Increase in accounts payable and accrued liabilities	<3,668>	<5,101>	125,086	-
Net increase in due to/due from accounts	63,028	-	-	-
Increase in customer deposits	2,575	-	-	-
Total adjustments	164,362	18,655	1,228,169	67,972
Net cash provided by <used in> operating activities	\$ 264,931	\$ 115,723	\$ 1,641,495	\$ <9,856>

The accompanying notes are an integral part of this financial statement

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Beaufort County, North Carolina and its component units conform to generally accepted accounting principles as applicable to government units. The following is a summary of the more significant accounting policies.

**A. Reporting Entity**

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. 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. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the combined financial statements. The four blended component units, although legally separate entities, are in substance, part of the County's operations. The three discretely presented component units presented below are reported in a separate column in the County's combined financial statements in order to emphasize that they are legally separate from the County.

Blended Component Units

County Water District II - Long Acre West  
County Water District III - Long Acre East  
County Water District IV - Bath Township  
County Water District VII - Richland Township

The five water districts named above (the "Districts") exist to provide and maintain a water system for the County residents within the districts. Under State law [G.S. 162A-89], the County's board of commissioners also serve as the governing board for each District. Therefore, each District is reported as an enterprise fund in the County's financial statements. The Districts do not issue separate financial statements.

Discretely Presented Component Units

Beaufort County Hospital

Beaufort County Hospital is a not for profit acute care hospital. The Beaufort County Commissioners oversight authority is limited to appointing Hospital board members and County ownership of the Hospital physical plant. The Hospital has independent budgeting and accounting functions and is reported as an independent reporting entity. The Hospital which has a September 30 year-end, is presented as if it were a proprietary fund.

Beaufort County ABC Board

The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Warren Field Airport Commission

The Airport governing board is composed of five members, three of which are appointed by Beaufort County, and two of which are appointed by City of Washington, North Carolina. Beaufort County and City of Washington have an ongoing financial responsibility to the Airport. The Airport which has a June 30 year end, is presented as if it were a proprietary fund.

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

Beaufort County ABC Board P.O. Box 2552 Washington, NC 27889	Beaufort County Hospital 628 East 12th Street Washington, NC 27889	Warren Field Airport Commission P.O. Box 610 Airport Road Washington, NC 27889
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**B. Basis of Presentation - Fund Accounting**

The accounts of the County are organized and operated on the basis of funds and account groups each of which is considered a separate accounting entity. A fund is an independent fiscal and accounting entity with a self balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds but are a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds.

The County has the following fund categories (further divided by fund type) and account groups:

Governmental funds are used to account for Beaufort County's general governmental activities. Governmental funds included the following fund types:

**General Fund** - The general fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

**Special Revenue Funds** - Special revenue funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains ten Special Revenue Funds as detailed in the supplementary schedules.

**Capital Projects Funds** - Capital Projects Funds account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). The County has four Capital Projects Funds within its governmental fund types, County Buildings

Beaufort County, North Carolina  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
For The Fiscal Year Ended June 30, 1996

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation - Fund Accounting (continued)**

Renovation, the Beaufort Community College Building Fund, the Department of Social Services Building Fund, and Tideland Mental Health Center Expansion.

Proprietary Funds include the following fund type:

**Enterprise Funds** - Enterprise funds account for those operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Beaufort County has four Enterprise Funds, Water District II, III, IV, and VII.

Fiduciary funds account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds include the following funds:

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 that the County holds on behalf of others. The County maintains three agency funds: the Social Services Fund, which accounts for monies deposited with the Social Services Department; the County Home Fund which accounts for monies deposited with the County Home for patient expenditures; and the Fire Districts Fund which accounts for monies deposited with the finance office for individual fire districts.

Account Groups - The general fixed assets account group is used to account for fixed assets of the County that are not accounted for in the proprietary funds. The general long-term debt account group is used to account for general long-term debt and certain other liabilities of the County that are not specific liabilities of proprietary funds.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The Proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type fund

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus and Basis of Accounting (continued)**

equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements for these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting determines when the revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting. The governmental fund types and agency funds are presented in the financial statements on this same basis. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available") to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgements, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The County considers all revenues available if they are collected within 60 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, Beaufort County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered 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 1995 through February 1996 apply to the fiscal year ended June 30, 1996. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements. Those taxes for vehicles registered from March 1 through the fiscal year-end apply to the fiscal year 1996-97 and are not shown as receivables at June 30, 1996. For those motor vehicles registered under the annual system, taxes are due on May 1 of each year, and the uncollected taxes are reported as a receivable on the financial statements offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus and Basis of Accounting (continued)**

reflected as deferred revenues at June 30, 1996 because they are intended to finance the County's operations during the 1996-97 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intangibles taxes, 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.

The Proprietary fund is presented in the financial statements on the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred. As permitted by generally accepted accounting principles, the County has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

**D. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, the special revenue (excluding grant project funds), and the enterprise fund. All annual appropriations lapse at the fiscal year end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for the general fund, special revenue funds and enterprise fund, and at the object level for the grant project funds. The County Manager is authorized to transfer appropriations within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material.

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- April 30 - Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.
- June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
- July 1 - The budget ordinance shall be adopted by the governing board.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgetary Data (continued)**

As required by State law [G.S. 159-26(d)], the County maintains encumbrance accounts which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. The County has no encumbrances outstanding at year-end and any unencumbered appropriations lapse at year-end.

**E. Assets, Liabilities, and Fund Equity**

**1. Deposits and Investments**

All deposits of the County, Beaufort County Hospital, Beaufort County ABC Board, and Warren Field Airport Commission are made in board-designated official depositories and are secured as required by [G.S. 159-31]. The County, the Hospital, the ABC Board and the Airport may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the County, the Hospital, the ABC Board and the Airport 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, the Hospital, the ABC Board, and the Airport 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 banker's acceptances; and the North Carolina Capital Management Trust, an SEC registered mutual fund. Investments are stated at cost.

**2. Cash and Cash Equivalents**

The County pools monies from several funds to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board, the Hospital and the Airport consider demand deposits and investments purchased with an original maturity of three months or less to be cash and cash equivalents.

**3. Restricted Assets**

The unexpended bond proceeds of the Water District Serial Bonds are classified as restricted assets within the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Liabilities, and Fund Equity (continued)**

**4. 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 July 1, the beginning of the fiscal year. The taxes are due on September 1; however, penalties and interest do not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 1995.

**5. Allowance 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.

**6. Inventory**

Beaufort County and Warren Field Airport Commission account for inventories using the "purchases method". Under the purchases method, purchases are recorded as expenditures when purchased. The County and the airport did not have significant amounts of inventory on hand at year-end. The inventories of the ABC Board are valued at the lower of cost or market, and consist of products held for resale. The cost of this inventory is charged to cost of sales as the inventory is sold.

The inventories of the Hospital are valued at the lower of cost or market and consist of materials and supplies held for consumption. The cost of this inventory is recorded as an expense as it is consumed.

**7. Fixed assets**

The County's general fixed assets are recorded at original cost. Donated assets are listed at the market value at the date of donation. Certain items acquired before July 1, 1970 are recorded at an estimated original cost. The total of such estimates is not considered large enough that the errors would be material when fixed assets are considered as a whole.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
 For The Fiscal Year Ended June 30, 1996

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Liabilities, and Fund Equity (continued)**

**7. Fixed assets (continued)**

Public domain or infrastructure general fixed assets are not capitalized because such assets are immovable and of value only to the County. Also, the County has elected not to capitalize those interest costs which are incurred during the construction period of general fixed assets.

Property, plant, and equipment in the proprietary funds of the County and those of the Hospital, the Airport and the ABC Board are recorded at original cost at the time of acquisition. Property, plant, and equipment donated to these proprietary fund type operations are recorded at the estimated fair market value at the date of donation. Any interest incurred during the construction phase of proprietary fund type fixed assets is reflected in the capitalized value of the asset constructed. Plant assets of the County are depreciated on a composite straight-line basis for the entire plant, regardless of the year of acquisition, at a 2% annual rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Other proprietary fund assets of the County are depreciated on a class life basis at the following rates:

Furniture and office equipment	10%
Automobiles and light trucks	30%

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	25
Furniture and equipment	5-10
Motor Vehicles	4

Property, plant, and equipment of the Airport are depreciated over their useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	20 years
Furniture/equipment	10 years
Vehicles	3-5 years
Leasehold improvements	10-20 years
Computers, etc.	3 years

For the Hospital, depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

	<u>Useful Life</u>
Buildings	20 years
Equipment	10 years
Leasehold improvements	10-20 years
Computers	3 years

Beaufort County, North Carolina  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
For The Fiscal Year Ended June 30, 1996

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Fund Equity (continued)

8. Long-term debt

For governmental fund types, bond issuance costs are recognized during the current period. Bond proceeds are reported as other financing sources. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures. For the proprietary fund types, material bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. The long-term debt for water improvements is carried within the enterprise funds rather than in the General Long-Term Debt Account Group. The debt service requirements for the water debt are being met by water revenues, but the taxing power of the District is pledged to make these payments if water revenues should ever be insufficient. Long-term debt for other purposes is included in the General Long-Term Debt Account Group. Included within the General Long-Term Debt Account Group, are the hospital improvement bonds issued by the County. For the hospital improvement bonds issued by the County, the Hospital's revenues are sufficient to cover the debt service requirements on the bonds; however, the taxing power of the County is pledged to make the payments if the Hospital's revenues should be inadequate. The debt service requirements for all of the debt carried in the General Long-Term Debt Account Group are appropriated annually in the General Fund.

9. Fund equity

Reservations or restrictions of equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change. State law [G.S. 159-13(b) (16)] restricts the appropriations of fund balance or fund equity 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 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 which are not offset by deferred revenues.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Liabilities, and Fund Equity (continued)**

**9. Fund equity (continued)**

Reserved for Health Services - portion of fund balance representing the cumulative excess of federal and State revenues and local fees over expenditures, restricted for health service expenses only.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 1996-1997 budget ordinance.

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

**F. Revenues, Expenditures and Expenses**

**1. Other Resources**

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Operating transfers-out" in the General Fund and "Operating transfers-in" in the receiving fund. The County's General Fund also transfers funds to the Airport. In addition, the ABC Board makes quarterly transfers to the County's General Fund. These transfers represent the County's portion of the ABC Board's surpluses which the ABC Board is required by State statute to distribute to the County.

**2. Compensated absences**

The vacation policies of the County, the Hospital, and the ABC Board provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the County, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the County's governmental funds. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 1996 is recorded in the General Long-term Debt Account Group. For the County's proprietary funds, the Hospital, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Revenues, Expenditures and Expenses (continued)**

**2. Compensated absences (continued)**

The sick leave policies of the County, the Hospital, and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has 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.

**G. Total (Memorandum Only) Columns**

The total columns on the accompanying financial statements are captioned "Total (Memorandum Only) - Primary Government" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles for the primary government. Interfund eliminations have not been made in the aggregation of this data.

**H. Comparative Data/Reclassifications**

Comparative total data for the prior year is represented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the County's financial position and operations or would cause the statements to be unduly complex or difficult to understand. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current's year's presentation.

**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Assets**

**1. Deposits**

All of the County's, the Hospital's, the ABC Board's and the Airport'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 are collateralized with securities held by the County's, the Hospital's, the Airport'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, the Hospital, the Airport and the ABC Board, these deposits are considered to be held

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**A. Assets (continued)**

**1. Deposits (continued)**

by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the Hospital, the Airport or the ABC Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Hospital, the Airport 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.

At June 30, 1996, the County's deposits had a carrying amount of \$3,307,903 and a bank balance of \$3,658,922. Of the bank balance, \$200,000 was covered by federal depository insurance and \$66,574 in non-interest bearing deposits and \$3,392,348 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 1996, the carrying amount of deposits for Beaufort County ABC Board was \$251,066 and the bank balance was \$229,404. Of the bank balance, \$17,728 was covered by federal depository insurance and \$211,676 was collateralized under the Pooling Method.

At September 30, 1995, the Hospital's deposits had a balance of \$1,693,610 and a bank balance of \$1,693,610. All of the bank balance was covered by federal depository insurance and collateralization under the Pooling Method.

At June 30, 1996, the Airport's deposits had a carrying amount of \$307,455 and a bank balance of \$307,184 with \$100,000 of the amount being covered by federal depository insurance.

**2. Investments**

The County's, the Hospital's, the ABC Board's, and the Airport's investments are categorized to give an indication of the level of custodial risk assumed by each of these entities at year-end. In the following tables, Column A includes investments that are insured or registered or for which the securities are held by the County, the Hospital, the ABC Board, or the Airport, or their agents in the entity's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's, the Hospital's, the ABC Board's, or the Airport's name. Column C includes uninsured and unregistered investments for which the securities are held

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
 For The Fiscal Year Ended June 30, 1996

**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**A. Assets (continued)**

**2. Investments (continued)**

by the counterparty, or by its trust department or agent but not in the County's, the Hospital's, the ABC Board's, or the Airport's name. The County's, the Hospital's, the ABC Board's, and the Airport's investments in the North Carolina Capital Management Trust are exempt from risk categorization because the County, the Hospital, and the ABC Board do not own any identifiable securities in these mutual funds.

At June 30, 1996 the County's investment balances were as follows:

	<u>Categories</u>			<u>Cost Value</u>	<u>Market Value</u>
	<u>A</u>	<u>B</u>	<u>C</u>		
Federal National Mortgage					
FNMA Strips-Zero Coupon	\$ 1,000,305	\$ -	\$ -	\$ 1,000,305	\$ 925,000
Common Stock	<u>3,763</u>	<u>-</u>	<u>-</u>	3,763	10,411
	<u>\$ 1,004,068</u>	<u>\$ -</u>	<u>\$ -</u>		
 North Carolina Capital Management Trust				<u>6,320,381</u>	<u>6,320,381</u>
 Total investments				<u>\$ 7,324,449</u>	<u>\$ 7,255,792</u>

At June 30, 1996, the ABC Board had no money in the above type investments.

At September 30, 1995, the Beaufort County Hospital had no money in the above type investments.

At June 30, 1996, Warren Field Commission had no money in the above type investments.

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

In accordance with the general statutes, agriculture, horticulture, and forest land 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 eligibility is lost. These amounts have not been recorded in the financial statements.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
 For The Fiscal Year Ended June 30, 1996

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**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**A. Assets (continued)**

**3. Property Tax - Use-Value Assessment on Certain Lands (continued)**

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
1992	\$ 39,251	\$ 12,855	\$ 52,106
1993	45,421	10,787	56,208
1994	383,887	56,623	440,510
1995	<u>378,171</u>	<u>21,745</u>	<u>399,916</u>
	<u>\$846,730</u>	<u>\$102,010</u>	<u>\$948,740</u>

**4. Receivables - Allowance For Doubtful Accounts**

For the County, the amounts shown in Exhibit 1, the Combined Balance Sheet are net of the following allowance for doubtful accounts:

<u>Fund</u>	<u>June 30, 1996</u>
Property taxes receivable	
General fund	\$312,546
Special revenue fund	26,783
Accounts receivable	
General fund	9,646
Enterprise fund	<u>17,013</u>
	<u>\$365,988</u>

The Hospital's accounts receivable are presented net of the allowance for uncollectible accounts of \$2,581,450.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**A. Assets (continued)**

**5. Changes in General Fixed Assets**

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	General Fixed Assets <u>July 1, 1995</u>	Additions and Discoveries	Retirements	Transfers	General Fixed Assets <u>June 30, 1996</u>
Land	\$ 576,493	\$ -	\$ -	\$ -	\$ 576,493
Buildings & improvements	6,377,096	1,964,921	-	-	8,342,017
Vehicles & equipment	3,103,291	673,429	<156,143>	-	3,620,577
Construction in progress					
Building renovations	<u>2,092,023</u>	<u>488,925</u>	<u>&lt;2,092,023&gt;</u>	<u>-</u>	<u>488,925</u>
Total	<u>\$12,148,903</u>	<u>\$3,127,275</u>	<u>\$&lt;2,248,166&gt;</u>	<u>\$ -</u>	<u>\$13,028,012</u>
By Function					
General government	\$ 3,376,545	\$2,157,859	\$ -	\$ 6,500	\$ 5,540,904
Public safety	1,245,967	349,231	<146,404>	<6,500>	1,442,294
Human services	3,512,800	108,630	<1,374>	-	3,620,056
Environmental protection	1,440,938	13,746	-	-	1,454,684
Economic and physical development	475,630	8,884	<8,365>	-	476,149
Revaluation	5,000	-	-	-	5,000
Construction in progress	<u>2,092,023</u>	<u>488,925</u>	<u>&lt;2,092,023&gt;</u>	<u>-</u>	<u>488,925</u>
Total	<u>\$12,148,903</u>	<u>\$3,127,275</u>	<u>\$&lt;2,248,166&gt;</u>	<u>\$ -</u>	<u>\$13,028,012</u>
Reconciliation of additions:					
Capital outlay expenditures		\$ 543,507			
Capital Projects - construction in progress		488,925			
Construction in progress completed		2,092,023			
Discoveries		3,613			
Department supplies		<793>			
Total		<u>\$3,127,275</u>			

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**A. Assets (continued)**

**6. Proprietary Fund Fixed Assets**

The fixed assets of the Water District II Fund at June 30, 1996 are as follows:

	<u>Fixed Assets</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Plant and distribution system	\$4,549,677	\$ 45,497	\$4,504,180
Furniture & maintenance equipment	34,930	5,564	29,366
Vehicles	<u>13,935</u>	<u>5,080</u>	<u>8,855</u>
Total	<u>\$4,598,542</u>	<u>\$ 56,141</u>	<u>\$4,542,401</u>

The fixed assets of the Water District III Fund at June 30, 1996 are as follows:

	<u>Fixed Assets</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 2,000	\$ -	\$ 2,000
Plant and distribution system	3,911,505	39,115	3,872,390
Furniture & maintenance equipment	24,379	3,885	20,494
Vehicles	<u>9,727</u>	<u>4,628</u>	<u>5,099</u>
	<u>\$3,947,611</u>	<u>\$ 47,628</u>	<u>\$3,899,983</u>

The following is a summary of proprietary fund type fixed assets for the ABC Board at June 30, 1996:

Land	\$ 147,594
Buildings	470,053
Furniture and equipment	161,563
Vehicles	<u>19,614</u>
Total	798,824
Less accumulated depreciation	<u>&lt;344,712&gt;</u>
Fixed assets, net	<u>\$ 454,112</u>

For Beaufort County Hospital, the components of property, plant, and equipment at September 30, 1995 are as follows:

Land and improvements	\$ 440,099
Buildings	8,896,095
Equipment	8,993,827
Construction in progress	<u>143,175</u>
Total	18,473,196
Less accumulated depreciation	<u>&lt;10,659,067&gt;</u>
Property, plant and equipment, net	<u>\$ 7,814,129</u>

Beaufort County, North Carolina  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
For The Fiscal Year Ended June 30, 1996

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**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**A. Assets (continued)**

**6. Proprietary Fund Fixed Assets (continued)**

The following is a summary of fixed assets of the Warren Field Airport Commission at June 30, 1996.

Land, parking lot, lights, taxiway and runway	\$ 2,974,409
Building and hangars	303,714
Gas pumps and tanks	59,954
Reforestation	2,730
Furniture, fixtures and equipment	173,984
Construction in progress	<u>33,950</u>
Total	3,548,741
Less accumulated depreciation	<u>&lt;2,348,537&gt;</u>
Fixed assets, net	<u>\$ 1,200,204</u>

**B. Liabilities**

**1. Pension Plan Obligations**

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

All persons who are regularly employed (1000 hours per year) by the County and the ABC Board participate in the statewide Local Governmental Employees' Retirement System (System), a multiple-employer, cost-sharing, defined benefit pension plan. The County's payroll for employees covered by the System for the fiscal year ended June 30, 1996 was \$5,422,775; the County's total payroll was \$6,752,516. The ABC Board's payroll for employees covered by the System for the fiscal year ended June 30, 1996 was \$263,280; the ABC Board's total payroll was \$312,022.

The system provides retirement and disability benefits. After five years of creditable service, employees qualify for a vested deferred benefit. Employees not engaged in law enforcement may retire with unreduced benefits under the following conditions:

- 1) Complete 30 years of creditable service, or
- 2) Reach age 65 and complete 5 years of creditable service, or
- 3) Reach age 60 and complete 25 years of creditable service.

Law enforcement officers may retire with unreduced retirement benefits after completing 30 years of creditable service or after reaching age 55 and completing 5 years of creditable service. Employees retiring under any of these conditions are entitled to annual final retirement benefits equal to 1.72% of their average final compensation multiplied by their years of

Beaufort County, North Carolina  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
For The Fiscal Year Ended June 30, 1996

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**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**B. Liabilities (continued)**

**1. Pension Plan Obligations (continued)**

**a. Local Governmental Employees' Retirement System (continued)**

creditable service. Average final compensation is the average of an employee's salary during the employee's four highest paid years in a row.

Employees may retire with reduced retirement benefits under the following conditions:

- 1) Employees not engaged in law enforcement who reach age 50 and complete 20 years of creditable service or reach age 60 and complete 5 years of creditable service, or
- 2) Law enforcement officers who reach age 50 and complete 15 years of creditable service, or
- 3) Firemen who reach age 55 and complete 5 years of creditable service.

Covered employees are required by State statute to contribute 6 percent of their salary to the System. The County and the ABC Board are required by the same statute to contribute the remaining amounts necessary to pay benefits when due. For the County, the actuarially determined contribution requirement for the fiscal year ended June 30, 1996 was \$685,828, which consisted of \$309,476 from the County and \$376,352 from employees; the County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 5.03% and 4.32% of covered payroll, respectively. For the ABC Board, the actuarially determined contribution requirement for the fiscal year ended June 30, 1996 was \$29,010, which consisted of \$13,213 from the ABC Board and \$15,797 from the employees; the ABC Board's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 5.08% and 4.32% of covered payroll, respectively.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation for the System as a whole at December 31, 1995, the date of the latest available actuarial valuation was \$4,913,727,000. The System's net assets available for benefits on that date (at cost) were \$5,411,167,000,

Beaufort County, North Carolina  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
For The Fiscal Year Ended June 30, 1996

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NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

a. Local Governmental Employee's Retirement System (continued)

leaving net assets in excess of the pension benefit obligation of \$497,440,000. The County's 1996 contribution and the ABC Board's 1996 contribution each represented less than one percent of total contributions required of all participating entities.

Ten-year historical trend information showing the System's revenue by source and expenses by type will be presented in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina as of and for the fiscal year ended June 30, 1996. The State's CAFR will also begin to present prospective trend information showing the System's progress in accumulating sufficient assets to pay benefits when due.

b. Law Enforcement Officers' Special Separation Allowance - Beaufort County

(1) Description

Beaufort County is the administrator of a single-employer, defined benefit, public employee retirement system (System) established by the County to provide special separation benefits to its law enforcement officers. The County's payroll for employees covered by the System for the fiscal year ended June 30, 1996 was \$849,767; the County's total payroll was \$6,752,516.

All full-time County law enforcement officers are covered by the System. At December 31, 1995 the System's membership consisted of:

Retirees currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1
Current employees:	
Fully vested	1
Nonvested	<u>37</u>
Total	<u>39</u>

Beaufort County, North Carolina  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
For The Fiscal Year Ended June 30, 1996

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**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**B. Liabilities (continued)**

**1. Pension Plan Obligations (continued)**

**b. Law Enforcement Officers Special Separation Allowance (continued)**

The System provides special retirement benefits to all full-time County law enforcement officers who meet the following criteria:

- 1) Have (a) completed 30 or more years of creditable service, or (b) have attained 55 years of age and completed 5 or more years of creditable service, and
- 2) Have not attained 62 years of age, and
- 3) Have completed at least 5 years of continuous service as a law enforcement officer immediately preceding a service retirement.

The qualified law enforcement officers are entitled to an annual retirement benefit of .85% of the annual equivalent of the base rate of compensation most recently applicable to the covered employee for each year of creditable service. The retirement benefits are paid monthly in equal installments. Payments to retired officers cease at their death or on the last day of the month in which the officer attains 62 years of age or upon the first day of re-employment by any State department, agency, or institution.

The County is required by State statute to provide these special retirement benefits and has chosen to fund the amount necessary to cover the benefits earned when the benefits are due and records these payments as General Fund expenditures.

**(2) Funding Status and Progress**

The amount shown below as a "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the System on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons among employers.

The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

The pension benefit obligation was computed as part of an actuarial valuation performed as of December 31, 1995. Significant actuarial assumptions used in the valuation include (a) an annual rate of return on the investment of present and future assets of 7.5% compounded annually,

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
 For The Fiscal Year Ended June 30, 1996

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**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**B. Liabilities (continued)**

**1. Pension Plan Obligations (continued)**

**b. Law Enforcement Officers Special Separation Allowance (continued)**

(b) projected annual salary increases of 5 percent compounded annually, attributable to inflation, (c) additional projected annual salary increases of 1.5%, attributable to seniority/merit, and (d) no post-employment retirement increases.

At December 31, 1995, the date of the last actuarial study, the unfunded pension benefit obligation was \$113,791 as follows:

Pension benefit obligation:	
Retirees currently receiving benefits and terminated employees not yet receiving benefits	\$ 2,504
Current employees:	
Employer-financed vested	8,469
Employer-financed nonvested	<u>102,818</u>
Total pension benefit obligation	<u>113,791</u>
Net assets available for benefits at cost	<u>-</u>
Unfunded pension benefit obligation	<u>\$113,791</u>

**(3) Contribution Requirements and Contributions Made**

The County has chosen to fund the amount necessary to cover the benefits earned when the benefits are due. The County has not currently adopted an actuarial determined funding policy, and no contribution requirement has been established by the County. There were no contributions made by the employees for the year ended June 30, 1996. Current and long-term unfunded contributions at June 30, 1996 are not considered material and have not been recorded as a fund liability, nor in the general long-term account groups.

Trend information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information is presented for as many years as the standardized measure of pension benefit obligation is available. As of June 30, 1996, no assets were available to fund the pension benefit obligation. Unfunded pension benefit obligation

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**B. Liabilities (continued)**

**1. Pension Plan Obligations (continued)**

**b. Law Enforcement Officers Special Separation Allowance (continued)**

represented 13.39 percent of the annual payroll for employees covered by the System for 1996. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. As discussed above, the County has elected not to fund the pension benefit obligation until it becomes due.

**c. Supplemental Retirement Income Plan For Law Enforcement Officers**

All law enforcement officers employed by the County participate in the Supplemental Retirement Income Plan, a defined contribution pension plan. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. State statute requires that the County contribute each month an amount equal to 5 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.

The County's contributions were calculated using a covered payroll amount of \$849,767; the County's total payroll was \$6,752,516. Total contributions for the year ended June 30, 1996 were \$42,488, which consisted of \$42,488 from the County and \$0.00 from the law enforcement officers. The County's required contributions and the officers' voluntary contributions represented 5.0% and 0.0% of the covered payroll, respectively.

**d. Register of Deeds' Supplemental Pension Fund**

The County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), which is a noncontributory defined contribution pension plan. As established by the North Carolina General Assembly (Article 3 of GS 161), effective October 1, 1987, this plan covers any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan.

On a monthly basis the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5 percent) of the monthly receipts collected pursuant to Article 1 of GS 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety percent (90 percent) 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 ten percent (10 percent) of the Fund's assets may be used by the State Treasurer in administering the Fund.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**B. Liabilities (continued)**

**1. Pension Plan Obligations (continued)**

**d. Registers of Deeds' Supplemental Pension Fund (continued)**

Any county register of deeds who has retired with at least 10 years eligible service as register of deeds under the LGERS or an equivalent locally sponsored plan before June 30, 1988, and those who retire thereafter who have completed at least 10 years of eligible service as register of deeds are entitled to receive a monthly pension payment under this plan.

An eligible retired register of deeds is entitled to receive an annual pension benefit, payable in equal monthly installments, equal to one share for each full year of eligible service as register of deeds multiplied by his/her total number of years of eligible service. The amount of each share shall be determined by dividing the total number of years of eligible service for all eligible retired registers of deeds on December 31 of each calendar year into the amount to be disbursed. Benefits received under this plan may not exceed the lessor of 1) \$1200 per month, or 2) an amount which, when added to benefits received under the LGERS or an equivalent plan and any benefits received from employer contributions to the Supplemental Retirement Income Plan, would exceed 75 percent of the recipient's equivalent annual salary immediately preceding retirement computed on a monthly base rate.

Monthly pensions payable under this plan cease at the death of the pensioner and no payment is made to any beneficiaries or to the descendent's estate. Monthly pensions also cease if a pensioner becomes a full-time employee who participates in the LGERS.

For the year ended June 30, 1996, the County's required and actual contributions were \$6,776.

**e. Beaufort County Hospital Pension Plan**

The Hospital has a noncontributory defined benefit pension plan covering substantially all employees meeting minimum age and service requirements. Plan benefits are based on the participant's years of service and average annual earnings in the five consecutive highest paid years during the last ten years preceding retirement. Total pension expense charged to operations amounted to \$265,034 for the year ending September 30, 1995. The Hospital intends to terminate this defined benefit plan and adopt a defined contribution plan to provide more flexibility in future funding and a better benefit to the employees. Although the plan is actually over funded at this time, the laws and regulations governing defined benefit pension plans will

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
 For The Fiscal Year Ended June 30, 1996

**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**B. Liabilities (continued)**

**1. Pension Plan Obligations (continued)**

**e. Beaufort County Hospital Pension Plan (continued)**

not permit the termination of the plan without a substantial addition to the plan by the Hospital. If the interest rate for thirty year U.S. Treasury bonds reaches 7%, it is expected that the plan could be terminated without a substantial addition by the Hospital. The Hospital intends to continue funding the plan in amounts sufficient to cover all present accumulated benefits as determined by the actuary (W.E. Stanley & Company, Inc.) and to terminate it as soon as possible without incurring substantial termination cost.

The actuarial present values were determined using assumed rates of return of 7.5% and annual salary increases of 5%.

	<u>Projected October 1, 1994</u>
Actuarial present value of accumulated plan benefits:	
Vested	\$3,497,727
Nonvested	<u>104,622</u>
Accumulated benefit obligation	<u>\$3,602,349</u>
 Net assets available for benefits:	
Held by First Union National Bank invested in Evergreen Funds balanced portfolio:	September 30, 1995 <u>\$4,247,128</u>

**f. Warren Field Airport Commission**

The Airport does not belong to any pension or retirement plan.

**2. Postemployment Health Care Benefits - Beaufort County**

The County does not provide post retirement health benefits to employees.

**3. Closure and Postclosure Care cost - Beaufort County Landfill Facility**

State and federal laws and regulations require the County to place a final cover on its Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care cost will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
 For The Fiscal Year Ended June 30, 1996

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**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**B. Liabilities (continued)**

based on landfill capacity used as of each balance sheet date. The \$400,437 reported as landfill postclosure care liability at June 30, 1996 represents a cumulative amount reported to date. These amounts are based on what it would cost to perform all postclosure care in 1995. Beaufort County closed the facility in the year 1994. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. The County is not currently required to fund the estimated postclosure costs of this facility based upon its present financial stability.

**4. Deferred Revenue**

The balance of deferred revenue at year-end is comprised of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Property taxes receivable	\$1,565,316	\$ 74,524	\$1,639,840
Prepaid taxes	172,251	6,045	178,296
Solid waste fees	360,723	-	360,723
Total	<u>\$2,098,290</u>	<u>\$ 80,569</u>	<u>\$2,178,859</u>

**5. Commitments**

The County has commitments of approximately \$610,000 for building renovations. This project is being funded mainly by local funds.

The ABC Board has elected to pay direct costs of employment securities benefits in lieu of employment security taxes on payroll. A liability for benefit payments could accrue in the year following discharge of employees. For the year ended June 30, 1996 \$0.00 was paid.

**6. Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error 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 insurance coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general liability coverage of \$2 million per occurrence, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**B. Liabilities (continued)**

**6. Risk Management (continued)**

\$500,000 up to \$2 million limit for general liability coverage, \$500,000 of aggregate annual losses in excess of \$25,000 per occurrence for property coverage, and single occurrence losses of \$350,000 for workers' compensation.

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.

Beaufort County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. 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.

Beaufort County Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employee; natural disasters; and medical malpractice. The Hospital carries commercial insurance for these 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 Warren Field Airport Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport carries commercial insurance for risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

**7. Long-Term Obligations**

**a. Capital Leases**

Both the County and the Hospital have entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

For Beaufort County, the lease agreement is for a tax department computer executed on June 25, 1993 requiring 60 monthly payments of \$3,704.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
 For The Fiscal Year Ended June 30, 1996

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NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

B. Liabilities (continued)

7. Long-Term Obligations (continued)

a. Capital Leases (continued)

The following is an analysis of the assets recorded under capital leases:

<u>Classes of Property</u>	<u>General Fixed Assets</u>
Equipment	\$196,809

For Beaufort County, the future minimum lease obligations and the net present value of these net minimum lease payments as of June 30, 1996 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>General Long-Term Debt</u>
1997	\$ 44,449
1998	<u>44,449</u>
Total minimum lease payments	88,898
Less amount representing interest	<u>4,372</u>
Present value of future minimum lease payments	<u>\$ 84,526</u>

The Hospital leases equipment that is used for professional and administrative services. The leases expire in various years through 2002. Leases for the following classes of equipment have been accounted for as capital leases and are classified separately in the Hospital's balance sheet.

Laboratory	\$ 249,860
Radiology	1,119,325
CCU	195,640
Telephone system	136,638
Obstetric	101,716
Patient rooms	<u>49,800</u>
	1,852,979
Less allowances for amortization	<u>&lt;1,787,011&gt;</u>
	<u>\$ 65,968</u>

Amortization of capital leases is included in depreciation and amortization expense. Future minimum payments, by year and in the aggregate, under the capital leases with initial or remaining terms of one year or more consist of the following at September 30, 1995:

Beaufort County, North Carolina  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
For The Fiscal Year Ended June 30, 1996

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NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

B. Liabilities (continued)

7. Long-Term Obligations (continued)

a. Capital Leases (continued)

1996	\$ 63,383
1997	10,988
1998	10,988
1999	10,988
2000	10,988
2001	10,988
2002	<u>8,241</u>
Total minimum lease payments	126,564
Amounts representing interest	<u>27,722</u>
Present value of net minimum lease payments	<u>\$ 98,842</u>

b. General Obligations Indebtedness

The County records long-term debt of the governmental funds at face value in the general long-term debt account group. All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Beaufort County Water Districts issue general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Water District Funds, are collateralized by the full faith, credit, and taxing power of the District. Principal and interest payments are appropriated when due.

In 1996, the County issued \$9,405,000 in general obligation bonds with an average interest rate of 4.0% to advance refund \$8,700,000 of the Series 1988 bonds with an average interest rate of 7.1% and Series 1989 bonds with an average interest rate of 6.75%. The entire proceeds of \$9,379,606 (net of \$71,193 issuance costs and \$25,394 discount) were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1988 and 1989 bonds. As a result, the Series 1988 and 1989 bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The government advance refunded the 1988 and 1989 Series debt to reduce its total debt service payments over the next 10 years by \$528,278 and to obtain an economic gain (i.e., difference between the present values of the debt service payments on the old and new bonds) for \$326,846.

The County's general obligation bonds payable at June 30, 1996 are comprised of the following individual issues:

Beaufort County, North Carolina  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
For The Fiscal Year Ended June 30, 1996

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NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

B. Liabilities (continued)

7. Long-Term Obligations (continued)

b. General Obligations Indebtedness (continued)

\$2,000,000 1991 Community College Serial bonds, due on May 1 in installments ranging from \$50,000 to \$200,000 through May, 2009; interest ranging from 6.4% to 6.5% 1,700,000

\$9,405,000 1996 Refunding bonds, due on February 1 in installments ranging from \$1,095,000 to \$565,000 through February 2006; interest ranging from 4.0% to 4.4% 9,405,000  
11,105,000

Serviced by Water District II Long Acre West:

\$4,226,000 1996 Water Serial Bond due in annual installments; beginning in 1997; of \$39,500 to \$158,000 through June 1, 2034; with interest only for 1996; interest at 6.125% 4,226,000

\$434,000 1996 Water Serial Bond due in annual installments; beginning in 1997; of \$4500 to \$18,000 through June 1, 2034; with interest only for 1996; interest at 5.625% 434,000  
4,660,000

Serviced by Water District III Long Acre East:

\$3,728,000 1996 Serial Bonds due in annual installments; beginning in 1997; of \$35,000 to \$140,000 through June 1, 2034; with interest only for 1996; interest at 6.125% 3,728,000

\$381,000 1996 Water Serial Bond due in annual installments; beginning in 1997; of \$4000 to \$16,000 through June 1, 2034; with interest only for 1996; interest at 5.625% 381,000  
4,109,000

Water District VII Richland:

Bond Anticipation Notes

\$100,000 Water note issued June 12, 1996 and due June 11, 1997; interest at 4.67%. The note will be repaid from a bond issue expected to be sold in the next fiscal year 100,000

Total \$19,974,000

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**B. Liabilities (continued)**

**7. Long-Term Obligations (continued)**

**b. General Obligations Indebtedness (continued)**

Annual debt service requirements to maturity for the County's general obligation bonds including interest of \$2,889,302 for General Long-Term Debt Account Group and \$12,708,054 for the Water Fund are as follows:

Year Ending <u>June 30,</u>	Water <u>Districts</u>	General Long-Term <u>Debt Account Group</u>	<u>Total</u>
1997	\$ 720,696	\$ 1,660,777	\$ 2,381,473
1998	613,485	1,592,775	2,206,260
1999	613,291	1,524,475	2,137,766
2000	612,790	1,456,975	2,069,765
2001	612,983	1,385,275	1,998,258
Next 5 years	3,063,303	5,696,025	8,759,328
Thereafter	<u>15,340,506</u>	<u>678,000</u>	<u>16,018,506</u>
	<u>\$21,577,054</u>	<u>\$13,994,302</u>	<u>\$35,571,356</u>

At June 30, 1996, Beaufort County had a legal debt margin of \$158,124,797.

**c. Notes Payable**

Beaufort County has entered into a loan agreement with Southern Bank in order to purchase and renovate a building to be used for the Department of Social Services. The principal borrowed was \$2,172,237. The terms call for 14 semi-annual payments of \$174,211.30 bearing interest at 3.68%. The first payment is a principal only payment. This debt is included in the General Long-Term Debt Account Group.

Beaufort County has entered into a loan agreement with Nations Bank to borrow \$715,000 to finance the acquisition of the enhanced 911 telephone system. The agreement requires monthly payments bearing interest at 3.66% for 59 months. This debt is included in the General Long-Term Debt Account Group.

Beaufort County has entered into a loan agreement with Nations Bank to borrow \$315,000 to finance the acquisition of the high band radio system. The agreement requires equal annual installments of \$45,000 plus interest at 5.39% for seven years. This debt is included in the General Long-Term Debt Account Group.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**B. Liabilities (continued)**

**7. Long-Term Obligations (continued)**

**c. Notes Payable (continued)**

For Beaufort County, the following summarizes the annual requirements for the 911 system, the Department of Social Services building and the radio system notes, including interest of \$50,935 for High Band Radio System note, \$135,028 for the Department of Social Services Building note and \$16,078 for the Enhanced 911 system note:

Year Ending <u>June 30,</u>	High Band Radio <u>System Note</u>	DSS <u>Building Note</u>	Enhanced 911 <u>System Note</u>	<u>Total</u>
1997	\$ 59,553	\$ 348,423	\$ 155,847	\$ 563,823
1998	57,128	348,423	150,525	556,076
1999	54,702	348,423	61,147	464,272
2000	52,276	348,423	-	400,699
2001	49,851	174,210	-	224,061
Next 5 years	<u>47,425</u>	<u>-</u>	<u>-</u>	<u>47,425</u>
	<u>\$ 320,935</u>	<u>\$1,567,902</u>	<u>\$ 367,519</u>	<u>\$2,256,356</u>

The Hospital issued an installment note payable to First Citizens Bank & Trust Company on August 25, 1994. This note is payable in monthly installments of \$15,225 including interest at 4.97% annually. This note is secured by computer equipment and software. Aggregate maturities of this note payable in each of the next three years ended September 30 follows:

1996	\$ 162,419
1997	170,677
1998	<u>148,843</u>
Total	481,939
Less current maturities	<u>&lt;162,419&gt;</u>
Long-term portion	<u>\$ 319,520</u>

The ABC Board has entered into a loan agreement with Wachovia Bank. The note is unsecured and requires quarterly installments of \$8150 including interest at 5.9%. Aggregate maturities of this note payable in each of the next four years ended June 30 follows:

1997	\$ 27,488
1998	29,168
1999	30,952
2000	<u>8,046</u>
Total	95,654
Less current maturities	<u>&lt;27,488&gt;</u>
Long-term portion	<u>\$ 68,166</u>

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

**NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)**

**B. Liabilities (continued)**

**7. Long-Term Obligations (continued)**

**d. Changes in General Long-Term Debt**

The following is a summary of changes in the County's general long-term debt for the fiscal year ended June 30, 1996;

	Balance July 1, 1995	Additions	Retirements	Balance June 30, 1996
By type:				
General obligation bonds	\$11,420,000	\$ 9,405,000	\$ 9,720,000	\$11,105,000
Capitalized leases	123,794	-	39,268	84,526
DSS building note	1,720,601	-	287,727	1,432,874
High band radio system note	315,000	-	45,000	270,000
Enhanced 911 system note	496,864	-	145,423	351,441
Compensated absences	347,755	-	21,946	325,809
Landfill postclosure care	439,743	-	39,306	400,437
<b>Total</b>	<u>\$14,863,757</u>	<u>\$ 9,405,000</u>	<u>\$10,298,670</u>	<u>\$13,970,087</u>
By function:				
General government	\$ 123,794	\$ -	\$ 39,268	\$ 84,526
Economic and physical development	496,864	-	145,423	351,441
Education	9,320,000	7,335,900	7,620,000	9,035,900
Human services	1,720,601	-	287,727	1,432,874
Environmental protection	439,743	-	39,306	400,437
Public safety	315,000	-	45,000	270,000
Compensated absences	347,755	-	21,946	325,809
Hospital	2,100,000	2,069,100	2,100,000	2,069,100
<b>Total</b>	<u>\$14,863,757</u>	<u>\$ 9,405,000</u>	<u>\$10,298,670</u>	<u>\$13,970,087</u>

**8. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 1996 are as follows:

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government - General Fund	Component unit: Beaufort County ABC Board Required distributions	<u>\$ 13,163</u>

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 3 RELATED ORGANIZATIONS**

The chairman of the County's governing board is also responsible for appointing the members of the board of the Beaufort County Industrial Control Facility, but the County's accountability for this organization does not extend beyond making these appointments. The Facility exists to issue and service revenue bond debt for private business for economic development purposes. Its primary revenues are the payments to service the issued debt that are received from the businesses involved. The County is not responsible for the debt issued by the Facility and the Facility's debt is not included in determining the County's legal debt limit.

The County's governing board serves along with the County Nursing Home's governing board as directors of the Beaufort County Home Foundation. The Foundation is a non-profit organization created to raise funds for the County's Nursing Home. The Foundation's revenues are from gifts and grants.

**NOTE 4 JOINT VENTURES**

The County participates in a joint venture to operate BHM Regional Library with three other local governments. Beaufort County appoints three board members to the nine member board of the Library. The County has an on-going financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 1996. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$93,000 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library offices, at 158 North Market Street, Washington, NC 27889.

The County in conjunction with the State of North Carolina and the Beaufort County Board of Education, participates in a joint venture to operate the Beaufort County Community College. Each of the three participants appoints five members of the fifteen member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$800,000 and \$170,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 1996. In addition, the County made debt service payments of \$100,000 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 4 JOINT VENTURES (continued)**

County's financial statements at June 30, 1996. Complete financial statements for the community college may be obtained from the community college's administrative offices at Highway 264 East, Washington, NC 27889.

The County, in conjunction with four other counties, participates in the Tideland Mental Health Center. The County Commissioners appoint four members to the twenty member board of the Center. In addition, one County Commissioner also serves on the Center's board. The Center, a multi-county public mental health authority, is a separate and distinct subdivision charged by State law with the responsibility of providing treatment for persons suffering from emotional, mental, or neurological handicaps and to provide services for drug and mental health prevention, treatment and rehabilitation services. The County contributed \$120,000 to the Center during fiscal year ended June 30, 1996. Complete financial statements for the Center can be obtained from the Center's administrative offices at 1308 Highland Drive, Washington, NC 27889.

**NOTE 5 JOINTLY GOVERNED ORGANIZATION**

The County, in conjunction with four other counties and thirty-seven municipalities, established the Mid-East Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The County paid membership fees of \$11,477 to the Commission during the fiscal year ended June 30, 1996.

**NOTE 6 SUPPLEMENTAL & ADDITIONAL SUPPLEMENTAL 1/2 OF 1% LOCAL GOVERNMENT SALES AND USE TAXES**

State law (Chapter 105, Articles 40 & 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 1996, the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for public school capital outlays.

**NOTE 7 SCHOOL FACILITIES FINANCE ACT OF 1987**

The General Assembly passed the School Facilities Finance Act of 1987 (Act) to assist county governments in meeting their public school facility capital needs. The Act created two State-funded programs for the construction and renewal of school facilities: the Public School Building Capital Fund administered by the office of State Budget and Management and the Critical School Facilities Needs Fund administered by the State Board of Education.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 1996

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**NOTE 7 SCHOOL FACILITIES FINANCE ACT OF 1987 (continued)**

**1. Public School Building Capital Fund**

This program is funded using a portion of the corporate income taxes of 7.75%, which are imposed on corporations doing business in the State. Each calendar quarter, the Department of Revenue makes quarterly deposits into the fund of two thirty-first (2/31) of the net collections of corporate income taxes received during the previous quarter minus \$2.5 million, which it deposits into the Critical School Facilities Needs Fund. (See below.)

The corporate income taxes deposited into the fund are allocated to Beaufort County on the basis of the average daily membership (ADM) for Beaufort County Board of Education as determined by the State Board of Education. The Office of State Budget and Management establishes and maintains an ADM allocation account for the County. At June 30, 1996, the balance of the County's ADM allocation account was \$349,375. The County must match this balance on the basis of one dollar for every dollar of State funds.

After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At June 30, 1996, the County had a balance in its disbursing account of \$0.00.

Funds in the allocation and disbursing accounts are considered State moneys until the County issues warrants to disburse them. At that time, they are recognized in the County's General Fund as a restricted intergovernmental revenue.

**2. Critical School Facilities Needs Fund**

This program is funded by the net collections of State income taxes imposed on corporations and received by the Department of Revenue. Each quarter, the Department of Revenue deposits \$2.5 million into the fund.

Grants are awarded by the Commission on School Facility Needs based on the County's critical needs. A joint application must be made by the Beaufort County Board of Commissioners and the Beaufort County Board of Education. At June 30, 1996, the Boards had not submitted a grant application to the Commission on School Facility Needs.

**NOTE 8 SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**1. Federal and State Assisted Programs**

The County and Warren Field Airport Commission have 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 monies.

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
 For The Fiscal Year Ended June 30, 1996

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**NOTE 8 SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (continued)**

**2. Airport Contaminants**

In January, 1991 it was discovered that the Airport had an underground leak from one of its fuel tanks. Initial cleanup efforts concentrated on removal and remediation of contaminated soil. A plan for corrective action, which provided for a natural lessening of the contaminants with monitoring, has been submitted to the State of North Carolina for approval. Future costs have not been determined. No provision has been made in the financial statements for this contingency.

**NOTE 9 MAJOR TAXPAYER**

Beaufort County had property tax revenue from one taxpayer in 1996 of \$2,552,908, which accounted for approximately 18.1 percent of total property tax levied.

**NOTE 10 BUDGET-TO-GAAP RECONCILIATION**

Exhibit 3, the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual, compares the budget and actual data by fund type for those governmental funds that adopt annual budgets. Therefore, only those Special Revenue Funds that adopt annual budgets are included on Exhibit 3. A budget-to-GAAP reconciliation for the Special Revenue Fund is included below:

<u>Special Revenue Fund</u>	<u>Excess of Revenues and Other Sources over &lt;under&gt; Expenditures and Other Uses</u>
Per Exhibit 3 - Budgetary basis	\$<286,716>
Timing difference	
Transactions of funds with multi-year budgets	
Revenues	56,625
Expenditures	<u>&lt;56,625&gt;</u>
Per Exhibit - GAAP basis	<u>\$&lt;286,716&gt;</u>

**NOTE 11 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Noncompliance With North Carolina General Statutes**

The county holds common stock as an investment, which is in violation of G.S. 159-30 regarding investments.

**B. Excess of Expenditures Over Appropriations**

There were instances of overexpending the approved budget in certain departments of the Enterprise Fund, the General Fund and Special Revenue Funds. G.S. 159-28 states that "no obligation may be incurred in a program, function, or activity accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year".

Beaufort County, North Carolina  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
 For The Fiscal Year Ended June 30, 1996

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**NOTE 12 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 which do not appear in the general purpose financial statements because they are not revenues and expenditures of the County.

1. Benefit Payments Issued by the State

Food Stamp Program	\$ 4,701,979	\$ -
Aid to Families with Dependent Children	1,717,637	523,559
Medical Assistance Program	21,054,544	9,664,803
Special Supplemental Food Program for Women, Infants, and Children	727,976	-
Energy Assistance Payment	63,940	-
CWS Adopt Subsidy & Vendor	11,482	15,062
IV-E Adopt Subsidy & Vendor	30,515	8,355
Special Assistance - Aged and Disabled	-	366,377

**NOTE 13 PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

The receivable for tap fees in the Water Districts at June 30, 1995 was overstated by \$11,235 in Water District II and \$2000 in Water District III. June 30, 1995 balances, included as supplementary information herein, have been restated to show corrected totals.

**NOTE 14 SUBSEQUENT EVENTS**

Beaufort County Commissioners approved a Capital Project Ordinance for Tideland Mental Health Center Expansion for \$2,659,719.

Beaufort County Commissioners accepted bids for the new Health Department Facility in the amount of \$1,708,250.

**SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTAL  
FINANCIAL DATA**

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

- Analysis of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Revenues by Source and Expenses by Type for the Law Enforcement Officers' Special Separation Allowance

Beaufort County, North Carolina  
**LAW ENFORCEMENT OFFICERS' SPECIAL ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**ANALYSIS OF FUNDING PROGRESS**

EXHIBIT A-1

Calendar Year	(1) Net Assets Available for Benefits (At Cost)	(2) Pension Benefit Obligation	(3) Percentage Funded (1)-(2)	(4) Unfunded Pension Benefit Obligation	(5) Valuation Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Valuation Payroll (4)-(5)
1989	\$ -	\$ 52,153	-%	\$ 52,153	\$ 443,232	11.77%
1990	-	57,722	-	57,722	491,141	11.75
1991	-	68,172	-	68,172	515,292	13.23
1992	-	72,119	-	72,119	553,888	13.02
1993	-	87,049	-	87,049	737,811	11.80
1994	-	90,208	-	90,208	794,597	11.35
1995	-	113,791	-	113,791	844,751	13.47

Analysis of the dollar amounts of net assets available for benefit pension obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally the greater this percentage, the stronger the Public Employees' Retirement System (PERS). Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

Beaufort County, North Carolina  
**LAW ENFORCEMENT OFFICERS' SPECIAL ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**REVENUES BY SOURCE AND EXPENSES BY TYPE**

EXHIBIT A-2

<u>Fiscal Year</u>	<u>Revenues by Sources</u>			<u>Total</u>
	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	
1989	\$ -	\$ 1,743	\$ -	\$ 1,743
1990	-	2,613	-	2,613
1991	-	2,613	-	2,613
1992	-	2,613	-	2,613
1993	-	2,613	-	2,613
1994	-	2,613	-	2,613
1995	-	2,613	-	2,613

<u>Fiscal Year</u>	<u>Expenses By Type</u>			<u>Total</u>
	<u>Employee Benefits</u>	<u>Administrative Expenses</u>	<u>Refund</u>	
1989	\$ 1,743	\$ -	\$ -	\$ 1,743
1990	2,613	-	-	2,613
1991	2,613	-	-	2,613
1992	2,613	-	-	2,613
1993	2,613	-	-	2,613
1994	2,613	-	-	2,613
1995	2,613	-	-	2,613

Contributions were made as needed to cover benefits due.

INDIVIDUAL FUND FINANCIAL STATEMENTS  
AND SCHEDULES

#### **GENERAL FUND**

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Beaufort County, North Carolina  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEET**  
June 30, 1996  
With Comparative Totals For June 30, 1995

EXHIBIT B-1

	<u>June 30, 1996</u>	<u>June 30, 1995</u>
<b>ASSETS</b>		
Cash and investments	\$ 7,397,352	\$ 7,397,251
Receivables:		
Taxes	1,565,316	1,391,613
Accounts receivable	2,759,995	2,844,057
Due from other funds	465,241	402,213
Due from other governmental unit	12,756	12,756
Due from component unit	13,163	13,369
Prepaid expenses	-	54
Total assets	<u>\$12,213,823</u>	<u>\$12,061,313</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,282,121	\$ 1,357,834
Deferred revenues	2,098,290	1,832,470
Due to other funds	<u>12,579</u>	<u>5,971</u>
Total liabilities	3,392,990	3,196,275
Fund Balances:		
Reserved by State statute	2,900,078	2,994,693
Reserved for health services	414,547	357,797
Unreserved:		
Designated for subsequent year's expenditures	1,600,000	1,470,706
Undesignated	<u>3,906,208</u>	<u>4,041,842</u>
Total fund balances	<u>8,820,833</u>	<u>8,865,038</u>
Total liabilities and fund balances	<u>\$12,213,823</u>	<u>\$12,061,313</u>

Beaufort County, North Carolina  
**STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
 For The Fiscal Year Ended June 30, 1996 EXHIBIT B-2  
 With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995 1 OF 6

	1996		Variance Favorable <Unfavorable>	1995
	Budget	Actual		Actual
<b>Revenue:</b>				
Ad valorem taxes				
Current Year	\$12,267,900	\$12,648,962	\$ 381,062	\$12,350,059
Prior years	475,000	636,708	161,708	569,287
Interest and penalties	200,000	247,672	47,672	243,932
Animal taxes	-	1,147	1,147	8,506
Total	<u>12,942,900</u>	<u>13,534,489</u>	591,589	<u>13,171,784</u>
Local option sales tax				
Article 39 one percent	2,525,000	2,288,058	<236,942>	2,319,691
Article 40 1/2 of one percent	1,525,000	1,539,588	14,588	1,435,421
Article 42 1/2 of one percent	<u>1,400,000</u>	<u>1,527,834</u>	<u>127,834</u>	<u>1,432,453</u>
Total	5,450,000	5,355,480	<94,520>	5,187,565
Other taxes and licenses				
Documentary stamps	80,000	79,309	<691>	59,805
Scrap tire disposal tax	35,000	26,222	<8,778>	34,921
911 access charges	210,000	200,627	<9,373>	194,799
White goods disposal tax	30,000	26,284	<3,716>	34,133
Schedule B license tax	<u>10,000</u>	<u>12,766</u>	<u>2,766</u>	<u>13,248</u>
Total	365,000	345,208	<19,792>	336,906
Restricted intergovernmental				
Federal and state grants	5,769,284	4,764,642	<1,004,642>	5,531,663
Court facility fees	147,000	146,249	<751>	140,662
Fines and forfeitures	280,000	282,860	2,860	285,946
Fire radio grants	50,000	-	<50,000>	-
ABC education/rehabilitation distribution	4,500	1,023	<3,477>	402
ABC bottle tax distributions	<u>16,500</u>	<u>13,901</u>	<u>&lt;2,599&gt;</u>	<u>4,510</u>
Total	6,267,284	5,208,675	<1,058,609>	5,963,183
Unrestricted intergovernmental				
Intangibles tax	520,000	514,741	<5,259>	521,376
Beer and wine tax	120,000	121,792	1,792	114,260
Sales and gas tax refunds	102,000	81,225	<20,775>	105,151
Senior citizens exemption	30,000	27,391	<2,609>	27,391
Food stamp tax reimbursement	45,000	43,948	<1,052>	43,981
Inventories tax reimbursement	<u>800,000</u>	<u>832,757</u>	<u>32,757</u>	<u>818,833</u>
Total	1,617,000	1,621,854	4,854	1,630,992
Permits and fees				
Building inspection fees	65,000	79,560	14,560	71,689
Register of Deeds	<u>150,000</u>	<u>139,463</u>	<u>&lt;10,537&gt;</u>	<u>128,771</u>
Total	215,000	219,023	4,023	200,460

Beaufort County, North Carolina  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
For The Fiscal Year Ended June 30, 1996 EXHIBIT B-2  
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995 2 OF 6

	1996		Variance Favorable <Unfavorable>	1995
	Budget	Actual		Actual
<b>Sales and services:</b>				
Patient fees - Nursing Home	\$ 700,000	\$ 883,838	\$ 183,838	\$ 686,090
Patient fees - other	53,600	48,985	<4,615>	49,636
CAP fees	110,900	118,128	7,228	73,223
Personal care - medicaid fees	242,650	261,013	18,363	233,363
Gas sales	-	-	-	1,865
Rescue squad	24,000	49,772	25,772	24,729
Prisoners' reimbursement	60,000	64,254	4,254	91,829
Vending concessions	8,000	8,569	569	8,971
Rent of public building	25,000	28,832	3,832	25,290
State election reimbursement	-	-	-	10,500
Environmental fees	44,000	46,101	2,101	44,146
Landfill fees	1,850,000	2,073,044	223,044	2,115,523
Cable TV franchise fees	35,000	48,272	13,272	35,849
Candidate filing fees	1,000	1,867	867	75
Collection fees - town taxes	50,000	55,095	5,095	60,608
Sheriff's fees	27,979	23,196	<4,783>	18,548
Animal control fees	4,000	4,811	811	4,664
Waste management project	19,500	18,751	<749>	-
Total	<u>3,255,629</u>	<u>3,734,528</u>	<u>478,899</u>	<u>3,484,909</u>
Investment earnings	150,000	483,958	333,958	375,680
<b>Miscellaneous:</b>				
Sale of fixed assets	15,000	13,080	<1,920>	20,450
Donations & contributions	39,500	44,230	4,730	47,408
Insurance claims & reimbursements	40,809	24,584	<16,225>	24,842
Drug task force-salary reimbursement	7,993	-	<7,993>	-
Hospital share of service	14,167	14,055	<112>	13,536
Reimbursement from VFDs	62,544	93,544	31,000	-
IV-D travel	7,000	7,691	691	6,494
Other	43,000	22,738	<20,262>	48,067
Total	<u>230,013</u>	<u>219,922</u>	<u>&lt;10,091&gt;</u>	<u>160,797</u>
Total revenues	30,492,826	30,723,137	230,311	30,512,276
<b>Expenditures:</b>				
<b>General government:</b>				
Governing body	72,241	71,389	852	69,319
Elections	149,850	117,915	31,935	121,024
Finance	161,768	156,807	4,961	119,442
County manager	527,081	491,236	35,845	445,557

Beaufort County, North Carolina  
**STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
 For The Fiscal Year Ended June 30, 1996  
 With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995

EXHIBIT B-2  
3 OF 6

	1996			1995
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <Unfavorable>	<u>Actual</u>
Expenditures (continued)				
General government (continued)				
Tax Supervisor/Collector	\$ 782,598	\$ 751,494	\$ 31,104	\$ 756,802
Legal	31,324	23,657	7,667	24,029
Register of deeds	147,184	144,750	2,434	182,625
Public buildings	<u>718,051</u>	<u>704,146</u>	<u>13,905</u>	<u>522,908</u>
Total general government	2,590,097	2,461,394	128,703	2,241,706
Public Safety				
Sheriff	1,725,963	1,681,023	44,940	1,490,408
Jail	788,177	752,307	35,870	715,418
Central communications	364,691	349,461	15,230	523,012
Emergency management	44,936	41,198	3,738	42,053
Fire protection	133,428	128,627	4,801	433,489
Inspections	141,219	140,625	594	124,762
Medical examiner	16,000	13,125	2,875	11,225
Ambulance/Rescue service	188,429	117,096	71,333	112,671
Animal control	<u>103,992</u>	<u>102,169</u>	<u>1,823</u>	<u>55,187</u>
Total public safety	3,506,835	3,325,631	181,204	3,508,225
Economic and physical development				
Agricultural extension	156,630	152,382	4,248	156,005
Economic development	225,380	178,681	46,699	191,367
Conservation of natural resources/soil	<u>73,744</u>	<u>60,268</u>	<u>13,476</u>	<u>54,969</u>
Total economic & physical development	455,754	391,331	64,423	402,341
Culture and recreation				
Libraries	101,800	101,800	-	98,545
Recreation	42,524	40,183	2,341	40,178
Special appropriations	<u>28,900</u>	<u>28,900</u>	<u>-</u>	<u>29,700</u>
Total culture and recreation	173,224	170,883	2,341	168,423
Education				
Public schools - current	5,662,896	5,662,896	-	5,662,896
Public schools - capital outlay	1,082,890	1,082,890	-	1,082,890
Public schools - fines and forfeitures	270,000	270,000	-	270,000
Community colleges - current	800,000	800,000	-	772,565
Community colleges - capital outlay	170,000	170,000	-	160,000
Public school building capital fund	<u>334,345</u>	<u>334,345</u>	<u>-</u>	<u>331,439</u>
Total education	8,320,131	8,320,131	-	8,279,790

Beaufort County, North Carolina  
**STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

For The Fiscal Year Ended June 30, 1996 EXHIBIT B-2  
 With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995 4 OF 6

	1996		Variance Favorable <Unfavorable>	1995
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Human services				
Health:				
Administration - general	\$ 655,035	\$ 619,191	\$ 35,844	\$ 634,461
Immunization	43,272	29,575	13,697	23,287
Adult health-hypertension	11,749	11,403	346	9,341
Child health	156,995	128,287	28,708	110,692
Maternal health	192,715	173,449	19,266	201,023
WIC - Administration	164,768	162,551	2,217	143,391
TB Program	27,106	25,423	1,683	24,380
Risk reduction	23,101	22,611	490	22,463
Environmental health	9,619	7,497	2,122	10,740
Aids Control	53,335	44,488	8,847	34,512
Family planning	<u>144,935</u>	<u>133,007</u>	<u>11,928</u>	<u>133,982</u>
Total health	1,482,630	1,357,482	125,148	1,348,272
Mental health				
General appropriation	120,000	120,000	-	120,000
Alcohol rehab	<u>38,000</u>	<u>38,000</u>	-	<u>36,000</u>
Total mental health	158,000	158,000	-	156,000
Mental retardation				
Beaufort County Development Center	85,000	85,000	-	85,000
N.C. Elderly handicapped trans	<u>12,210</u>	<u>12,208</u>	<u>2</u>	<u>12,208</u>
Total mental retardation	97,210	97,208	2	97,208
Social services				
Administration	3,292,219	3,220,699	71,520	3,112,966
Jobs program	64,680	33,498	31,182	93,737
SSBG program	315,557	269,593	45,964	233,841
Aging program	129,800	111,899	17,901	102,149
AFDC program	503,597	435,240	68,357	483,611
Medicaid program	1,724,775	1,708,282	16,493	1,363,666
Special assistance	548,536	391,783	156,753	504,190
Aid to the blind program	16,408	14,439	1,969	15,362
Foster care	209,000	162,107	46,893	114,836
Adoption assistance	2,500	1,135	1,365	1,112
Transportation - elderly	14,665	15,643	<978>	11,427
Other assistance	494,300	468,003	26,297	466,610
County services	11,800	10,036	1,764	9,085
Day care - FSA	<u>435,150</u>	<u>324,456</u>	<u>110,694</u>	<u>703,812</u>
Total social services	7,762,987	7,166,813	596,174	7,216,404

Beaufort County, North Carolina  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
For The Fiscal Year Ended June 30, 1996 EXHIBIT B-2  
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995 5 OF 6

	1996		Variance Favorable <Unfavorable>	1995
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Other human services:				
County home	\$ 1,016,205	\$ 967,817	\$ 48,388	\$ 932,260
Veterans services	12,616	10,842	1,774	10,557
Youth services	<u>128,609</u>	<u>117,079</u>	<u>11,530</u>	<u>120,684</u>
Total other human service activities	<u>1,157,430</u>	<u>1,095,738</u>	<u>61,692</u>	<u>1,063,501</u>
Total human services	10,658,257	9,875,241	783,016	9,881,385
Environmental protection:				
Solid waste	3,068,595	3,013,888	54,707	3,061,630
Non-departmental				
States sales tax	56,500	56,453	47	54,076
County sales tax	27,500	27,411	89	27,007
Tire fee	<u>350</u>	<u>167</u>	<u>183</u>	<u>163</u>
Total non-departmental	84,350	84,031	319	81,246
Transportation				
Local highway association	500	-	500	500
Road sign maintenance	<u>49,500</u>	<u>48,174</u>	<u>1,326</u>	<u>-</u>
Total transportation	50,000	48,174	1,826	500
Contingency	7,748	-	7,748	-
Debt service:				
Bond principal	1,020,000	1,020,000	-	1,000,000
Lease principal - tax department	39,600	39,268	332	37,398
Note principal - DSS building	288,551	287,727	824	277,424
Note principal - 911 system	145,424	145,424	-	145,424
Note principal - VFD Radio System	45,000	45,000	-	-
Interest	883,897	884,695	<798>	953,685
Fees and commissions	<u>1,400</u>	<u>71,295</u>	<u>&lt;69,895&gt;</u>	<u>204</u>
Total debt service	<u>2,423,872</u>	<u>2,493,409</u>	<u>&lt;69,537&gt;</u>	<u>2,414,135</u>
Total expenditures	<u>31,338,863</u>	<u>30,184,113</u>	<u>1,154,750</u>	<u>30,039,381</u>

Beaufort County, North Carolina  
**STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
 For The Fiscal Year Ended June 30, 1996 EXHIBIT B-2  
 With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995 6 OF 6

	<u>1996</u>			<u>1995</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>&lt;Unfavorable&gt;</u>	<u>Actual</u>
Revenue over <under> expenditures	\$ <846,037>	\$ 539,024	\$ 1,385,061	\$ 472,895
Other financing sources <uses>				
Operating transfers from <to> other funds				
Capital projects - DSS	-	-	-	10,000
Capital reserve buildings	-	-	-	<125,000>
Capital projects - renovations	<626,169>	<626,169>	-	-
Special revenue fund - revaluation	<50,000>	<50,000>	-	-
Operating transfer from component unit	80,000	50,248	<29,752>	43,112
Operating transfer to component unit	<28,500>	<28,500>	-	<35,000>
Total	<624,669>	<654,421>	<29,752>	<106,888>
Payment to refunded escrow agent	-	<9,308,414>	<9,308,414>	-
Proceeds of refunding debt	-	9,379,606	9,379,606	-
Proceeds from issuance of note	-	-	-	315,000
	-	71,192	71,192	315,000
Total other financing sources <uses>	<624,669>	<583,229>	41,440	208,112
Revenues & other sources over <under> expenditures & other uses	<1,470,706>	<44,205>	1,426,501	681,007
Appropriated fund balance	1,470,706	-	<1,470,706>	-
Revenues, other sources, and appropriated fund balance over <under> expenditures & other uses	\$ -	<44,205>	\$ <44,205>	681,007
Fund balance, beginning of year		8,865,038		8,184,031
Fund balance, end of year		\$ 8,820,833		\$ 8,865,038

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than Special Assessments) or to finance specified activities as required by law or administrative regulation.

Beaufort County, North Carolina  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
 June 30, 1996  
 With Comparative Totals For June 30, 1995

	<u>Revaluation</u>	<u>Washington Administrative Unit</u>	<u>Richland Fire/Rescue District</u>	<u>Bunyan Fire District</u>	<u>Chocowinity Fire District</u>
<b>ASSETS</b>					
Assets:					
Cash and investments	\$ 87,763	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes receivable	-	15,681	3,813	2,820	12,672
Accounts receivable	-	-	52	-	760
Due from General Fund	-	391	537	-	969
 Total assets	 <u>\$ 87,763</u>	 <u>\$ 16,072</u>	 <u>\$ 4,402</u>	 <u>\$ 2,820</u>	 <u>\$ 14,401</u>
 <b>LIABILITIES AND EQUITY</b>					
Liabilities:					
Accounts payable	\$ -	\$ 391	\$ 160	\$ -	\$ 864
Deferred revenue	-	15,681	4,242	2,820	13,537
Total liabilities	-	16,072	4,402	2,820	14,401
Equity:					
Unreserved	<u>87,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>87,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities and equity	 <u>\$ 87,763</u>	 <u>\$ 16,072</u>	 <u>\$ 4,402</u>	 <u>\$ 2,820</u>	 <u>\$ 14,401</u>

EXHIBIT C-1

Northside Fire District	Capital Reserve Funds			Arbitrage Reserve	CDBG Grant	Totals	
	Beaufort Co. Buildings	Broad Creek Dredging				June 30, 1996	June 30, 1995
\$ -	\$ 7,202	\$ 36,704	\$ 130,776	\$ -	\$ 262,445	\$ 549,161	
39,538	-	-	-	-	74,524	72,746	
2,046	-	-	-	-	2,858	1,679	
<u>10,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,483</u>	<u>5,835</u>	
<u>\$ 52,170</u>	<u>\$ 7,202</u>	<u>\$ 36,704</u>	<u>\$ 130,776</u>	<u>\$ -</u>	<u>\$ 352,310</u>	<u>\$ 629,421</u>	
\$ 7,881	\$ -	\$ -	\$ -	\$ -	\$ 9,296	\$ 1,362	
44,289	-	-	-	-	80,569	78,898	
<u>52,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,865</u>	<u>80,260</u>	
-	7,202	36,704	130,776	-	262,445	549,161	
-	<u>7,202</u>	<u>36,704</u>	<u>130,776</u>	<u>-</u>	<u>262,445</u>	<u>549,161</u>	
<u>\$ 52,170</u>	<u>\$ 7,202</u>	<u>\$ 36,704</u>	<u>\$ 130,776</u>	<u>\$ -</u>	<u>\$ 352,310</u>	<u>\$ 629,421</u>	

Beaufort County, North Carolina  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS**  
 For The Year Ended June 30, 1996  
 With Comparative Totals For The Year Ended June 30, 1995

	<u>Revaluation</u>	<u>Washington Administrative Unit</u>	<u>Richland Fire/Rescue District</u>	<u>Bunyan Fire District</u>	<u>Chocowinity Fire District</u>
<b>Revenue:</b>					
Ad valorem taxes	\$ -	\$ 5,695	\$ 83,616	\$ 846	\$ 90,071
Intergovernmental	-	-	-	-	-
Project/program income	-	-	-	-	-
Investment earnings	<u>2,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenue</b>	<b>2,036</b>	<b>5,695</b>	<b>83,616</b>	<b>846</b>	<b>90,071</b>
<b>Expenditures:</b>					
General government	10,016	-	-	-	-
Public safety	-	-	83,616	846	90,071
Economic & physical development	-	-	-	-	-
Education	<u>-</u>	<u>5,695</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<b><u>10,016</u></b>	<b><u>5,695</u></b>	<b><u>83,616</u></b>	<b><u>846</u></b>	<b><u>90,071</u></b>
Revenue over <under> expenditures	<7,980>	-	-	-	-
<b>Other financing sources &lt;uses&gt;:</b>					
Operating transfer in	50,000	-	-	-	-
Operating transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources &lt;uses&gt;</b>	<b><u>50,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Revenue & other financing sources over <under> expenditures & other financing uses	42,020	-	-	-	-
<b>Fund balances</b>					
Beginning of year	<u>45,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 87,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Northside Fire District	Capital Reserve Funds			Arbitrage Reserve	CDBG Grant	Totals	
	Beaufort Co. Buildings	Broad Creek Dredging				June 30, 1996	June 30, 1995
\$ 366,947	\$ -	\$ -	\$ -	\$ -	\$ 547,175	\$ 561,589	
-	-	-	-	56,625	56,625	167,709	
-	-	-	-	-	-	20,000	
-	18,453	1,863	6,732	-	29,084	10,263	
366,947	18,453	1,863	6,732	56,625	632,884	759,561	
-	-	-	-	-	10,016	47,125	
366,947	-	-	-	-	541,480	551,722	
-	-	-	-	56,625	56,625	206,158	
-	-	-	-	-	5,695	9,867	
366,947	-	-	-	56,625	613,816	814,872	
-	18,453	1,863	6,732	-	19,068	<55,311>	
-	-	-	-	-	50,000	176,529	
-	<355,784>	-	-	-	<355,784>	-	
-	<355,784>	-	-	-	<305,784>	176,529	
-	<337,331>	1,863	6,732	-	<286,716>	121,218	
-	344,533	34,841	124,044	-	549,161	427,943	
\$ -	\$ 7,202	\$ 36,704	\$ 130,776	\$ -	\$ 262,445	\$ 549,161	

Beaufort County, North Carolina  
**REVALUATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For The Year Ended June 30, 1996

EXHIBIT C-3

With Comparative Actual Amounts For The Year Ended June 30, 1995

	1996			1995
	Budget	Actual	Variance Favorable <Unfavorable>	Actual
Revenue:				
Investment earnings	\$ 2,000	\$ 2,036	\$ 36	\$ 2,541
Expenditures:				
General government:				
Reappraisal services	20,000	10,016	9,984	47,125
Tax mapping	10,000	-	10,000	-
Contingency	22,000	-	22,000	-
Total	52,000	10,016	41,984	47,125
Revenue over <under> expenditures	<50,000>	<7,980>	42,020	<44,584>
Other financing sources:				
Transfer from general fund	50,000	50,000	-	-
Revenue & other financing sources over <under> expenditures	\$ -	42,020	\$ 42,020	<44,584>
Fund balance, beginning of year		45,743		90,327
Fund balance, end of year		\$ 87,763		\$ 45,743

Beaufort County, North Carolina  
 WASHINGTON ADMINISTRATIVE UNIT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended June 30, 1996

EXHIBIT C-4

With Comparative Actual Amounts For The Year Ended June 30, 1995

	1996		Variance Favorable <Unfavorable>	1995
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes				
Current year	\$ 30,000	\$ 126	\$ <29,874>	\$ 817
Prior year	-	5,569	5,569	9,050
Total revenues	30,000	5,695	<24,305>	9,867
Expenditures:				
Education				
School current expense	30,000	5,695	24,305	9,867
Revenues over expenditures	\$ -	-	\$ -	-
Fund balance, beginning of year		-		-
Fund balance, end of year		\$ -		\$ -

Beaufort County, North Carolina  
**RICHLAND FIRE/RESCUE DISTRICT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For The Year Ended June 30, 1996

EXHIBIT C-5

With Comparative Actual Amounts For The Year Ended June 30, 1995

	<u>1996</u>		Variance Favorable <Unfavorable>	<u>1995</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Ad valorem taxes				
Current year	\$ 89,000	\$ 81,972	\$ <7,028>	\$ 108,779
Prior year	-	<u>1,644</u>	<u>1,644</u>	<u>1,400</u>
Total revenues	<u>89,000</u>	<u>83,616</u>	<u>&lt;5,384&gt;</u>	<u>110,179</u>
Expenditures:				
Public safety				
Contracted services	<u>89,000</u>	<u>83,616</u>	<u>5,384</u>	<u>110,179</u>
Revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

Beaufort County, North Carolina  
**BUNYAN FIRE DISTRICT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For The Year Ended June 30, 1996

EXHIBIT C-6

With Comparative Actual Amounts For The Year Ended June 30, 1995

	<u>1996</u>		Variance Favorable <Unfavorable>	<u>1995</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Ad valorem taxes				
Current year	\$ 1,000	\$ 9	\$ <991>	\$ 10
Prior year	<u>-</u>	<u>837</u>	<u>837</u>	<u>1,453</u>
Total revenues	1,000	846	<154>	1,463
<b>Expenditures:</b>				
Public safety				
Contracted services	<u>1,000</u>	<u>846</u>	<u>154</u>	<u>1,463</u>
Revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

Beaufort County, North Carolina  
**CHOCOWINITY FIRE DISTRICT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For The Year Ended June 30, 1996

EXHIBIT C-7

With Comparative Actual Amounts For The Year Ended June 30, 1995

	1996		Variance Favorable <Unfavorable>	1995
	<u>Budget</u>	<u>Actual</u>	<u>&lt;Unfavorable&gt;</u>	<u>Actual</u>
<b>Revenues:</b>				
Ad valorem taxes				
Current year	\$ 94,000	\$ 83,672	\$ <10,328>	\$ 75,880
Prior year	-	6,399	6,399	4,900
Total revenues	94,000	90,071	<3,929>	80,780
<b>Expenditures:</b>				
Public safety				
Contracted services	94,000	90,071	3,929	80,780
Revenues under expenditures	\$ -	-	\$ -	-
Fund balance, beginning of year		-		-
Fund balance, end of year		\$ -		\$ -

Beaufort County, North Carolina  
**NORTHSIDE FIRE DISTRICT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For The Year Ended June 30, 1996

EXHIBIT C-8

With Comparative Actual Amounts For The Year Ended June 30, 1995

	1996		Variance	1995
	<u>Budget</u>	<u>Actual</u>	Favorable <Unfavorable>	<u>Actual</u>
Revenues:				
Ad valorem taxes				
Current year	\$ 330,000	\$ 349,213	\$ 19,213	\$ 359,300
Prior year	-	17,734	17,734	-
Total revenues	330,000	366,947	36,947	359,300
Expenditures:				
Public safety				
Contracted services	330,000	366,947	<36,947>	359,300
Revenues over expenditures	\$ -	-	\$ -	-
Fund balance, beginning of year		-		-
Fund balance, end of year		\$ -		\$ -

Beaufort County, North Carolina  
**BEAUFORT COUNTY BUILDINGS - CAPITAL RESERVE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For The Year Ended June 30, 1996  
With Comparative Actual Amounts For The Year Ended June 30, 1995

EXHIBIT C-9

	1996			1995
	Budget	Actual	Variance Favorable <Unfavorable>	Actual
Revenues				
Investment earnings	\$ -	\$ 18,453	\$ 18,453	\$ 215
Other financing sources <uses>				
Transfer from general fund	-	-	-	125,000
Transfer from capital project - DSS	-	-	-	51,529
Transfer to capital project - County Buildings	<355,784>	<355,784>	-	-
Fund balance appropriated	<u>355,784</u>	<u>-</u>	<u>&lt;355,784&gt;</u>	<u>-</u>
Total	-	<355,784>	<355,784>	176,529
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources <uses> over <under> expenditures	<u>\$ -</u>	<337,331>	<u>\$&lt;337,331&gt;</u>	176,744
Fund balance, beginning of year		<u>344,533</u>		<u>167,789</u>
Fund balance, end of year		<u>\$ 7,202</u>		<u>\$ 344,533</u>

Beaufort County, North Carolina  
 BROAD CREEK DREDGING - CAPITAL RESERVE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended June 30, 1996

EXHIBIT C-10

With Comparative Actual Amounts For The Year Ended June 30, 1995

	<u>1996</u>		Variance Favorable <Unfavorable>	<u>1995</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment earnings	\$ 3,000	\$ 1,863	\$ <1,137>	\$ 1,284
Expenditures:				
Contingency	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Revenues over <under> expenditures	<u>\$ -</u>	1,863	<u>\$ 1,863</u>	1,284
Fund balance, beginning of year		<u>34,841</u>		<u>33,557</u>
Fund balance, end of year		<u>\$ 36,704</u>		<u>\$ 34,841</u>

Beaufort County, North Carolina  
**ARBITRAGE RESERVE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For The Year Ended June 30, 1996

EXHIBIT C-11

With Comparative Actual Amounts For The Year Ended June 30, 1995

	1996		Variance	1995
	<u>Budget</u>	<u>Actual</u>	Favorable	<u>Actual</u>
			<Unfavorable>	
Revenues:				
Investment earnings	\$ -	\$ 6,732	\$ 6,732	\$ 6,223
Expenditures	-	-	-	-
Revenues over expenditures	\$ -	6,732	\$ 6,732	6,223
Fund balance, beginning of year		124,044		117,821
Fund balance, end of year		\$130,776		\$124,044

Beaufort County, North Carolina  
**COMMUNITY DEVELOPMENT BLOCK GRANT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception And For The Year Ended June 30, 1996

EXHIBIT C-12

	<u>Actual</u>			
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>
Revenues:				
Restricted intergovernmental revenues:				
Community development				
block grant	\$ 850,000	\$ -	\$ 56,625	\$ 56,625
Clean Water Bond Fund	143,543	-	-	-
Martin County Community Action	19,200	-	-	-
Local funds	60,000	-	-	-
	1,072,743	-	56,625	56,625
Expenditures:				
Economic & physical development	1,072,743	-	56,625	56,625
Revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

### **CAPITAL PROJECTS FUND**

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**County Buildings Renovation Project** - This fund is used to account for the renovation of the administrative offices and the administrative building.

**DSS Building Capital Project** - This fund is used to account for the construction of the building which houses the Department of Social Services. The new building will be financed primarily by a long-term note.

**BCCC Capital Project** - This fund is used to account for construction of Beaufort County Community College Building. The building will be financed primarily by general obligation bond proceeds.

**Tideland Mental Health Center Expansion** - This fund is used to account for expansion of Tideland Mental Health Center. The new building will be financed primarily by a long-term note paid back through a lease agreement with Tideland.

Beaufort County, North Carolina  
**CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
 June 30, 1996

EXHIBIT D-1

	<u>County Buildings Renovation</u>	<u>DSS Building</u>	<u>BCCC Fund</u>	<u>Tideland Mental Health Center Expansion</u>	<u>Totals June 30,</u>	
<b>ASSETS</b>					<u>1996</u>	<u>1995</u>
Cash & cash equivalents	\$ 804,892	\$ -	\$ 116,084	\$1,026,280	\$1,947,256	\$ 648,660
Accounts receivable (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,685</u>
<b>Total assets</b>	<u>\$ 804,892</u>	<u>\$ -</u>	<u>\$ 116,084</u>	<u>\$1,026,280</u>	<u>\$1,947,256</u>	<u>\$ 667,345</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts payable	\$ 193,217	\$ -	\$ -	\$ -	\$ 193,217	\$ -
Fund balances:						
Unreserved:						
Designated for subsequent year	<u>611,675</u>	<u>-</u>	<u>116,084</u>	<u>1,026,280</u>	<u>1,754,039</u>	<u>667,345</u>
<b>Total liabilities &amp; fund balance</b>	<u>\$ 804,892</u>	<u>\$ -</u>	<u>\$ 116,084</u>	<u>\$1,026,280</u>	<u>\$1,947,256</u>	<u>\$ 667,345</u>

Beaufort County, North Carolina  
**CAPITAL PROJECTS FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**

For The Fiscal Year Ended June 30, 1996  
 With Comparative Actual Amounts For The Year Ended June 30, 1995

EXHIBIT D-2

	<u>County</u>			<u>Tideland Mental</u>	<u>Totals</u>	
	<u>Buildings</u>	<u>DSS</u>	<u>BCCC</u>	<u>Health Center</u>	<u>June 30,</u>	
	<u>Renovation</u>	<u>Building</u>	<u>Fund</u>	<u>Expansion</u>	<u>1996</u>	<u>1995</u>
<b>Revenues:</b>						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 500,000
Investment earnings	1,158	945	5,976	26,280	34,359	25,034
Total revenues	<u>1,158</u>	<u>945</u>	<u>5,976</u>	<u>526,280</u>	<u>534,359</u>	<u>525,034</u>
<b>Expenditures:</b>						
Capital projects	<u>429,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>429,618</u>	<u>1,170,105</u>
Revenues over <under> expenditures	<428,460>	945	5,976	526,280	104,741	<645,071>
<b>Other financing sources &lt;uses&gt;:</b>						
Operating transfers in	1,040,135	-	-	-	1,040,135	-
Operating transfers out	<u>-</u>	<u>&lt;58,182&gt;</u>	<u>-</u>	<u>-</u>	<u>&lt;58,182&gt;</u>	<u>&lt;61,529&gt;</u>
Total	<u>1,040,135</u>	<u>&lt;58,182&gt;</u>	<u>-</u>	<u>-</u>	<u>981,953</u>	<u>&lt;61,529&gt;</u>
Revenues & other sources over <under> expenditures and uses	611,675	<57,237>	5,976	526,280	1,086,694	<706,600>
<b>Fund balances:</b>						
Beginning of year	<u>-</u>	<u>57,237</u>	<u>110,108</u>	<u>500,000</u>	<u>667,345</u>	<u>1,373,945</u>
End of year	<u>\$ 611,675</u>	<u>\$ -</u>	<u>\$ 116,084</u>	<u>\$1,026,280</u>	<u>\$1,754,039</u>	<u>\$ 667,345</u>

Beaufort County, North Carolina  
**CAPITAL PROJECT FUND - COUNTY BUILDINGS RENOVATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception And For The Year Ended June 30, 1996

EXHIBIT D-3

	<u>Project</u> <u>Authorization</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>
Revenues:			
Investment earnings	\$ -	\$ 1,158	\$ 1,158
Expenditures:			
Architect	11,835	4,000	4,000
Construction	998,300	425,618	425,618
Contingency	<u>30,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,040,135</u>	<u>429,618</u>	<u>429,618</u>
Revenues under expenditures	<1,040,135>	<428,460>	<428,460>
Other financing sources			
Transfer from DSS capital project	58,182	58,182	58,182
Transfer from capital reserve	355,784	355,784	355,784
Transfer from general fund	<u>626,169</u>	<u>626,169</u>	<u>626,169</u>
Total other financing sources	<u>1,040,135</u>	<u>1,040,135</u>	<u>1,040,135</u>
Revenues and other sources over expenditures	<u>\$ -</u>	611,675	<u>\$ 611,675</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ 611,675</u>	

Beaufort County, North Carolina  
**CAPITAL PROJECT FUND - DSS BUILDING**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception And For The Year Ended June 30, 1996

EXHIBIT D-4

	<u>Actual</u>			<u>Total to Date</u>
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ -	\$ 38,552	\$ 945	\$ 39,497
Expenditures:				
Architect	97,300	103,367	-	103,367
Construction	1,847,417	1,855,389	-	1,855,389
Furniture/equipment	147,540	128,403	-	128,403
Contingency	<u>79,980</u>	<u>4,864</u>	<u>-</u>	<u>4,864</u>
Total expenditures	<u>2,172,237</u>	<u>2,092,023</u>	<u>-</u>	<u>2,092,023</u>
Revenues over <under> expenditures	<2,172,237>	<2,053,471>	945	<2,052,526>
Other financing sources				
Proceeds from long-term debt	2,172,237	2,172,237	-	2,172,237
Transfer to general fund	-	<10,000>	-	<10,000>
Transfer to capital reserve	-	<51,529>	-	<51,529>
Transfer to capital project - county buildings renovation	<58,182>	-	<58,182>	<58,182>
Fund balance appropriated	<u>58,182</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>2,172,237</u>	<u>2,110,708</u>	<u>&lt;58,182&gt;</u>	<u>2,052,526</u>
Revenues and other sources over <under> expenditures and other uses	<u>\$ -</u>	<u>\$ 57,237</u>	<57,237>	<u>\$ -</u>
Fund balance, beginning of year			<u>57,237</u>	
Fund balance, end of year			<u>\$ -</u>	

Beaufort County, North Carolina  
**CAPITAL PROJECT FUND - BCCC**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception And For The Year Ended June 30, 1996

EXHIBIT D-5

	Actual			
	Project Authorization	Prior Years	Current Year	Total To Date
Revenues:				
Investment earnings	\$ -	\$ 101,260	\$ 5,976	\$ 107,236
Expenditures:				
Architect	99,673	99,177	-	99,177
Construction	1,761,073	1,758,190	-	1,758,190
Administration	29,156	29,156	-	29,156
Contingency	998	-	-	-
Furnishings/Equipment	107,792	106,920	-	106,920
Total expenditures	1,998,692	1,993,443	-	1,993,443
Revenues over <under> expenditures	<1,998,692>	<1,892,183>	5,976	<1,886,207>
Other financing sources				
Proceeds from long-term debt	1,998,692	2,002,291	-	2,002,291
Revenues and other sources over expenditure	\$ -	\$ 110,108	5,976	\$ 116,084
Fund balance, beginning of year			110,108	
Fund balance, end of year			\$ 116,084	

Beaufort County, North Carolina  
**CAPITAL PROJECT FUND - TIDELAND MENTAL HEALTH CENTER EXPANSION**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For The Year Ended June 30, 1996

EXHIBIT D-6

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	<u>Actual</u>
Revenues:	
Intergovernmental revenue	\$ 500,000
Investment earnings	<u>26,280</u>
Total	526,280
Expenditures:	<u>-</u>
Revenues over expenditures	526,280
Fund balance	
Beginning of year	<u>500,000</u>
End of year	<u>\$1,026,280</u>

#### **ENTERPRISE FUND**

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Beaufort County, North Carolina  
**ENTERPRISE FUND**  
**COMBINING BALANCE SHEET**  
 June 30, 1996  
 With Comparative Totals For June 30, 1995

EXHIBIT E-1

ASSETS	Water Districts				Totals	
	<u>II</u>	<u>III</u>	<u>IV</u>	<u>VII</u>	1996	1995
						June 30,
Current assets						
Cash and cash equivalents	\$ 465,136	\$ <156,706>	810	\$ 48,507	\$ 357,747	\$ 591,028
Accounts receivable (net)	63,708	40,132	-	-	103,840	108,039
Due from Water District II	-	198,363	-	-	198,363	127,477
Total current assets	528,844	81,789	810	48,507	659,950	826,544
Restricted assets						
Cash and cash equivalents	145,530	227,527	-	-	373,057	373,016
Fixed assets (net)	4,542,401	3,899,983	-	51,493	8,493,877	8,513,358
Total assets	<u>\$5,216,775</u>	<u>\$4,209,299</u>	<u>\$ 810</u>	<u>\$ 100,000</u>	<u>\$9,526,884</u>	<u>\$9,712,918</u>
<b>LIABILITIES AND FUND EQUITY</b>						
Current liabilities						
Accounts payable & accrued liabilities	\$ 10,752	\$ 7,507	\$ -	\$ -	\$ 18,259	\$ 21,927
Due to Water District III	198,363	-	-	-	198,363	127,477
Due to general fund	268,431	196,810	-	-	465,241	402,213
Customer deposits	1,800	1,250	-	-	3,050	475
Notes payable	-	-	-	100,000	100,000	-
General obligation bonds payable						
current	44,000	39,000	-	-	83,000	-
Total current liabilities	523,346	244,567	-	100,000	867,913	552,092
Liabilities payable from restricted assets	-	-	-	-	-	-
Noncurrent liabilities						
General obligation bonds payable	4,616,000	4,070,000	-	-	8,686,000	8,769,000
Retained earnings, unreserved	77,429	<105,268>	810	-	<27,029>	391,826
Total liabilities and fund equity	<u>\$5,216,775</u>	<u>\$4,209,299</u>	<u>\$ 810</u>	<u>\$ 100,000</u>	<u>\$9,526,884</u>	<u>\$9,712,918</u>

Beaufort County, North Carolina  
**ENTERPRISE FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN RETAINED EARNINGS**

For The Fiscal Year Ended June 30, 1996

EXHIBIT E-2

With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995

	<u>Water Districts</u>				<u>Totals</u>	
	<u>II</u>	<u>III</u>	<u>IV</u>	<u>VII</u>	<u>1996</u>	<u>June 30, 1995 Restated</u>
Operating revenues						
Charges for service	\$ 331,727	\$ 243,610	\$ -	\$ -	\$ 575,337	\$ 400,928
Water taps	-	-	-	-	-	42,600
Reconnect fees	375	100	-	-	475	-
Sales tax refund	<u>1,660</u>	<u>1,141</u>	<u>-</u>	<u>-</u>	<u>2,801</u>	<u>-</u>
Total operating revenues	333,762	244,851	-	-	578,613	443,528
Operating expenses						
Administration	22,309	12,952	-	-	35,261	24,869
Water treatment	24,610	16,161	-	-	40,771	177,373
Water distribution	178,950	124,836	-	-	303,786	210,764
Depreciation	<u>52,876</u>	<u>45,350</u>	<u>-</u>	<u>-</u>	<u>98,226</u>	<u>5,543</u>
Total operating expenses	<u>278,745</u>	<u>199,299</u>	<u>-</u>	<u>-</u>	<u>478,044</u>	<u>418,549</u>
Operating income	55,017	45,552	-	-	100,569	24,979
Nonoperating revenues <expenses>						
Investment earnings	10,508	3,084	10	-	13,602	6,812
Interest expense	<u>&lt;283,255&gt;</u>	<u>&lt;249,771&gt;</u>	<u>-</u>	<u>-</u>	<u>&lt;533,026&gt;</u>	<u>-</u>
	<u>&lt;272,747&gt;</u>	<u>&lt;246,687&gt;</u>	<u>10</u>	<u>-</u>	<u>&lt;519,424&gt;</u>	<u>6,812</u>
Net income <loss>	<u>&lt;217,730&gt;</u>	<u>&lt;201,135&gt;</u>	<u>10</u>	<u>-</u>	<u>&lt;418,855&gt;</u>	<u>31,791</u>
Retained earnings, beginning of year	<u>295,159</u>	<u>95,867</u>	<u>800</u>	<u>-</u>	<u>391,826</u>	<u>360,035</u>
Retained earnings, end of year	<u>\$ 77,429</u>	<u>\$ &lt;105,268&gt;</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ &lt;27,029&gt;</u>	<u>\$ 391,826</u>

Beaufort County, North Carolina  
**ENTERPRISE FUND - WATER DISTRICTS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For The Fiscal Year Ended June 30, 1996  
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995

	Water Districts	
	II	III
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 385,625	\$ 171,992
Cash paid for goods and services	<u>&lt;176,769&gt;</u>	<u>&lt;115,917&gt;</u>
Net cash provided by operating activities	208,856	56,075
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of bond anticipation notes	-	-
Proceeds of bond sales	-	-
Principal payment on notes payable	-	-
Interest paid on bond maturities	<283,255>	<249,771>
Acquisition and construction of capital assets	<u>&lt;14,872&gt;</u>	<u>&lt;12,382&gt;</u>
Net cash provided <used> by capital & related financing activities	<298,127>	<262,153>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	<u>10,508</u>	<u>3,084</u>
Net increase in cash and cash equivalents	<78,763>	<202,994>
Cash and cash equivalents at beginning of year	<u>689,429</u>	<u>273,815</u>
Cash and cash equivalents at end of year	<u>\$ 610,666</u>	<u>\$ 70,821</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating Income	\$ 55,017	\$ 45,552
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation	52,876	45,350
Changes in assets and liabilities:		
<Increase> decrease in accounts receivable	<6,624>	10,825
Increase <decrease> in accounts payable & accrued liabilities	<1,519>	<2,149>
Net increase <decrease> in due to/due from accounts	107,731	<44,703>
Increase in customer deposits	<u>1,375</u>	<u>1,200</u>
Total adjustments	<u>153,839</u>	<u>10,523</u>
Net cash provided by operating activities	<u>\$ 208,856</u>	<u>\$ 56,075</u>

<u>Water Districts</u>		<u>Totals</u>	
<u>IV</u>	<u>VII</u>	June 30,	
		<u>1996</u>	<u>1995</u> Restated
\$ -	\$ -	\$ 557,617	\$ 342,001
-	-	<292,686>	-
-	-	264,931	342,001
-	100,000	100,000	-
-	-	-	8,769,000
-	-	-	<8,769,000>
-	-	<533,026>	-
-	<51,917>	<79,171>	<1,743,179>
-	48,083	<512,197>	<1,743,179>
<u>10</u>	<u>424</u>	<u>14,026</u>	<u>6,812</u>
10	48,507	<233,240>	<1,394,366>
<u>800</u>	<u>-</u>	<u>964,044</u>	<u>2,358,410</u>
<u>\$ 810</u>	<u>\$ 48,507</u>	<u>\$ 730,804</u>	<u>\$ 964,044</u>
\$ -	\$ -	\$ 100,569	\$ 24,979
-	-	98,226	5,543
-	-	4,201	<99,039>
-	-	<3,668>	8,045
-	-	63,028	401,998
-	-	2,575	475
-	-	164,362	317,022
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,931</u>	<u>\$ 342,001</u>

Beaufort County, North Carolina  
**ENTERPRISE FUND - WATER DISTRICT II**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
For The Year Ended June 30, 1996 EXHIBIT E-4  
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995 1 OF 2

	1996		Variance Favorable <Unfavorable>	1995
	Budget	Actual		Restated Actual
Revenue				
Charges for service:				
Water fees	\$386,354	\$ 331,727	\$ <54,627>	\$222,267
Tap fees	18,000	-	<18,000>	14,925
Reconnect fees	-	375	375	-
Sales tax refund	-	1,660	1,660	-
Total operating revenue	<u>404,354</u>	<u>333,762</u>	<u>&lt;70,592&gt;</u>	<u>237,192</u>
Nonoperating revenue				
Investment earnings	4,200	10,508	6,308	6,202
Proceeds from sale of debt	<u>114,241</u>	<u>-</u>	<u>&lt;114,241&gt;</u>	<u>-</u>
Total nonoperating revenues	<u>118,441</u>	<u>10,508</u>	<u>&lt;107,933&gt;</u>	<u>6,202</u>
Total revenues	522,795	344,270	<178,525>	243,394
Expenditures				
Administration				
Audit	450	-	450	-
Travel	4,995	4,934	61	2,587
Telephone	2,951	2,430	521	2,664
Postage	42	-	42	346
Utilities	6,828	6,378	450	4,778
Advertising	-	-	-	18
Bad debts	-	6,532	<6,532>	4,016
Insurance and bonds	<u>2,036</u>	<u>2,035</u>	<u>1</u>	<u>278</u>
Total	17,302	22,309	<5,007>	14,687
Water treatment				
Professional services	2,200	1,489	711	81,736
Pesting	2,445	2,141	304	1,054
Supplies	<u>21,303</u>	<u>20,980</u>	<u>323</u>	<u>17,980</u>
Total	25,948	24,610	1,338	100,770
Water distribution				
Salaries and employee benefits	49,829	58,038	<8,209>	24,847
Billing service	22,170	20,368	1,802	14,360
Maintenance	3,700	3,089	611	8,461
Uniforms	60	58	2	-
Water purchase	<u>105,591</u>	<u>97,397</u>	<u>8,194</u>	<u>73,791</u>
Total	181,350	178,950	2,400	121,459
Debt service				
Interest	283,255	283,255	-	-
Capital Outlay				
Equipment	<u>14,940</u>	<u>14,872</u>	<u>68</u>	<u>33,993</u>
Total expenditures	<u>522,795</u>	<u>523,996</u>	<u>&lt;1,201&gt;</u>	<u>270,909</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$&lt;179,726&gt;</u>	<u>\$&lt;179,726&gt;</u>	<u>\$&lt;27,515&gt;</u>

Beaufort County, North Carolina  
**ENTERPRISE FUND - WATER DISTRICT II**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
 For The Year Ended June 30, 1996 EXHIBIT E-4  
 With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995 2 OF 2

	1996		Variance Favorable <Unfavorable>	1995
	<u>Budget</u>	<u>Actual</u>		<u>Restated Actual</u>
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenue over expenditures		\$<179,726>		\$<27,515>
Reconciling items				
Capital outlay		14,872		33,993
Depreciation		<u>&lt;52,876&gt;</u>		<u>&lt;3,265&gt;</u>
Net income, full accrual basis		<u>\$&lt;217,730&gt;</u>		<u>\$ 3,213</u>

Beaufort County, North Carolina  
**ENTERPRISE FUND - WATER DISTRICT III**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
For The Year Ended June 30, 1996 EXHIBIT E-5  
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995 1 OF 2

	1996		Variance Favorable <Unfavorable>	1995
	Budget	Actual		Restated Actual
Revenue				
Charges for service:				
Water fees	\$224,394	\$ 243,610	\$ 19,216	\$178,661
Tap fees	18,000	-	<18,000>	26,875
Reconnect fees	-	100	100	-
Sales tax refund	-	1,141	1,141	-
Total operating revenue	242,394	244,851	2,457	205,536
Nonoperating revenue				
Investment earnings	4,200	3,084	<1,116>	610
Proceeds from sale of debt	171,040	-	<171,040>	-
Total nonoperating revenues	175,240	3,084	<172,156>	610
Total revenues	417,634	247,935	<169,699>	206,146
Expenditures				
Administration				
Travel	3,395	3,375	20	1,796
Audit	450	-	450	-
Telephone	1,549	1,535	14	1,642
Postage	68	-	68	182
Utilities	4,472	4,403	69	2,988
Bad debts	-	3,179	<3,179>	3,286
Advertising	300	225	75	13
Insurance and bonds	236	235	1	275
Total expenses	10,470	12,952	<2,482>	10,182
Water treatment				
Professional services	1,800	123	1,677	63,022
Testing	1,855	1,445	410	783
Supplies	14,700	14,593	107	12,798
Total	18,355	16,161	2,194	76,603
Water distribution				
Salaries and employee benefits	34,904	40,516	<5,612>	17,345
Billing service	15,530	14,218	1,312	10,025
Maintenance	2,250	2,070	180	10,426
Uniforms	107	41	66	-
Water purchase	73,696	67,991	5,705	51,509
Total	126,487	124,836	1,651	89,305
Debt service				
Interest	249,772	249,771	1	-
Capital Outlay				
Equipment	12,550	12,382	168	23,724
Total expenditures	417,634	416,102	1,532	199,814
Revenues over expenditures	\$ -	\$<168,167>	\$<168,167>	\$ 6,332

Beaufort County, North Carolina  
**ENTERPRISE FUND - WATER DISTRICT III**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
For The Year Ended June 30, 1996 EXHIBIT E-5  
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1995 2 OF 2

	<u>1996</u>		Variance Favorable <Unfavorable>	<u>1995</u>
	<u>Budget</u>	<u>Actual</u>		Restated <u>Actual</u>
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenue over expenditures		\$<168,167>		\$ 6,332
Reconciling items				
Capital outlay		12,382		23,724
Depreciation		<u>&lt;45,350&gt;</u>		<u>&lt;2,278&gt;</u>
Net income, full accrual basis		<u>\$&lt;201,135&gt;</u>		<u>\$ 27,778</u>

Beaufort County, North Carolina  
**ENTERPRISE FUND - WATER DISTRICT IV**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
For The Year Ended June 30, 1996

EXHIBIT E-6

	<u>1996</u>		Variance Favorable <Unfavorable>	<u>1995</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenue				
Tap fees	\$ -	\$ -	\$ -	\$ 800
Nonoperating revenue				
Investment earnings	-	10	10	-
Revenues over expenditures	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 800</u>
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenue over expenditures		\$ 10		\$ 800
Adjustments		-		-
Net income, full accrual basis		<u>\$ 10</u>		<u>\$ 800</u>

Beaufort County, North Carolina  
**CAPITAL PROJECT FUND - WATER DISTRICT VII**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
From Inception And For The Year Ended June 30, 1996

EXHIBIT E-7

	Actual			Total To Date
	Project Authorization	Prior Years	Current Year	
Revenues:				
Investment earnings	\$ -	\$ -	\$ 424	\$ 424
Expenditures:				
Engineering	32,710	-	-	-
Construction	100,692	-	50,332	50,332
Contingency	5,598	-	-	-
Interest	10,000	-	1,585	1,585
Legal	1,000	-	-	-
Total expenditures	<u>150,000</u>	<u>-</u>	<u>51,917</u>	<u>51,917</u>
Revenues under expenditures	<150,000>	-	<51,493>	<51,493>
Other financing sources				
Proceeds from long-term debt	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over <under> expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ &lt;51,493&gt;</u>	<u>\$ &lt;51,493&gt;</u>

#### **AGENCY FUND**

Agency Funds serve primarily as clearing mechanisms for cash resources which are collected by a governmental unit, held as such for a brief period, and then distributed to authorized recipients.

Beaufort County, North Carolina  
**AGENCY FUNDS**  
**COMBINING BALANCE SHEET**  
 June 30, 1996  
 With Comparative Totals For June 30, 1995

EXHIBIT F-1

	Agency			Totals	
	Fire Districts	Social Services	County Home	June 30,	
				1996	1995
<b>ASSETS</b>					
Cash and investments	\$ 253,858	\$ 41,173	\$ 306	\$ 295,337	\$ 294,253
Due from other funds	-	-	96	96	136
<b>Total assets</b>	<b>\$ 253,858</b>	<b>\$ 41,173</b>	<b>\$ 402</b>	<b>\$ 295,433</b>	<b>\$ 294,389</b>
<b>LIABILITIES</b>					
Miscellaneous liabilities	253,858	41,173	402	295,433	294,389
<b>Total liabilities</b>	<b>\$ 253,858</b>	<b>\$ 41,173</b>	<b>\$ 402</b>	<b>\$ 295,433</b>	<b>\$ 294,389</b>

Beaufort County, North Carolina  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
Year Ended June 30, 1996

EXHIBIT F-2

	<u>Balance July 1, 1995</u>	<u>Deposits</u>	<u>Disbursements</u>	<u>Balance June 30, 1996</u>
<b>Social Services Fund:</b>				
Assets				
Cash	\$ 44,831	\$ 323,467	\$ 327,125	\$ 41,173
Liabilities				
Accounts payable	\$ 44,831	\$ 323,467	\$ 327,125	\$ 41,173
 <b>County Home Fund:</b>				
Assets				
Cash	\$ 1,763	\$ 9,747	\$ 11,204	\$ 306
Due from other funds	136	-	40	96
Total Assets	<u>\$ 1,899</u>	<u>\$ 9,747</u>	<u>\$ 11,244</u>	<u>\$ 402</u>
Liabilities				
	<u>\$ 1,899</u>	<u>\$ 9,747</u>	<u>\$ 11,244</u>	<u>\$ 402</u>
 <b>Fire District Fund:</b>				
Assets				
Cash	\$ 247,659	\$ 367,793	\$ 361,594	\$ 253,858
Liabilities				
	<u>\$ 247,659</u>	<u>\$ 367,793</u>	<u>\$ 361,594</u>	<u>\$ 253,858</u>
 <b>Total - All Agency Funds:</b>				
Assets				
Cash	\$ 294,253	\$ 701,007	\$ 699,923	\$ 295,337
Due from other funds	136	-	40	96
Total Assets	<u>\$ 294,389</u>	<u>\$ 701,007</u>	<u>\$ 699,963</u>	<u>\$ 295,433</u>
Liabilities				
	<u>\$ 294,389</u>	<u>\$ 701,007</u>	<u>\$ 699,963</u>	<u>\$ 295,433</u>

#### **OTHER SCHEDULES**

This section includes additional information on property taxes, transfers, and cash and investments.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Schedule of Transfers
- Schedule of Cash and Investment Balances

Beaufort County, North Carolina  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
 June 30, 1996

EXHIBIT G-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 1995</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 1996</u>
1995-1996	\$ -	\$14,069,076	\$13,207,725	\$ 861,351
1994-1995	795,931	43,413	473,114	366,230
1993-1994	350,114	1,571	123,719	227,966
1992-1993	187,878	-	41,666	146,212
1991-1992	164,247	-	26,493	137,754
1990-1991	59,843	-	13,756	46,087
1989-1990	80,569	-	9,928	70,641
1988-1989	57,700	-	5,525	52,175
1987-1988	39,247	-	4,331	34,916
1986-1987	38,898	-	3,061	35,837
1985-1986	55,631	-	55,631	-
Prior years	-	4,844	4,844	-
	<u>\$ 1,830,058</u>	<u>\$14,118,904</u>	<u>\$13,969,793</u>	<u>1,979,169</u>
Less allowance for uncollectible taxes:				
General fund				312,546
Special Revenue fund-Fire Districts				<u>26,783</u>
				<u>339,329</u>
Ad valorem taxes receivable-net				<u>\$ 1,639,840</u>
Reconcilement with revenue:				
Ad valorem taxes - General Fund				\$13,534,489
- Special Revenue Fund - Fire Districts				<u>547,175</u>
				14,081,664
Reconciling items				
Interest collected				<174,298>
Taxes written off per statute of limitations				53,802
Abatements - prior years				10,128
Miscellaneous adjustments				<u>&lt;1,503&gt;</u>
				<u>&lt;111,871&gt;</u>
				<u>\$13,969,793</u>

Beaufort County, North Carolina  
**SUMMARY OF CURRENT TAX LEVY**  
 For The Fiscal Year Ended June 30, 1996

EXHIBIT G-2

	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>
Original levy			
Property taxed at current year's rate			
County-wide	\$2,230,633,544	\$ .60	\$ 13,383,801
Fire Districts			548,550
Penalties			75,814
Advertising			<u>22,659</u>
			14,030,824
 Discoveries			
County-wide			
Current year taxes	2,394,195	.60	23,039
Prior year taxes			36,487
Penalties			11,312
Fire Districts			
Current year taxes			1,461
Prior year taxes			<u>1,840</u>
			74,139
 Abatements			
County-wide	<5,736,197>	.60	<34,417>
Fire Districts			<u>&lt;1,470&gt;</u>
			<u>&lt;35,887&gt;</u>
 Total property valuation	<u>\$2,227,291,542</u>		
 Net levy			14,069,076
 Uncollected taxes at June 30, 1996			<u>861,351</u>
 Current years taxes collected			<u>\$ 13,207,725</u>
 Current levy collection percentage			<u>93.90%</u>

Beaufort County, North Carolina  
**SCHEDULE OF TRANSFERS**  
For The Fiscal Year Ended June 30, 1996

EXHIBIT G-3

	Transfers	
	From	To
<b>Operating Transfers From/To Other Funds</b>		
<b>Capital Projects</b>		
County Building Renovation		
General fund	\$ 626,169	\$ -
Capital reserve - Beaufort County Buildings	355,784	-
Capital projects - DSS Building	58,182	-
DSS Building		
Capital Projects - County Buildings Renovation	-	58,182
<b>General Fund</b>		
Capital Projects - County Buildings Renovation	-	626,169
Special Revenue - Revaluation	-	50,000
<b>Special Revenue</b>		
Revaluation		
General Fund	50,000	-
Capital Reserve - Beaufort County Buildings		
Capital Projects - County Buildings Renovations	-	355,784
	<u>\$1,090,135</u>	<u>\$1,090,135</u>
<b>Operating Transfers From/To Component Units</b>		
<b>General Fund</b>		
Component units - discretely presented		
Beaufort County ABC Board	\$ 50,248	\$ -
Warren Field Airport Commission	-	28,500
Component units discretely presented		
Beaufort County ABC Board		
General fund	-	50,248
Warren Field Airport Commission		
General fund	28,500	-
	<u>\$ 78,748</u>	<u>\$ 78,748</u>

Beaufort County, North Carolina  
**SCHEDULE OF CASH AND INVESTMENT BALANCES**  
 June 30, 1996

EXHIBIT G-4

	<u>Carrying Value</u>	<u>Cost Value</u>	<u>Market Value</u>
<b>Cash:</b>			
On hand	\$ 842	\$ 842	\$ 842
In demand deposits	61,125	61,125	61,125
NOW, SuperNOW, and money market	2,097,337	2,097,337	2,097,337
Certificates of deposits	<u>1,149,441</u>	<u>1,149,441</u>	<u>1,149,441</u>
<b>Total cash</b>	<b>3,308,745</b>	<b>3,308,745</b>	<b>3,308,745</b>
<b>Other investments:</b>			
North Carolina Capital Management Trust	6,320,381	6,320,381	6,320,381
Common stock	3,763	3,763	10,411
Federal National Mortgage Association			
Zero Coupon Bonds	<u>1,000,305</u>	<u>1,000,305</u>	<u>925,000</u>
<b>Total other investments</b>	<b><u>7,324,449</u></b>	<b><u>7,324,449</u></b>	<b><u>7,255,792</u></b>
<b>Total cash and investments</b>	<b><u>\$10,633,194</u></b>	<b><u>\$10,633,194</u></b>	<b><u>\$10,564,537</u></b>
<b>Distribution by Funds:</b>			
General Fund	\$ 7,397,352	\$ 7,397,352	\$ 7,328,695
Special Revenue Fund:			
Revaluation	87,763	87,763	87,763
Capital Reserve Fund-Buildings	7,202	7,202	7,202
Capital Reserve Fund-Broad Creek Dredging	36,704	36,704	36,704
Arbitrage Reserve Fund	130,776	130,776	130,776
Capital Project Fund:			
County buildings renovation	804,892	804,892	804,892
BCCC	116,084	116,084	116,084
Tideland Mental Health Center Expansion	1,026,280	1,026,280	1,026,280
Enterprise Fund:			
Water District II-Long Acre West	610,666	610,666	610,666
Water District III-Long Acre East	70,821	70,821	70,821
Water District IV-Bath	810	810	810
Water District VII-Richlands	48,507	48,507	48,507
Agency Funds:			
Fire districts	253,858	253,858	253,858
Social Services	41,173	41,173	41,173
County Home	<u>306</u>	<u>306</u>	<u>306</u>
	<b><u>\$10,633,194</u></b>	<b><u>\$10,633,194</u></b>	<b><u>\$10,564,537</u></b>

**COMPLIANCE SECTION**



**Compliance Report Based on an Audit of General Purpose  
Financial Statements Performed in Accordance with  
Government Auditing Standards**

To the Board of County Commissioners  
Beaufort County, North Carolina

We have audited the general purpose financial statements of Beaufort County, North Carolina as of and for the year ended June 30, 1996, and have issued our report thereon dated December 19, 1996. We did not audit the financial statements of the Beaufort County ABC Board or Warren Field Airport Commission, or Beaufort County Hospital Association, Inc. 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 Beaufort County ABC Board, Warren Field Airport Commission and Beaufort County Hospital Association, Inc. is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Beaufort County, North Carolina is the responsibility of Beaufort County, North Carolina's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to the management of Beaufort County, North Carolina in a separate letter dated December 19, 1996.

Beaufort County, North Carolina  
December 19, 1996  
Page 2

This report is intended for the information of management and the governing board. However, this report is also a matter of public record, and its distribution is not limited.

*Pittard Perry + Crane, Inc.*

Belhaven, North Carolina  
December 19, 1996



**Single Audit Report on Compliance with Specific Requirements  
Applicable to Major and Certain Nonmajor Federal and State  
Financial Assistance Programs**

To the Board of County Commissioners  
Beaufort County, North Carolina

We have audited the general purpose financial statements of Beaufort County, North Carolina, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 19, 1996. We did not audit the financial statements of the Beaufort County ABC Board or Warren Field Airport Commission, or Beaufort County Hospital Association, Inc. 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 Beaufort County ABC Board, Warren Field Airport Commission and Beaufort County Hospital Association, Inc. is based solely on the reports of the other auditors.

We have also audited Beaufort County, North Carolina's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; cost allocation; special tests and provisions as listed in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal and State financial assistance programs, which are identified in the accompanying schedule of federal and State financial assistance, for the year ended June 30, 1996. The management of Beaufort County, North Carolina, is responsible for Beaufort County, North Carolina's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-128, Audits Of State And Local Governments; and the State Single Audit Implementation Act. Those standards, OMB Circular A-128, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Beaufort County, North Carolina's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Beaufort County, North Carolina  
December 19, 1996  
Page 2

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings and questioned costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Beaufort County, North Carolina, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; cost allocation; special tests and provisions as listed in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal and State financial assistance programs for the year ended June 30, 1996.

In connection with our audit of the general purpose financial statements of Beaufort County, North Carolina, and with our consideration of Beaufort County, North Carolina's control structure used to administer federal and State financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits Of State And Local Governments, and the State Single Audit Implementation Act, we selected certain transactions applicable to certain nonmajor federal and State financial assistance programs for the year ended June 30, 1996.

As required by OMB Circular A-128 and the State Single Audit Implementation Act, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; and special tests and provisions as listed in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Beaufort County, North Carolina's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Beaufort County, North Carolina, had not complied, in all material respects, with those requirements.

This report is intended for the information of management and the governing board. However, this report is also a matter of public record, and its distribution is not limited.

*Pittard Perry + Crane, Inc.*

Belhaven, North Carolina  
December 19, 1996



**Single Audit Report on Compliance with the  
General Requirements Applicable to  
Federal Financial Assistance Programs**

To the Board of County Commissioners  
Beaufort County, North Carolina

We have audited the general purpose financial statements of Beaufort County, North Carolina, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 19, 1996. We did not audit the financial statements of the Beaufort County ABC Board or Warren Field Airport Commission, or Beaufort County Hospital Association, Inc. 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 Beaufort County ABC Board, Warren Field Airport Commission and Beaufort County Hospital Association, Inc. is based solely on the reports of the other auditors.

We have applied procedures to test Beaufort County, North Carolina's, compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of federal and State financial assistance, for the year ended June 30, 1996:

Political activity	Allowable costs/cost principles
Civil rights	Administrative requirements
Cash management	

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Beaufort County, North Carolina's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

Beaufort County, North Carolina  
December 19, 1996  
Page 2

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Beaufort County, North Carolina, had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information of management and the governing board. However, this report is also a matter of public record, and its distribution is not limited.

*Pittard Perry & Crane, Inc.*

Belhaven, North Carolina  
December 19, 1996

Beaufort County, North Carolina  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For The Year Ended June 30, 1996

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>										
Child Support Enforcement CFDA No. 93.563	<p><u>Criteria</u>            Inc accordance with allowable costs/cost principles in Circular A-87, allowable costs must be reasonable, necessary, given consistent treatment with policies and regulations and other requirements.</p> <p><u>Condition</u>            The Department of Social Services employs an attorney at an annual salary of \$24,720. During the year, the attorney was on unpaid leave. During this time, the County contracted with the same attorney to provide IV-D services, at an hourly rate of \$65.</p> <p><u>Effect</u>            The difference between the contracted hourly rate and the cost to the County, had the attorney been paid as an employee, would be an unallowable cost.            Contracted payment \$1,608.75</p> <table style="margin-left: 20px;"> <tr> <td>Wage - as employee</td> <td style="text-align: right;">418.28</td> </tr> <tr> <td>FICA</td> <td style="text-align: right;">32.00</td> </tr> <tr> <td>Retirement</td> <td style="text-align: right;"><u>21.04</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>471.32</u></td> </tr> <tr> <td>Difference</td> <td style="text-align: right;">\$1,137.43</td> </tr> </table> <p><u>Cause</u>            The County needed the attorney's expertise and services. A limited time contract was signed.</p> <p><u>Recommendation</u>            Employees may not have a dual status as employee and independent contractor. In the future, the normal wage should be paid for any services provided by employees.</p> <p><u>Management's Response</u>            This situation was unique and we do not expect it to re-occur.</p>	Wage - as employee	418.28	FICA	32.00	Retirement	<u>21.04</u>		<u>471.32</u>	Difference	\$1,137.43	\$1,137.43
Wage - as employee	418.28											
FICA	32.00											
Retirement	<u>21.04</u>											
	<u>471.32</u>											
Difference	\$1,137.43											

Status of Prior Year's findings - As of June 30, 1996, Beaufort County, North Carolina management had resolved all findings from prior years.



**Report on the Internal Control Structure Based on an  
Audit of General Purpose Financial  
Statements Performed in Accordance With  
Government Auditing Standards**

To the Board of County Commissioners  
Beaufort County, North Carolina

We have audited the general purpose financial statements of Beaufort County, North Carolina, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 19, 1996. We did not audit the financial statements of the Beaufort County ABC Board or Warren Field Airport Commission, or Beaufort County Hospital Association, Inc. 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 Beaufort County ABC Board, Warren Field Airport Commission and Beaufort County Hospital Association, Inc. is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

The management of Beaufort County, North Carolina is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Beaufort County, North Carolina, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

#### Accounting Procedures

The workload of the finance department has greatly increased over the last two years, largely due to the opening of the water districts and the in-house billing of waste disposal fees. The Finance Department of the County has been unable to remain current on necessary control procedures, such as bank reconciliations. Monthly reconciliations of cash in the checking account were not prepared timely, for fiscal year 1995-96. The reconciliation for June 1996 was completed in December. Bank reconciliations are one of the most crucial elements to an effective internal control system. Certain revenues, directly deposited in investment accounts, were unrecorded at June 30, some of which were received much earlier in the year. Timely reconciliations would have identified this omission. This situation can lead to inaccurate reporting and budgeting problems.

#### Water Districts - Reconciliations

Bank reconciliations for the Water Districts were not completed in a timely manner for the fiscal year ended June 30, 1996. There was delay in posting water district revenue because of the fashion in which it is reported by the service organization which provides billing services. All water district revenue collected by this agency is deposited in the account for Water District II. Monthly reports detail the revenues by district.

#### Segregation of Duties

In an organization such as Beaufort County, North Carolina, with a limited number of personnel for certain functions, there are inherent limitations of the effectiveness of certain controls due to the lack of segregation of duties among County personnel.

Interdepartment and Interfund payments

At June 30, 1996, there were checks listed as outstanding from prior months in the year, which were payable to other funds or departments of the County. All checks payable to the County should be endorsed and deposited daily, as received.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the general purpose financial statements of Beaufort County, North Carolina for the year ended June 30, 1996.

We believe the item listed above, concerning accounting procedures, results in a material weakness in accounting and administrative controls.

Recommendation

It is crucial that staff get "caught up" on all monthly reconciliations and recording of transactions. We believe that additional staff in the finance department are required, in order to catch up and possibly, even to remain current from month to month. We recommend that management implement an independent review of bank reconciliations and adjusting journal entries by someone who does not participate in disbursement or receiving functions.

Management Response

With the installation of the new computer system, we feel that the staff will have additional time to get all reconciliations up-to date. In addition, we have a temporary employee in place and are considering additional outside help to assist us.

We believe the item listed above, concerning the insufficient segregation of duties, results in a material weakness in accounting and administrative controls.

Recommendation

We recommend as Beaufort County hires additional employees that their responsibilities be structured to achieve greater segregation of duties.

Management Response

We concur. As additional staff are hired, we will attempt to structure duties to provide maximum segregation.

December 19, 1996

Page 4

We believe the item listed above, concerning the Water districts, results in a material weakness in accounting and administrative controls.

Recommendation

Over the past two years, with the implementation of the Water Districts and other changes, the duties of the bookkeeper have increased greatly. We believe that additional staff may be necessary to ensure timely reconciliations and recording of information. Monthly reconciliations should be completed promptly for cash and accounts receivable and all transactions should be recorded monthly to ensure complete and accurate accounting records.

Management Response

We have just installed a new computer system, which should provide more capabilities than our old system. With an improved system, we believe more time will be available to staff for performing recommended reconciliations.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Beaufort County, North Carolina, in a separate letter dated December 19, 1996.

This report is intended for the information of management and the governing board. However, this report is also a matter of public record, and its distribution is not limited.

*Pittard Perry + Crane, Inc.*

Belhaven, North Carolina  
December 19, 1996



**Single Audit Report on the Internal Control Structure  
Used in Administering Federal and State Financial Assistance  
Programs**

To the Board of County Commissioners  
Beaufort County, North Carolina

We have audited the general purpose financial statements of Beaufort County, North Carolina, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 19, 1996. We did not audit the financial statements of the Beaufort County ABC Board or Warren Field Airport Commission, or Beaufort County Hospital Association, Inc. 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 Beaufort County ABC Board, Warren Field Airport Commission and Beaufort County Hospital Association, Inc. is based solely on the reports of the other auditors. We have also audited Beaufort County, North Carolina's compliance with requirements applicable to major federal and State financial assistance programs and have issued our report thereon dated December 19, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments; and the State Single Audit Implementation Act. Those standards, OMB Circular A-128, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether Beaufort County, North Carolina, complied with laws and regulations, noncompliance with which would be material to a major federal or State financial assistance program.

In planning and performing our audits for the year ended June 30, 1996, we considered the County's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the County's general purpose financial statements and on its compliance with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128 and the State Single Audit Implementation Act. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal or State financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated December 19, 1996.

The management of Beaufort County, North Carolina, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal and State financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal and State financial assistance programs in the following categories: cash and cash equivalents, receivables, property and equipment, payables and accrued liabilities, debt, fund balance, political activity, civil rights, cash management, allowable costs/cost principles, administrative requirements, types of services, eligibility, reporting, cost allocation, special requirements, claims for advances and reimbursements and amounts claimed or used for matching.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, Beaufort County, North Carolina, expended 60.6 percent of its total federal financial assistance under major federal financial assistance programs and the following nonmajor federal financial assistance program: Title XIX Medicaid (CFDA # 93.778).

We performed tests of controls, as required by OMB Circular A-128 and the State Single Audit Implementation Act, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the County's major federal and State financial assistance programs, which are identified in the accompanying schedule of federal and State financial assistance, and the aforementioned nonmajor program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the County's ability to administer federal and State financial assistance programs in accordance with applicable laws and regulations.

#### Accounting Procedures

The workload of the finance department has greatly increased over the last two years, largely due to the opening of the water districts and the in-house billing of waste disposal fees. The Finance Department of the County has been unable to remain current on necessary control procedures, such as bank reconciliations. Monthly reconciliations of cash in the checking account were not prepared timely, for fiscal year 1995-96. The reconciliation for June 1996 was completed in December. Bank reconciliations are one of the most crucial elements to an effective internal control system. Certain revenues, directly deposited in investment accounts, were unrecorded at June 30, some of which were received much earlier in the year. Timely reconciliations would have identified this omission. This situation can lead to inaccurate reporting and budgeting problems.

#### Segregation of Duties

In an organization such as Beaufort County, North Carolina, with a limited number of personnel for certain functions, there are inherent limitations of the effectiveness of certain controls due to the lack of segregation of duties among County personnel.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal or State financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal and State financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of Beaufort County, North Carolina's compliance with requirements applicable to its major federal and State financial assistance programs for the year ended June 30, 1996, and this report does not affect our report thereon dated December 19, 1996.

We believe the item listed above, concerning accounting procedures, results in a material weakness in accounting and administrative controls.

Recommendation

It is crucial that staff get "caught up" on all monthly reconciliations and recording of transactions. We believe that additional staff in the finance department are required, in order to catch up and possibly, even to remain current from month to month. We recommend that management implement an independent review of bank reconciliations and adjusting journal entries by someone who does not participate in disbursement or receiving functions.

Management Response

With the installation of the new computer system, we feel that the staff will have additional time to get all reconciliations up-to date. In addition, we have a temporary employee in place and are considering additional outside help to assist us.

We believe the item listed above, concerning the insufficient segregation of duties, results in a material weakness in accounting and administrative controls.

Recommendation

We recommend as Beaufort County hires additional employees that their responsibilities be structured to achieve greater segregation of duties.

Management Response

We concur. If additional staff are hired, we will attempt to structure duties to provide maximum segregation.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Beaufort County, North Carolina, in a separate letter dated December 19, 1996.

This report is intended for the information of management and the governing board. However, this report is also a matter of public record, and its distribution is not limited.

*Pittard Perry + Crane, Inc.*

Belhaven, North Carolina  
December 19, 1996

Beaufort County, North Carolina  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
For The Year Ended June 30, 1996

PAGE 1 OF 4

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	(Direct & Pass Thru)	Federal Expenditures	State Expenditures
<b>FEDERAL GRANTS:</b>				
<u>U.S. Department of Health and Human Services</u>				
Passed through N.C. Dept. of Human Resources				
Division of Aging:				
Passed through Mid-East Commission				
Nutrition services:				
Special programs for the aging-Title III C	93.045		\$ 63,067	\$ 3,710
In home services				
Title III-D	93.046		1,185	70
SSBG	93.667	*	20,029	572
Special programs for the aging-Title III B	93.044		<u>40,553</u>	<u>2,385</u>
			61,767	3,027
Access services:				
Special programs for the aging-Title III B	93.044		9,279	546
Passed through N.C. Dept. of Human Resources				
Division of Social Services:				
Assistance payments/maintenance assistance:				
Aid to families with dependent children	93.560	*	17,663	8,832
JOBS program - IV - F	93.561	*	205,731	125,639
Foster care IV-A EA	93.560	*	1,931	966
IV-E Foster care	93.658		123,307	24,699
Medical transportation	93.778		8,302	-
Social services block grant	93.667	*	276,795	72
CPS - EA	93.560	*	<u>131,589</u>	<u>128,746</u>
			765,318	288,954
Permanency planning	93.645		19,813	4,898
State in-home services fund:				
Social services block grant	93.667	*	10,948	-
Crisis intervention program:				
Low-income home energy assistance	93.568		29,707	-
Independent living	93.674		<u>3,621</u>	<u>-</u>
			33,328	-
Administration:				
Aid to families with dependent children	93.560	*	230,456	-
Low-income home energy assistance	93.568		10,157	-
Medical assistance program	93.778		249,278	14,797
IV-D administration	93.563	*	336,203	-
IV-A Child care coordinator	93.560	*	7,078	-
Adult care home case management	93.778		<u>847</u>	<u>423</u>
			834,019	15,220
Passed through NC Dept of Human Resources				
Division of Child Development				
Family Support Act	93.560	*	245,726	134,290
Child care development block grant	93.575		107,885	-
At-risk	93.574		69,748	38,188
Social services block grant	93.667	*	<u>49,541</u>	<u>-</u>
			472,900	172,478

Beaufort County, North Carolina  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
 For The Year Ended June 30, 1996

PAGE 2 OF 4

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct &amp; Pass Thru) Expenditures</u>	<u>State Expenditures</u>
Passed Through N.C. Dept. of Environment, Health and Natural Resources:			
Maternal and Child Health Program:			
Maternal & child health services block grant	93.994	\$ 30,000	\$ -
Preventive health block grant	93.991	24,648	-
AIDS prevention	93.118	36,502	-
Breast and cervical cancer	93.919	1,116	-
Family planning - Title X	93.217	5,077	-
		<u>97,343</u>	<u>-</u>
Total U.S. Dept. of Health & Human Services		2,367,782	488,833
<u>U.S. Dept. of Agriculture</u>			
Passed Through N.C. Dept. of Human Resources Administration:			
Food stamp program	10.561	240,510	-
Passed Through Mid-East Commission			
USDA Supplement	10.570	15,603	-
Passed Through N.C. Dept. of Environment, Health and Natural Resources:			
Special supplemental food program for women, infants and children	10.557	<u>143,575</u>	<u>-</u>
Total U.S. Dept. of Agriculture		399,688	-
<u>U.S. Dept. of Housing and Urban Development</u>			
Passed Through N.C. Dept of Commerce Community Development Block Grant States program			
	14.228	56,625	-
<u>Federal Emergency Management Agency</u>			
Passed Through N.C. Dept of Crime Control and Public Safety:			
Federal emergency management assistance	83.503	5,588	-
<u>U.S. Dept. of Justice</u>			
Passed Through NC Dept of Crime Control and Public Safety:			
Drug control and systems improvement	16.579	123,519	-
<u>U.S. Dept of Commerce</u>			
Passed Through NC Dept of Environment, Health and Natural Resources			
Coastal zone management	11.419	4,420	-

Beaufort County, North Carolina  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
 For The Year Ended June 30, 1996

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct &amp; Pass Thru) Expenditures</u>	<u>State Expenditures</u>
<b>STATE GRANTS:</b>			
<u>N.C. Dept. of Human Resources</u>			
Division of Social Services:			
CP&L energy program		\$ -	\$ 3,935
Foster care		-	7,315
Aid to counties		-	52,019
Day care coordinator		-	2,991
		-	<u>66,260</u>
Division of Youth Services:			
Community based alternatives		-	108,754
Division of child development			
Non-FSA child care			142,618
Passed Through Mid-East Commission			
In-home services		-	77,144
Access services		-	13,232
Nutrition services		-	10,575
		-	<u>100,951</u>
Total N.C. Dept of Human Resources		-	418,583
<u>N.C. Dept of Environment, Health &amp; Natural Resources</u>			
Division of Human Services:			
Aids control		-	15,000
Aid to Counties		-	29,473
Environmental Health		-	8,692
Communicable Disease		-	23,875
Tuberculosis		-	4,064
Child services coordinator		-	14,479
Child health		-	9,478
Hypertension		-	5,467
State immunization		-	17,859
Maternal health		-	7,535
Mental health		-	4,121
Risk reduction		-	1,975
Coastal area management		-	775
Food and lodging		-	2,405
		-	<u>145,198</u>
Direct Grants:			
State Land Records Management		-	12,500
Soil and Water Grant		-	7,772
		-	<u>20,272</u>
Total N.C. Dept. of Environment, Health & Natural Resources		-	165,470

Beaufort County, North Carolina  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
 For The Year Ended June 30, 1996

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<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct &amp; Pass Thru) Expenditures</u>	<u>State Expenditures</u>
<u>N.C. Dept. of Transportation</u>			
Elderly/handicapped transportation		\$ -	\$ 26,152
<u>N.C. Dept. of Administration</u>			
Veterans		-	5,000
<u>Office of the governor</u>			
Public school building capital fund	*	-	334,345
<b>TOTAL ASSISTANCE</b>		<b><u>\$ 2,957,622</u></b>	<b><u>\$ 1,438,383</u></b>

\* Major programs

Notes to the preceding schedule:

1. Benefit Payments Issued by the State

Food Stamp Program	10.561	\$ 4,701,979	\$ -
Aid to Families with Dependent Children	93.560	1,717,637	523,559
Medical Assistance Program	93.778	21,054,544	9,664,803
Special Supplemental Food Program for Women, Infants, and Children	10.557	727,976	-
Energy Assistance Payment	93.568	63,940	-
CWS Adopt Subsidy & Vendor	93.645	11,482	15,062
IV-E Adopt Subsidy & Vendor	93.659	30,515	8,355
Special Assistance - Aged and Disabled	n/a	-	366,377

The above amounts were paid directly to recipients by the State from federal and state moneys on behalf of the County. County personnel are involved with certain functions, primarily eligibility determinations, that cause benefit payments to be issued by the State. These amounts disclose the additional aid to County recipients which do not appear in the general purpose financial statements because they are not revenues and expenditures of the county.



To the Board of Commissioners  
Beaufort County, North Carolina

In connection with our audit of the general purpose financial statements of Beaufort County, North Carolina, as of and for the year ended June 30, 1996, we reviewed various administrative and financial procedures and controls of the County but did not make a comprehensive review for the purpose of submitting detailed recommendations.

As a result of our review, we noted certain areas where administrative and financial matters should be considered, procedures improved, and administrative controls strengthened. This memorandum summarizes our comments and suggestions. We have separately communicated internal control structure reportable conditions in the Report on the Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards and the Single Audit Report on the Internal Control Structure Used in Administering Federal and State Financial Assistance Programs, both dated December 19, 1996.

#### General Fixed Assets

The County has a computerized fixed asset listing, which itemizes machinery, equipment, furniture and fixtures, and recent land and building acquisitions. We recommend updating this listing to show all land and buildings owned by the County. This could be accomplished by reviewing deeds and prior years financial statements to ascertain an approximate cost for each property. This would provide the County with a complete Property and Equipment listing.

#### Expenditures over budget

Expenditures exceeded budget in one department of the general fund and in one of the special revenue funds. The over-expenditure in the debt service department resulted from issuance costs on bond refunding which were not budgeted. The over-expenditure in the special revenue fund was due to revenues exceeding budgeted expectations. Although these amounts were not material, we suggest that in the future, the budgets be amended, as appropriate. Water district II expenditures exceeded the budget, due to salaries and benefits.

Beaufort County, North Carolina

December 19, 1996

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Accounts receivable - tap fees

There are still unpaid tap fees due to the County for District II and III. Now that the water districts are fully operational, all tap fees should be collected. We suggest that management add the tap-fees due to the next water bill and if payment is not made, the cut-off policy should be followed.

Bank reconciliations - outstanding checks

Management should implement a policy of routinely reviewing and verifying old outstanding checks on any bank reconciliations and reissue or "stop payment" as conditions warrant. Checks outstanding for more than five years must be turned over to the Escheat Fund of North Carolina.

Bank reconciliations - bank errors

During the year, certain bank errors were made in the checking account, which have not been reimbursed as of the date of this report. When errors occur, Management should make the bank aware promptly, to ensure correction.

Returned checks

At June 30, 1996, there were a considerable amount of returned checks on hand, some of which are several years old. Returned checks are handled by the receiving department. Management should actively seek collection or adjust the books appropriately and discontinue carrying any uncollectible amounts.

This report is intended solely for the information and use of the Beaufort County, North Carolina's Board of Commissioners, management, and others within the administration. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Pittard Perry & Crowe, Inc.*

Belhaven, North Carolina

December 19, 1996