

Beaufort County, North Carolina

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

June 30, 1998

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, 1998, as listed in the table of contents. 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 the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our 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, 1998, 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.

In accordance with Government Auditing Standards, we have also issued a report dated September 3, 1998 on our consideration of Beaufort County, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Board of County Commissioners
September 3, 1998
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Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Beaufort County, North Carolina taken as a whole. The combining and individual fund financial statements and schedules, as well as the accompanying schedule of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. 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 stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Pittard Perry + Crane, Inc.

Belhaven, North Carolina
September 3, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

Beaufort County, North Carolina
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS
June 30, 1998

| | Governmental | | | Proprietary |
|--|----------------------|---------------------|---------------------|----------------------|
| | Fund Types | | | Fund Type |
| | General | Special Revenue | Capital Projects | Enterprise |
| ASSETS AND OTHER DEBITS | | | | |
| Cash and investments | \$ 9,562,422 | \$ 950,112 | \$ 948,647 | \$ 765,091 |
| Receivables (net of allowances) | | | | |
| Property taxes | 1,713,198 | 69,610 | - | - |
| Accounts | 2,335,019 | 187,814 | 1,514 | 235,039 |
| Other | - | - | - | - |
| Due from other funds | 760,484 | 207,288 | - | 105,931 |
| Due from component units | 14,253 | - | - | - |
| Prepaid items | - | - | - | - |
| Inventory | - | - | - | - |
| Installment obligation receivable - current | 81,639 | - | - | - |
| Restricted assets - Cash and cash equivalents | - | - | - | 4,896,640 |
| Installment obligation receivable - noncurrent | 1,540,758 | - | - | - |
| Fixed assets, net | - | - | - | 27,759,477 |
| Other debits | | | | |
| Amount to be provided for retirement of debt | - | - | - | - |
| Total assets and other debits | <u>\$ 16,007,773</u> | <u>\$ 1,414,824</u> | <u>\$ 950,161</u> | <u>\$ 33,762,178</u> |
| LIABILITIES, EQUITY, AND OTHER CREDITS | | | | |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | \$ 1,153,593 | \$ 33,147 | \$ 6,344 | \$ 1,123,927 |
| Due to primary government | - | - | - | - |
| Due to other funds | 19,729 | 293,599 | - | 760,484 |
| Customer deposits | - | - | - | 18,175 |
| Deferred revenue | 3,995,143 | 79,315 | - | - |
| Notes payable - current | - | - | - | 19,248,525 |
| Capital leases payable - current | - | - | - | - |
| General obligation bonds payable - current | - | - | - | 106,500 |
| Compensated absences payable | - | - | - | - |
| Accrued landfill cost | - | - | - | - |
| General obligation bonds payable - noncurrent | - | - | - | 9,995,000 |
| Notes payable - noncurrent | - | - | - | 1,012,779 |
| Capital leases payable - noncurrent | - | - | - | - |
| Deferred compensation benefits payable | - | - | - | - |
| Total liabilities | <u>5,168,465</u> | <u>406,061</u> | <u>6,344</u> | <u>32,265,390</u> |
| Equity and other credits | | | | |
| Investment in general fixed assets | - | - | - | - |
| Contributed capital | - | - | - | 1,815,527 |
| Retained Earnings (deficit) | - | - | - | (318,739) |
| Fund balances | | | | |
| Reserved by state statute | 3,109,759 | 395,102 | 1,514 | - |
| Designated for subsequent year's expenditures | 1,700,000 | - | 942,303 | - |
| Undesignated | 6,029,549 | 613,661 | - | - |
| Total equity and other credits | <u>10,839,308</u> | <u>1,008,763</u> | <u>943,817</u> | <u>1,496,788</u> |
| Total liabilities, equity, and other credits | <u>\$ 16,007,773</u> | <u>\$ 1,414,824</u> | <u>\$ 950,161</u> | <u>\$ 33,762,178</u> |

| Fiduciary Fund Type | Account Groups | | Totals (Memorandum) | Component Units | | |
|------------------------|----------------------|----------------------|------------------------|----------------------|---------------------|---------------------|
| | General | General Long- | Primary | Beaufort County | | Warren Field |
| | Fixed Assets | Term Debt | Government | Hospital | ABC Board | Commission |
| \$ 362,583 | \$ - | \$ - | \$ 12,588,855 | \$ 3,082,845 | \$ 237,940 | \$ 92,667 |
| - | - | - | 1,782,808 | - | - | - |
| - | - | - | 2,759,386 | 5,941,206 | - | 3,727 |
| - | - | - | - | 463,574 | - | - |
| 109 | - | - | 1,073,812 | - | - | - |
| - | - | - | 14,253 | - | - | - |
| - | - | - | - | 385,770 | 648 | 468 |
| - | - | - | - | 967,340 | 361,149 | - |
| - | - | - | 81,639 | - | - | - |
| - | - | - | 4,896,640 | - | - | 43,306 |
| - | - | - | 1,540,758 | - | - | - |
| - | 14,442,998 | - | 42,202,475 | 9,258,449 | 448,562 | 1,449,181 |
| - | - | 14,084,973 | 14,084,973 | - | - | - |
| <u>\$ 362,692</u> | <u>\$ 14,442,998</u> | <u>\$ 14,084,973</u> | <u>\$ 81,025,599</u> | <u>\$ 20,099,184</u> | <u>\$ 1,048,299</u> | <u>\$ 1,589,349</u> |
| \$ 277,201 | \$ - | \$ - | \$ 2,594,212 | 3,047,821 | 220,682 | 930 |
| - | - | - | - | - | 14,253 | - |
| - | - | - | 1,073,812 | - | - | - |
| - | - | - | 18,175 | - | - | - |
| - | - | - | 4,074,458 | - | - | 44,806 |
| - | - | 730,478 | 19,979,003 | 181,141 | 30,952 | - |
| - | - | - | - | 144,451 | - | - |
| - | - | 1,125,000 | 1,231,500 | 555,747 | - | - |
| - | - | 484,368 | 484,368 | - | - | - |
| - | - | 367,671 | 367,671 | - | - | - |
| - | - | 7,640,000 | 17,635,000 | - | - | - |
| - | - | 3,737,456 | 4,750,235 | 163,868 | 8,034 | - |
| - | - | - | - | 425,610 | - | - |
| 85,491 | - | - | 85,491 | - | - | - |
| <u>362,692</u> | - | <u>14,084,973</u> | <u>52,293,925</u> | <u>4,518,638</u> | <u>273,921</u> | <u>45,736</u> |
| - | 14,442,998 | - | 14,442,998 | - | - | - |
| - | - | - | 1,815,527 | - | - | 1,641,188 |
| - | - | - | (318,739) | 15,580,546 | 774,378 | (97,575) |
| - | - | - | 3,506,375 | - | - | - |
| - | - | - | 2,642,303 | - | - | - |
| - | - | - | 6,643,210 | - | - | - |
| - | 14,442,998 | - | 28,731,674 | 15,580,546 | 774,378 | 1,543,613 |
| <u>\$ 362,692</u> | <u>\$ 14,442,998</u> | <u>\$ 14,084,973</u> | <u>\$ 81,025,599</u> | <u>\$ 20,099,184</u> | <u>\$ 1,048,299</u> | <u>\$ 1,589,349</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, 1998

EXHIBIT 2

| | Governmental | | | Totals |
|---|----------------------|---------------------|--------------------|-----------------------|
| | Fund Types | | | (Memorandum) |
| | General | Special Revenue | Capital Project | Primary Government |
| REVENUES | | | | |
| Ad valorem taxes | \$ 14,532,766 | \$ 619,769 | \$ - | \$ 15,152,535 |
| Local option sales tax | 5,805,003 | - | - | 5,805,003 |
| Other taxes and licenses | 216,861 | - | - | 216,861 |
| Restricted intergovernmental | 5,626,509 | 945,397 | - | 6,571,906 |
| Unrestricted intergovernmental | 1,560,013 | - | - | 1,560,013 |
| Permits and fees | 285,854 | - | - | 285,854 |
| Sales and service | 4,439,572 | - | - | 4,439,572 |
| Investment earnings | 534,691 | 16,624 | 92,992 | 644,307 |
| Miscellaneous | 201,994 | - | - | 201,994 |
| Total revenues | 33,203,263 | 1,581,790 | 92,992 | 34,878,045 |
| EXPENDITURES | | | | |
| General government | 2,824,685 | - | - | 2,824,685 |
| Public safety | 3,329,783 | 653,811 | - | 3,983,594 |
| Economic & physical development | 418,957 | 680,249 | - | 1,099,206 |
| Culture and recreation | 176,044 | - | - | 176,044 |
| Education | 7,769,886 | 1,702 | - | 7,771,588 |
| Human resources | 10,579,477 | - | - | 10,579,477 |
| Environmental protection | 3,197,511 | - | - | 3,197,511 |
| Capital projects | - | - | 2,379,322 | 2,379,322 |
| Debt service: | | | | |
| Bond principal | 1,145,000 | - | - | 1,145,000 |
| Lease principle | 43,324 | - | - | 43,324 |
| Note principle | 652,160 | 145,424 | - | 797,584 |
| Interest | 672,697 | 5,774 | - | 678,471 |
| Fees and commissions | 264 | - | - | 264 |
| Total expenditures | 30,809,788 | 1,486,960 | 2,379,322 | 34,676,070 |
| Revenues over (under) expenditures | <u>2,393,475</u> | <u>94,830</u> | <u>(2,286,330)</u> | <u>201,975</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers from other funds | 140,000 | 895,000 | - | 1,035,000 |
| Operating transfers to other funds | (856,856) | (310,000) | - | (1,166,856) |
| Proceeds from long-term debt | - | - | - | - |
| Operating transfer from component unit | 75,222 | - | - | 75,222 |
| Operating transfer to component unit | (5,000) | - | - | (5,000) |
| Total other financing sources (uses) | (646,634) | 585,000 | - | (61,634) |
| Revenues and other sources over (under) expenditures and other uses | 1,746,841 | 679,830 | (2,286,330) | 140,341 |
| Fund balance, beginning of year | <u>9,092,467</u> | <u>328,933</u> | <u>3,230,147</u> | <u>12,651,547</u> |
| Fund balance, end of year | <u>\$ 10,839,308</u> | <u>\$ 1,008,763</u> | <u>\$ 943,817</u> | <u>\$ 12,791,888</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 BALANCE
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 1998

| | <u>General Fund</u> | | Variance Favorable (Unfavorable) |
|---|---------------------|----------------------|--|
| | <u>Budget</u> | <u>Actual</u> | |
| REVENUES | | | |
| Ad valorem taxes | \$ 13,700,537 | \$ 14,532,766 | \$ 832,229 |
| Local option sales tax | 5,678,000 | 5,805,003 | 127,003 |
| Other taxes, licenses and permits | 363,160 | 502,715 | 139,555 |
| Intergovernmental | 7,710,614 | 7,186,522 | (524,092) |
| Sales and service | 4,091,301 | 4,439,572 | 348,271 |
| Investment earnings | 300,000 | 534,691 | 234,691 |
| Miscellaneous | 93,357 | 201,994 | 108,637 |
| Total revenues | <u>31,936,969</u> | <u>33,203,263</u> | <u>1,266,294</u> |
| EXPENDITURES | | | |
| General government | 3,031,222 | 2,824,685 | 206,537 |
| Public safety | 3,487,158 | 3,329,783 | 157,375 |
| Environmental protection | 3,300,323 | 3,197,511 | 102,812 |
| Economic & physical development | 511,744 | 418,957 | 92,787 |
| Culture and recreation | 180,053 | 176,044 | 4,009 |
| Education | 7,769,886 | 7,769,886 | - |
| Human services | 12,020,445 | 10,579,477 | 1,440,968 |
| Contingency | 86,928 | - | 86,928 |
| Debt service: | | | |
| Bond principal | 1,145,000 | 1,145,000 | - |
| Lease principle | 43,325 | 43,324 | 1 |
| Note principle | 652,193 | 652,160 | 33 |
| Interest | 672,700 | 672,697 | 3 |
| Fees and commissions | 2,500 | 264 | 2,236 |
| Total expenditures | <u>32,903,478</u> | <u>30,809,788</u> | <u>2,093,690</u> |
| Revenues over (under) expenditures | <u>(966,509)</u> | <u>2,393,475</u> | <u>3,359,984</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers from (to) other funds | (718,642) | (716,856) | 1,786 |
| Operating transfer from component unit | - | 75,222 | 75,222 |
| Operating transfer to component unit | (5,500) | (5,000) | 500 |
| Total other financing sources (uses) | <u>(724,142)</u> | <u>(646,634)</u> | <u>77,508</u> |
| Revenues and other sources over (under) expenditures and other uses | (1,690,651) | 1,746,841 | 3,437,492 |
| Appropriated fund balance | <u>1,690,651</u> | <u>-</u> | <u>(1,690,651)</u> |
| Revenues, other sources, and appropriated fund balance over (under) expenditures and other uses | <u>\$ -</u> | <u>1,746,841</u> | <u>\$ 1,746,841</u> |
| Fund balance, beginning of year | | <u>9,092,467</u> | |
| Fund balance, end of year | | <u>\$ 10,839,308</u> | |

| <u>Special Revenue</u> | | |
|------------------------|-------------------|--|
| <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
| \$ 666,500 | \$ 619,769 | \$ (46,731) |
| - | - | - |
| 248,733 | 259,666 | 10,933 |
| - | - | - |
| - | 16,624 | 16,624 |
| - | - | - |
| <u>915,233</u> | <u>896,059</u> | <u>(19,174)</u> |
| - | - | - |
| 696,976 | 653,811 | 43,165 |
| - | - | - |
| 48,733 | - | 48,733 |
| - | - | - |
| 3,500 | 1,702 | 1,798 |
| - | - | - |
| - | - | - |
| - | - | - |
| 145,424 | 145,424 | - |
| 20,600 | 5,774 | 14,826 |
| - | - | - |
| <u>915,233</u> | <u>806,711</u> | <u>108,522</u> |
| - | <u>89,348</u> | <u>89,348</u> |
| - | 510,000 | 510,000 |
| - | - | - |
| - | - | - |
| - | <u>510,000</u> | <u>510,000</u> |
| - | 599,348 | 599,348 |
| - | - | - |
| <u>\$ -</u> | <u>599,348</u> | <u>\$ 599,348</u> |
| | <u>328,435</u> | |
| | <u>\$ 927,783</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, 1998

EXHIBIT 4

| | Proprietary | | | |
|--|---------------------|----------------------|-------------------|-------------------------|
| | Fund Type | Component Unit | | |
| | Enterprise | Beaufort County | | Warren Field Airport |
| | Primary | | | |
| | Government | Hospital | ABC Board | Commission |
| OPERATING REVENUES | | | | |
| Charges for service and sales | \$ 926,417 | \$ 29,475,771 | \$ 2,129,946 | \$ 35,997 |
| Other operating revenue | 311,444 | 729,498 | - | - |
| Total operating revenues | <u>1,237,861</u> | <u>30,205,269</u> | <u>2,129,946</u> | <u>35,997</u> |
| OPERATING EXPENSES | | | | |
| Depreciation | 188,675 | 1,312,282 | 34,039 | 93,941 |
| Water treatment | 50,190 | - | - | - |
| Cost of goods sold | - | - | 1,486,548 | - |
| Water distribution | 405,354 | - | - | - |
| Store and warehouse | - | - | 271,886 | - |
| Administration | <u>86,610</u> | <u>28,500,343</u> | <u>243,623</u> | <u>51,519</u> |
| Total operating expenses | <u>730,829</u> | <u>29,812,625</u> | <u>2,036,096</u> | <u>145,460</u> |
| Operating income (loss) | <u>507,032</u> | <u>392,644</u> | <u>93,850</u> | <u>(109,463)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest on investments | 36,198 | 142,456 | 7,615 | 6,224 |
| Miscellaneous income | 7,447 | 28,600 | - | - |
| Allocated to deferred revenue | - | - | - | (5,000) |
| Law enforcement/Alcohol education | - | - | (19,535) | - |
| Interest expense | (640,372) | - | (3,414) | - |
| Reduction of frozen pension plan accrual | - | 500,000 | - | - |
| Donations/ grants | <u>-</u> | <u>201,587</u> | <u>-</u> | <u>-</u> |
| Total nonoperating revenue (expenses) | <u>(596,727)</u> | <u>872,643</u> | <u>(15,334)</u> | <u>1,224</u> |
| Income (loss) before operating transfers | <u>(89,695)</u> | <u>1,265,287</u> | <u>78,516</u> | <u>(108,239)</u> |
| Operating transfers to primary government | - | - | (75,222) | - |
| Operating transfers from primary government | <u>131,856</u> | <u>-</u> | <u>-</u> | <u>5,000</u> |
| Total operating transfers | <u>131,856</u> | <u>-</u> | <u>(75,222)</u> | <u>5,000</u> |
| Net income (loss) | 42,161 | 1,265,287 | 3,294 | (103,239) |
| Add depreciation on contributed capital | <u>-</u> | <u>-</u> | <u>-</u> | <u>68,764</u> |
| Increase (decrease) in retained earnings | 42,161 | 1,265,287 | 3,294 | (34,475) |
| RETAINED EARNINGS (deficit), beginning of year | (360,900) | 14,176,538 | 771,084 | (63,100) |
| Net assets of Tri-County Health Services, Inc. received February 12, 1997 | <u>-</u> | <u>138,721</u> | <u>-</u> | <u>-</u> |
| RETAINED EARNINGS (deficit), end of year | <u>\$ (318,739)</u> | <u>\$ 15,580,546</u> | <u>\$ 774,378</u> | <u>\$ (97,575)</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, 1998

EXHIBIT 5
Page 1 of 2

| | Proprietary | | | |
|--|-----------------------|---------------------|-------------------|---------------------------------------|
| | Fund Type | | Component Unit | |
| | Enterprise | | Beaufort County | |
| | Primary Government | Hospital | ABC Board | Warren Field Airport Commission |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from customers / others | \$ 1,239,148 | \$ 25,382,272 | \$ 2,129,946 | \$ 93,729 |
| Cash paid for goods and services | 610,753 | (10,619,763) | (1,673,120) | (154,905) |
| Cash paid to employees for services | - | (14,021,358) | (312,231) | - |
| Other operating revenue | - | 887,906 | - | - |
| Net cash provided by (used in) operating activities | <u>1,849,901</u> | <u>1,629,057</u> | <u>144,595</u> | <u>(61,176)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | |
| Intergovernmental revenues | | | | |
| Law enforcement / Alcohol education | - | - | (19,535) | - |
| Operating transfers to / from primary government | - | - | (75,222) | - |
| Gifts and grants | - | 215,987 | - | - |
| Other revenue | - | 28,600 | - | - |
| Allocation to deferred revenue | - | - | - | - |
| Net cash provided by (used in) capital and related financing activities | <u>-</u> | <u>244,587</u> | <u>(94,757)</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Capital grants and local matches | 1,007,966 | - | - | (21,819) |
| Transfer from general fund | 131,856 | | | |
| Acquisition and construction of capital assets | (15,612,569) | (1,498,967) | (47,938) | (184,787) |
| Proceeds / increase of long-term debt | 12,689,566 | 57,400 | - | - |
| Principal paid on long-term borrowing, including capital lease obligations | (109,800) | (343,823) | (29,180) | - |
| Interest paid on long-term borrowing, including capital lease obligations | 640,372 | (57,705) | (3,414) | - |
| Contributed capital | - | - | - | 177,962 |
| Other nonoperating expenses | - | - | - | - |
| Net cash provided by (used in) capital and related financing activities | <u>(2,533,353)</u> | <u>(1,843,095)</u> | <u>(80,532)</u> | <u>(28,644)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on investments | <u>278,405</u> | <u>142,456</u> | <u>7,615</u> | <u>6,224</u> |
| Net increase (decrease) in cash and cash equivalents | (405,047) | 173,005 | (23,079) | (83,596) |
| Cash and cash equivalents at beginning of year | <u>6,066,778</u> | <u>2,909,840</u> | <u>261,019</u> | <u>219,569</u> |
| Cash and cash equivalents at end of year | <u>\$ 5,661,731</u> | <u>\$ 3,082,845</u> | <u>\$ 237,940</u> | <u>\$ 135,973</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, 1998

EXHIBIT 5
Page 2 of 2

| Proprietary | Component Unit | | |
|-------------------|------------------------|-----------------|-------------------|
| <u>Fund Type</u> | <u>Beaufort County</u> | <u>Hospital</u> | <u>ABC Board</u> |
| Enterprise | | | Warren Field |
| Primary | | | Airport |
| <u>Government</u> | | | <u>Commission</u> |

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

| | | | | |
|---|---------------------|---------------------|-------------------|--------------------|
| Operating income (loss) | \$ 507,032 | \$ 1,265,287 | \$ 93,850 | \$ (109,463) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 188,675 | 1,312,282 | 35,277 | 93,941 |
| Interest paid | - | 57,705 | - | - |
| Non-operating revenue | 7,447 | - | - | - |
| Loss on disposal of fixed assets | - | - | - | 3,770 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (15,085) | (1,221,133) | - | 57,732 |
| Decrease (increase) in inventories, prepaid expenses, and other current assets | - | (139,613) | 15,468 | (524) |
| (Decrease) increase in accounts payable and accrued liabilities | 1,088,780 | 354,529 | - | (106,632) |
| Net increase in due to / due from accounts | 64,127 | - | - | - |
| Increase in customer deposits | 8,925 | - | - | - |
| Total adjustments | <u>1,342,869</u> | <u>363,770</u> | <u>50,745</u> | <u>48,287</u> |
| Net cash provided by (used in) operating activities | <u>\$ 1,849,901</u> | <u>\$ 1,629,057</u> | <u>\$ 144,595</u> | <u>\$ (61,176)</u> |

The accompanying notes are an integral part of this financial statement

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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 governments. 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. The 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 V - Pantego Township
County Water District VII - Richland Township

The 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 Association, Inc.

Beaufort County Hospital is a public hospital operated by a not-for-profit corporation which leases the hospital facilities from the County. 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.

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.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

B. Basis of Presentation - Fund Accounting

The accounts of the County are organized and operated on the basis of funds and account groups. 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 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 Renovation, the Beaufort Community College Building Fund, the Health Department 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 five Enterprise Funds, Water District II, III, IV, V, and VII.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation - Fund Accounting (continued)

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 that are not accounted for in proprietary or trust funds. The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust 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 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.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

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 and for vehicles newly-registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 1997 through February 1998 apply to the fiscal year ended June 30, 1998. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements. For those motor vehicles which are renewed and billed under the annual system, taxes are due on May 1 of each year, and the uncollected taxes are reported as a receivable on the financial statements offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 1998 because they are intended to finance the County's operations during the 1998-98 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. Project ordinances are adopted for the Capital Projects funds. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for the general fund, at the departmental level for the special revenue and enterprise funds, 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.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgetary Data (continued)

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.

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 or amortized cost, except for investments in the Deferred Compensation Agency Fund, which are recorded at market value.

2. Cash and Cash Equivalents

The County pools monies from several funds, except the Deferred Compensation Agency Fund, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board, the Hospital and the Airport consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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. These taxes are based on the assessed values as of January 1, 1997.

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 THE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1998

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 THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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. 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.

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 1998-1998 budget ordinance.

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

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 1998 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.

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 year's presentation.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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 level 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 by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the Hospital, the Airport or the ABC Board or with 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, 1998, the County's deposits had a carrying amount of \$6,931,509 and a bank balance of \$7,856,436. Of the bank balance, \$600,000 was covered by federal depository insurance and \$7,256,436 was covered by collateral held under the Pooling Method.

At June 30, 1998, the carrying amount of deposits for Beaufort County ABC Board was \$235,190 and the bank balance was \$226,874. Of the bank balance, \$12,694 was covered by federal depository insurance and \$214,180 was collateralized under the Pooling Method.

At September 30, 1997, the Hospital's deposits had a balance of \$3,081,573 and a bank balance of \$2,908,668. All of the bank balance was covered by federal depository insurance and collateralization under the Pooling Method.

At June 30, 1998, the Airport's deposits had a carrying amount of \$135,973 and a bank balance of \$140,047 with \$100,000 of the amount being covered by federal depository insurance, and \$40,047 collateralized under the pooling method.

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

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

A. Assets (continued)

2. Investments (continued)

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. The County's investments in the Deferred Compensation Agency Fund are held by third-party custodians who take delivery of the investments on behalf of the County. The County's, the Hospital's, the ABC Board's, and the Airport's investments in the North Carolina Capital Management Trust and the County's investments in the Deferred Compensation Agency Fund are exempt from risk categorization because the County, the Hospital, the ABC Board, and the Airport, do not own any identifiable securities in these mutual funds.

At June 30, 1998 the County's investment balances were as follows:

| | Categories | | Reported Value | Fair Value |
|--|--------------|--------------|-------------------|---------------|
| | A | B | | |
| Repurchase Agreements | \$ - | \$ 1,500,000 | \$ 1,500,000 | \$ 1,500,000 |
| Federal National Mortgage FNMA Strips-Zero Coupon | 1,000,138 | - | 1,000,138 | 1,000,138 |
| Common Stock | 3,764 | - | 3,764 | 3,764 |
| | \$ 1,003,902 | \$ 1,500,000 | | |
| North Carolina Capital Management Trust Cash portfolio | | | 7,964,593 | 7,964,593 |
| Deferred Compensation Mutual Fund | | | 85,491 | 85,491 |
| Total investments | | | \$ 10,553,986 | \$ 10,553,986 |

The County's repurchase agreements are ineligible because they do not meet the requirements of State law [G.S. 159-30(c) (12)]. The underlying security is held by the financial institution providing the transaction and is not in the County's name. Due to significantly higher cash flows at certain times during the year, the County's investment in overnight repurchase agreements increased significantly. As a result, the amounts of the County moneys that were in Column C at those times were substantially higher than at year-end. Subsequent to year-end, these repurchase agreement investments were transferred to money market accounts which would be allowed under general statutes.

At June 30, 1998, the ABC Board had no money in the above type investments.

At September 30, 1997, the Beaufort County Hospital had no money in the above type investments.

At June 30, 1998, Warren Field Commission had no money in the above type investments.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1998

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

A. Assets (continued)

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.

| <u>Year Levied</u> | <u>Tax</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 1994 | \$ 383,887 | \$ 125,723 | \$ 509,610 |
| 1995 | 378,171 | 89,816 | 467,987 |
| 1996 | 362,876 | 53,524 | 416,400 |
| 1997 | 341,194 | 19,619 | 360,813 |
| | <u>\$ 1,466,128</u> | <u>\$ 288,682</u> | <u>\$ 1,754,810</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,</u> <u>1998</u> |
|---------------------------|--------------------------------|
| Property taxes receivable | |
| General fund | \$ 301,855 |
| Special revenue fund | 33,155 |
| Accounts receivable | |
| General fund | 9,646 |
| Enterprise fund | 25,000 |
| | <u>\$ 369,656</u> |

The Hospital's accounts receivable are presented net of the allowance for uncollectible accounts of \$3,184,975.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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 July 1, 1997 | Additions and Discoveries | Retirements | General Fixed Assets June 30, 1998 |
|--|---|---------------------------------|-------------------|---|
| <hr/> | | | | |
| By Type | | | | |
| Land | \$ 792,532 | \$ - | \$ - | \$ 792,532 |
| Buildings and improvements | 4,387,020 | - | - | 4,387,020 |
| Vehicles and equipment | 4,098,436 | 396,242 | 421,408 | 4,073,270 |
| Construction in progress | <u>2,810,854</u> | <u>2,379,322</u> | - | <u>5,190,176</u> |
| Total | <u>\$ 12,088,842</u> | <u>\$ 2,775,564</u> | <u>\$ 421,408</u> | <u>\$ 14,442,998</u> |
| | | | | |
| By Function | | | | |
| General government | \$ 1,669,418 | \$ 124,319 | \$ 105,464 | \$ 1,688,273 |
| Public safety | 3,162,527 | 158,714 | 241,011 | 3,080,230 |
| Human services | 3,916,074 | 98,958 | 71,090 | 3,943,942 |
| Environmental protection | 409,830 | 757 | 1,260 | 409,327 |
| Economic and physical development | 120,139 | 13,494 | 2,583 | 131,050 |
| Construction in progress | <u>2,810,854</u> | <u>2,379,322</u> | - | <u>5,190,176</u> |
| Total | <u>\$ 12,088,842</u> | <u>\$ 2,775,564</u> | <u>\$ 421,408</u> | <u>\$ 14,442,998</u> |
| | | | | |
| Reconciliation of additions: | | | | |
| Capital outlay expenditures | | \$ 396,242 | | |
| Capital Projects - construction in progress | | <u>2,379,322</u> | | |
| Total | | <u>\$ 2,775,564</u> | | |

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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, 1998 are as follows:

| | Fixed Assets | Accumulated Depreciation | Net |
|-----------------------------------|---------------------|-----------------------------|---------------------|
| Plant and distribution system | \$ 4,549,677 | \$ 227,485 | \$ 4,322,192 |
| Furniture & maintenance equipment | 43,044 | 15,879 | 27,165 |
| Vehicles | 24,309 | 15,842 | 8,467 |
| Total | <u>\$ 4,617,030</u> | <u>\$ 259,206</u> | <u>\$ 4,357,824</u> |

The fixed assets of the Water District III Fund at June 30, 1998 are as follows:

| | Fixed Assets | Accumulated Depreciation | Net |
|-----------------------------------|---------------------|-----------------------------|---------------------|
| Land | \$ 2,000 | \$ - | \$ 2,000 |
| Plant and distribution system | 3,911,507 | 195,575 | 3,715,932 |
| Furniture & maintenance equipment | 30,044 | 11,090 | 18,954 |
| Vehicles | 16,643 | 12,032 | 4,611 |
| Construction in progress | 1,854,885 | - | 1,854,885 |
| Total | <u>\$ 5,815,079</u> | <u>\$ 218,697</u> | <u>\$ 5,596,382</u> |

The fixed assets of the Water District VII Fund at June 30, 1998, are as follows:

| | Fixed Assets | Accumulated Depreciation | Net |
|-----------------------------------|---------------------|-----------------------------|---------------------|
| Furniture & Maintenance equipment | \$ 764 | \$ 96 | \$ 668 |
| Construction in progress | 6,216,488 | - | 6,216,488 |
| | <u>\$ 6,217,252</u> | <u>\$ 96</u> | <u>\$ 6,217,152</u> |

The fixed assets of Water Districts IV and V consist of construction in progress in the amounts of \$4,927,714 and \$6,660,407 respectively.

The following is a summary of proprietary fund type fixed assets for the ABC Board at June 30, 1998:

| | |
|-------------------------------|-------------------|
| Land | \$ 147,594 |
| Buildings | 470,054 |
| Furniture and equipment | 214,596 |
| Vehicles | 19,614 |
| Total | <u>851,858</u> |
| Less accumulated depreciation | <u>(403,296)</u> |
| Fixed assets, net | <u>\$ 448,562</u> |

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

A. Assets (continued)

For Beaufort County Hospital, the components of property, plant, and equipment at September 30, 1997 are as follows:

| | |
|-------------------------------|---------------------|
| Land and improvements | \$ 575,801 |
| Buildings | 10,403,696 |
| Equipment | 8,660,066 |
| Construction in progress | 10,483,765 |
| Total | <u>21,570,173</u> |
| Less accumulated depreciation | <u>(12,311,724)</u> |
| Fixed assets, net | <u>\$ 9,258,449</u> |

The following is a summary of fixed assets of the Warren Field Airport Commission at June 30, 1998.

| | |
|-------------------------------|---------------------|
| Land and easement | \$ 497,226 |
| Terminal building | 465,859 |
| Clearing and excavation | 2,730 |
| Lighting | 2,593,033 |
| Fuel tanks and pumps | 43,531 |
| Equipment | 335,527 |
| Total | <u>3,937,906</u> |
| Less accumulated depreciation | <u>(2,488,725)</u> |
| Fixed assets, net | <u>\$ 1,449,181</u> |

7. Installment obligation receivable

The facility used by Tideland Mental Health Center for its headquarters in Washington, North Carolina, is owned by Beaufort County. Expansion and renovation began in fiscal year ended June 30, 1998. Beaufort County, as owner of the property, has borrowed the sum of \$1.7 million dollars to finance the expansion. Tideland Mental Health Center has agreed to be responsible for and reimburse the County for the debt incurred.

Tideland Mental Health Center has entered into an agreement with Beaufort County to repay the debt in fifteen annual payments of \$166,003, including principal and interest, at the rate of 5.2 %. Prepayments will not reduce the interest included in the established payment schedule.

For Beaufort County the receivable as of June 30, 1998 including \$701,645 of interest is:

| <u>Year Ending June 30,</u> | <u>Installment Receivable</u> |
|-----------------------------|-------------------------------|
| 1999 | \$ 166,003 |
| 2000 | 166,003 |
| 2001 | 166,003 |
| 2002 | 166,003 |
| 2003 | 166,003 |
| Thereafter | <u>1,494,027</u> |
| Total | <u>\$ 2,324,042</u> |

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. Beaufort County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.96% and 4.47%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement and for law enforcement officers is 5.15% and 4.32%, respectively, of annual covered payroll. The contribution requirements of members and of Beaufort County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 1998, 1997, and 1996 were \$347,026, \$334,801, and \$309,476, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 1998 and 1997, were \$27,560 and \$27,417, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

(1) Plan Description.

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

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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)

(1) Plan Description. (continued)

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 1997, the Separation Allowance's membership consisted of:

| | |
|--|-----------|
| Retirees receiving benefits | 1 |
| Terminated plan members entitled to but not yet receiving benefits | 0 |
| Active plan members | 41 |
| Total | <u>42</u> |

(2) Summary of Significant Accounting Policies:

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

(3) Contributions.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 1997 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.7% to 8.5% per year. Item (b) included an inflation component of 4.0%. The assumptions did not include postretirement benefit increases.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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)

(3) Contributions. (continued)

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

| | |
|---|------------------|
| Annual required contribution | \$ 19,685 |
| Interest on net pension obligation | 4,003 |
| Adjustment to annual required contribution | <u>(4,861)</u> |
| Annual pension cost | 18,827 |
| Contributions made | <u>6,568</u> |
| Increase (decrease) in net pension obligation | 12,259 |
| Net pension obligation beginning of year | <u>53,372</u> |
| Net pension obligation end of year | <u>\$ 65,631</u> |

3 Year Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|----------------------|------------------------------|----------------------------------|---------------------------|
| 6/30/97 | \$ 17,445 | 40.79% | \$ 53,372 |
| 6/30/98 | 18,827 | 34.89% | 65,631 |

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 1998 were \$47,674, which consisted of \$47,674 from the County and none from the law enforcement officers.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

d. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, and rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the County (without being restricted to the provisions of benefits under the plan), subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of the general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the County's legal counsel that the County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. Beaufort County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 1998, the County's required and actual contributions were \$8,108.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

f. Hospital Defined Contribution Employee Benefit Plans

The Hospital Board of Trustees has approved implementation of a defined contribution employee benefit plan effective October 1, 1996. This plan is to replace the defined benefit pension plan discussed below to provide more flexibility in future funding and an better benefit to the employees. However, this plan was not officially established pending a ruling from the U.S. Department of labor regarding the Hospital's governmental status. Therefore, no final decisions have been made concerning length of service or other requirements for participation in the plan. The Board has approved an initial funding policy of 2% of earnings for all employees. The Hospital also has a Section 403(b) voluntary supplemental plan to which employees can voluntarily contribute. The Hospital will match employee contributions to this plan in excess of 2% of their earnings up to a maximum of 3%. (An employee contributing 5% would receive a 3% match from the Hospital.)

Estimated contributions t to the above plans for the fiscal year ended September 31, 1997 in the amount of \$356,785 have been accrued. This amount is included in employee benefits expense and accrued retirement plan contributions. The accrued retirement plan contributions also includes a balance of \$4,650 assumed for Tri-County Health Services, Inc. The Hospital is waiting for certain employees to complete the required forms with the trustee of the TCHS retirement plan. The Hospital assumed the liability for the contributions due that plan, but not the administration or continuation. All other liabilities for the TCHS plan have been paid.

g. 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. The Hospital intends to terminate this defined benefit plan and adopt a defined contribution plan (see above paragraph). In contemplation of this termination, the board of trustees froze the plan benefits as of September 30, 1996. Presently, the plan is over funded in the amount of \$852,083; however, the laws and regulations governing defined benefit pension plans required the actuarial present value of accumulated plan benefits to be calculated using the rate for thirty year U.S. Treasury bonds for plan terminations. The actuarial present values are being determined for the plan using assumed rates of return of 7.5%. Use of a substantially lower rate for termination purposes would increase the present value of required benefits and could substantially reduce the over funded amount. The Hospital intends to continue funding the plan in amounts sufficient to cover the present value of all accumulated benefits as determined by the actuary, W.E. Stanley & Company, Inc.; however, it is not expected that the Hospital will have to contribute any additional funding to this plan.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

g. Beaufort County Hospital Pension Plan (continued)

The Hospital has relied upon opinions from legal council since 1991 that the plan is a governmental plan and exempt from: (1) annual filing requirements with the IRS and U.S. Department of Labor (DOL) and (2) payment of insurance premiums to the Pension Benefit Guaranty Corporation (PBGC). The Hospital has received an advisory opinion from DOL that the Hospital is a government agency or instrumentality. Accordingly, the Plan is a governmental plan and is excluded from Title I coverage under ERISA. Title I coverage is the annual filing requirements to the IRS and DOL. However, this advisory opinion does not constitute a ruling as to the Plan's status under Title IV of ERISA administered by PBGC. PBGC supervises termination of most ERISA covered plans other than governmental plans. The Hospital may not seek an advisory opinion from PBGC regarding its' governmental status. If the Plan is not determined to be a governmental plan by PBGC, it could be subject to PBGC insurance premiums for all years since 1991 plus interest and penalties. This ruling is not expected to have a material effect on the Hospital's financial position.

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

| | October 1 | |
|---|--------------|--------------|
| | 1997 | 1996 |
| Actuarial present value of accumulated plan benefits | | |
| Vested | \$ 4,614,269 | 4,399,028 |
| Nonvested | 91,634 | 11,5970 |
| Accumulated benefit obligation | \$ 4,705,903 | 4,514,998 |
| Net assets available for benefits: | | |
| Held by First Union National Bank invested primarily in Evergreen Funds Balanced Portfolio: | \$ 5,557,986 | \$ 4,578,256 |
| Excess of net assets over accumulated benefits | \$ 852,083 | 63,258 |

On October 10, 1997, the plan's mutual fund holdings were liquidated and the proceeds invested in money market cash investments with First Union National Bank. The balance in the account on December 30, 1997 was \$5,654,200.

There was no expense charged to operations for benefits provided by this pension plan for the year ended September 30, 1997

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

Reduction of Frozen Pension Plan Accrual (Hospital)

Total pension expense charged to operations amounted to \$265,034 and \$250,000 for the years ending September 31, 1996 and 1995. This expense included accruals of \$500,000 which were carried as a liability at September 30, 1996. This amount was expected to be sufficient to cover all costs to terminate the plan at that time. However, due to significant increases in plan assets, plan is over funded in the amount of \$852,083 as of October 1, 1997.

Therefore, it appears unlikely the Hospital will be required to make any additions to the plan. Consequently, the accruals of \$500,000 were removed and this amount included in income for the year ended September 31, 1997.

g. 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 based on landfill capacity used as of each balance sheet date. The \$367,671 reported as landfill postclosure care liability at June 30, 1998 represents a cumulative amount reported to date. These amounts are based on what it would cost to perform all postclosure care in 1994. 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.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

4. Deferred Revenue

The balance in deferred revenues at year-end is comprised of the following elements:

| | <u>General</u> | <u>Special Fund Revenue</u> | <u>Fund Total</u> |
|-----------------------------------|---------------------|---------------------------------|---------------------|
| Property taxes receivable | \$ 1,713,198 | \$ 69,610 | \$ 1,782,807 |
| Prepaid taxes | 230,048 | 9,705 | 239,754 |
| Solid waste fees | 429,500 | - | 429,500 |
| Installment obligation receivable | 1,622,397 | - | 1,622,397 |
| Total | \$ 3,995,143 | \$ 79,315 | \$ 4,074,458 |

5. Commitments

The County has commitments of approximately \$10,381,000 for building construction and water district expansion projects. These projects are being funded mainly by debt proceeds.

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, 1998 \$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 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 \$500,000 up to \$2 million limit for general liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 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; injuries to employees, 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, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

6. Risk Management (continued)

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 employees; 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

The Hospital has 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 inception.

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 | \$ 176,460 |
| Radiology | 1,163,445 |
| CCU | 195,640 |
| Telephone system | 136,638 |
| Obstetric | 101,716 |
| Patient rooms | 49,800 |
| | <u>1,823,695</u> |
| Less allowances for amortization | <u>1,321,168</u> |
| | <u>\$ 502,531</u> |

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

7. Long-Term Obligations (continued)

a. Capital Leases (continued)

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, 1997:

| | | |
|---|--|-------------------|
| 1998 | | \$ 172,269 |
| 1999 | | 172,269 |
| 2000 | | 154,289 |
| 2001 | | 132,076 |
| 2002 | | <u>8,242</u> |
| Total minimum lease payments | | 639,145 |
| Amounts representing interest | | <u>(69,084)</u> |
| Present value of net minimum lease payments | | <u>\$ 570,061</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.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

7. Long-Term Obligations (continued)

b. General Obligations Indebtedness (continued)

The County's general obligation bonds payable at June 30, 1998 are comprised of the following individual issues:

Serviced by the County's General fund.

| | |
|--|--------------|
| \$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% | \$ 1,500,000 |
| \$9,405,000 1998 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% | 7,265,000 |

Serviced by Water District II Long Acre West:

| | |
|---|-----------|
| \$4,226,000 1998 Water Serial Bond due in annual installments; beginning in 1998; of \$39,500 to \$158,000 through June 1, 2034; interest at 6.125% | 4,145,500 |
| \$434,000 1998 Water Serial Bond due in annual installments; beginning in 1998; of \$4500 to \$18,000 through June 1, 2034; interest at 5.625% | 425,000 |

Serviced by Water District III Long Acre East:

| | |
|--|-----------|
| \$3,728,000 1998 Serial Bonds due in annual installments; beginning in 1998; of \$35,000 to \$140,000 through June 1, 2034; interest at 6.125% | 3,657,000 |
| \$381,000 1998 Water Serial Bond due in annual installments; beginning in 1998; of \$4000 to \$16,000 through June 1, 2034; interest at 5.625% | 373,000 |
| \$1,304,000 1998 Water Serial Bond due in annual installments; beginning in 1999; of \$13,500 to \$54,000 through June 1, 2036; with interest only for 1998 and 1998; interest at 5.625% | 1,304,000 |
| \$197,000 1998 Water Serial Bond due in annual installments beginning in 1999; of \$2,500 to \$10,000 through June 1, 2036; with interest only for 1998 and 1998; interest at 5.375% | 197,000 |

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

7. Long-Term Obligations (continued)

b. General Obligations Indebtedness (continued)

Bond Anticipation Notes

| | |
|---|-----------------------------|
| Water District IV \$3,042,000 Water note issued May 19, 1998 and due February 10, 1999; be interest at 3.735%. The note will be repaid from a bond issue expected to sold in the next fiscal year. | 3,042,000 |
| \$5,400,000 Water note issued December 2, 1998 and due August 26, 1998; interest at 3.795%. The note will be repaid from a bond issue expected to be sold in the next fiscal year. | 5,400,000 |
| Water District V \$4,000,000 Water note issued December 2, 1997 and due August 21, 1998; interest at 3.765%. The note will be repaid from a bond issue expected to be sold in the next fiscal year. | 4,000,000 |
| Water District VII \$6,000,000 Water note issued March 3, 1998 and due November 18, 1998; interest at 3.72%. The note will be repaid from a bond issue expected to be sold in the next fiscal year. | <u>6,000,000</u> |
| Total | \$ <u>37,308,500</u> |

Annual debt service requirements to maturity for the County's general obligation bonds including interest of \$1,975,750 for General Long-Term Debt Account Group and \$13,671,333 for the Water Fund are as follows:

| Year Ending June 30 | Water Districts | General Long-Term Debt Account Group | Total |
|------------------------|-----------------------------|---|-----------------------------|
| 1999 | \$ 713,229 | \$ 1,524,475 | \$ 2,237,704 |
| 2000 | 712,335 | 1,456,975 | 2,169,310 |
| 2001 | 712,606 | 1,385,275 | 2,097,881 |
| 2002 | 712,456 | 1,314,575 | 2,027,031 |
| 2002 | 711,882 | 1,248,920 | 1,960,802 |
| Next 5 years | 3,558,472 | 3,597,530 | 7,156,002 |
| Thereafter | <u>16,651,853</u> | <u>213,000</u> | <u>16,864,853</u> |
| | \$ <u>23,772,833</u> | \$ <u>10,740,750</u> | \$ <u>34,513,583</u> |

At June 30, 1998, Beaufort County had a legal debt margin of \$166,195,050.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

7. Long-Term Obligations (continued)

c. Installment Obligations

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 Water District III has entered into a loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for construction of a water distribution system. The total amount financed is \$485,995. The agreement requires equal annual installments of \$24,300 plus interest at 5.85% for 20 years. This debt is included in the enterprise fund.

Beaufort County Water District V has entered into a loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for construction of a water distribution system. The total to be borrowed is \$644,506. Terms call for a 20 year repayment at 3.215% interest. At June 30, 1998 \$631,908 of the loan had been received. Repayment of loan will begin once the full loan amount is received. The entire amount of this loan is treated as a construction loan until the project is completed. This debt is included in the enterprise fund.

Beaufort County has entered into an agreement with the City of Washington to finance water tap-on fees for water districts IV and V. Terms call for one principal only payment of \$585,000 followed by eight annual installments of \$25,850. The installments include a principal amount of \$165,000 with interest at 5.31% per year.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

7. Long-Term Obligations (continued)

c. Installment Obligations (continued)

For Beaufort County, the future minimum payments as of June 30, 1998, including interest of \$1,104,212 for the General Long-Term Debt Account Group and \$526,777 for the Water Fund are as follows:

| Year Ending June 30 | Water Districts | General Long-Term Debt Account Group | Total |
|------------------------|---------------------|---|---------------------|
| 1999 | \$ 763,859 | \$ 931,938 | \$ 1,695,797 |
| 2000 | 126,226 | 868,365 | 994,591 |
| 2001 | 123,768 | 691,729 | 815,497 |
| 2002 | 121,311 | 515,092 | 636,403 |
| 2003 | 118,853 | 467,667 | 586,520 |
| Next 5 years | 479,854 | 1,433,343 | 1,913,197 |
| Thereafter | 612,209 | 664,012 | 1,276,221 |
| | <u>\$ 2,346,080</u> | <u>\$ 5,572,146</u> | <u>\$ 7,918,226</u> |

The Hospital issued an installment note payable to First Citizens Bank & Trust Company on August 25, 1993. 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.

The Hospital issued an installment note payable to NationsBank, N.A. on January 25, 1997. This note is payable in monthly installments of \$2,691.61 plus interest at 5.25% annually, and one final payment of \$143,570.30 due January 24, 2001. This note is secured by real estate located in the Town of Aurora. The proceeds of this note were used to purchase the Aurora Medical Center building and surrounding 5.09 acres, Town of Aurora, North Carolina.

Aggregate maturities of these notes payable in each of the next five years ended September 30 follows:

| | |
|-------------------------|-------------------|
| 1998 | \$ 181,141 |
| 1999 | 32,299 |
| 2000 | 32,299 |
| 2001 | 99,270 |
| Total payable | <u>345,009</u> |
| Less current maturities | <u>(181,141)</u> |
| Long-term portion | <u>\$ 163,868</u> |

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

7. Long-Term Obligations (continued)

c. Installment Obligations (continued)

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%. Maturities of this note payable in each of the next four years ended June 30 follows:

| | |
|-------|------------------|
| 1999 | \$ 30,952 |
| 2000 | 8,046 |
| Total | <u>\$ 38,986</u> |

The following is a summary of changes in the County's general long-term debt for the fiscal year ended June 30, 1998:

| | Balance July 1, 1997 | Additions | Retirements | Balance June 30, 1998 |
|-----------------------------------|-------------------------|-------------------|---------------------|--------------------------|
| By type | | | | |
| General obligation bonds | \$ 9,910,000 | \$ - | \$ 1,145,000 | \$ 8,765,000 |
| Capitalized leases | 43,304 | - | 43,304 | - |
| Installment purchase | 5,265,518 | - | 797,584 | 4,467,934 |
| Compensated absences | 381,174 | 103,194 | - | 484,368 |
| Landfill postclosure care | 390,438 | - | 22,767 | 367,671 |
| Total | <u>\$ 15,990,434</u> | <u>\$ 103,194</u> | <u>\$ 2,008,655</u> | <u>\$ 14,084,973</u> |
| By Function | | | | |
| General government | \$ 43,304 | \$ - | \$ 43,304 | \$ - |
| Economic and physical development | 206,017 | - | 145,424 | 60,593 |
| Education | 8,081,800 | - | 905,100 | 7,176,700 |
| Human services | 4,834,501 | - | 629,927 | 4,204,574 |
| Environmental protection | 390,438 | - | 10,000 | 380,438 |
| Public safety | 225,000 | - | 45,000 | 180,000 |
| Compensated absences | 381,174 | 103,194 | - | 484,368 |
| Hospital | 1,828,200 | - | 229,900 | 1,598,300 |
| Total | <u>\$ 15,990,434</u> | <u>\$ 103,194</u> | <u>\$ 2,008,655</u> | <u>\$ 14,084,973</u> |

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1998

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

B. Liabilities (continued)

7. Long-Term Obligations (continued)

d. Capitalized Interest

Construction period interest in the Water District Capital Projects was capitalized as follows:

| | |
|--------------------|-----------|
| Water District VII | \$ 163,68 |
| | <u>0</u> |

8. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 1998 are as follows:

Due to/from primary government and component units:

| Receivable Entity | Payable Entity | Amount |
|------------------------------------|--|------------------|
| Primary government General Fund | Component unit: Beaufort County ABC Board Required distributions | \$ <u>14,253</u> |

C. Fund Equity

Enterprise Funds - Contributed Capital

Grants, entitlements, and shared revenues restricted for the acquisition or construction of capital assets are recorded as contributed capital. The County utilizes an option allowed under NCGA Statement 2 for the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Exhibit 4) whereby it closes depreciation expense on assets acquired or constructed through grants, entitlements, or shared revenues to the contributed capital account rather than to retained earnings.

The following is a summary of the changes in the contributed capital of the County for the fiscal year ended June 30, 1998.

| <u>Sources</u> | <u>Water District V</u> |
|---------------------------------|-----------------------------|
| Beginning balance, July 1, 1997 | \$ 807,561 |
| Add: State grant | 1,007,966 |
| Less Amortization | <u>-</u> |
| Ending balance, June 30, 1998 | <u>\$ 1,815,527</u> |

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

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, 1998. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$99,829 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 \$926,554 and \$293,332 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 1998. 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 County's financial statements at June 30, 1998. Complete financial statements for the community college may be obtained from the community college's administrative offices at Highway 264 East, Washington, NC 27889.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

NOTE 4 JOINT VENTURES (continued)

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 \$137,000 to the Center during fiscal year ended June 30, 1998. 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-nine 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 \$12,047 to the Commission during the fiscal year ended June 30, 1998. The County was the subrecipient of a grant for \$337,587 from the U.S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources which was passed through the Commission.

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, 1998, 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 PUBLIC SCHOOL BUILDING BOND ACT OF 1997

The General Assembly passed the Public School Building Bond Act of 1997 to provide for the issuance of \$1.8 billion in State bonds to be used for making grants to counties for qualified public school capital outlay projects. The Department of Public Instruction is responsible for project approval and the distribution of funds. The principal amounts of bonds or notes issued by the State in any twelve month period may not exceed \$450 million.

Of the total \$1.8 billion authorized, \$30 million will be allocated as grants to counties that have small county school systems, after considering whether the counties demonstrate both greater than average school construction needs and high property tax rates. The primary allocation of \$1.77 billion will be distributed to all counties based on the average daily membership, the ability to pay, and the growth rate of the school administrative units located within each county.

The distribution of the primary allocation is subject to the satisfaction of certain match requirements by the counties. Match requirements may be satisfied by non-State expenditures for public school facilities made on or after January 1, 1992. Beaufort County's matching requirement of \$.50 for each dollar of allocated bond proceeds has been fulfilled.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1998

NOTE 7 PUBLIC SCHOOL BUILDING BOND ACT OF 1997 (continued)

Because the County has met its matching requirement, the County recognizes revenues equal to the liabilities incurred for approved project expenditures. Beaufort County requests bond funds by project to be transferred to an account established by Beaufort County Board of Education for payment of invoices. To date, the County has expended \$6,038,054 of their total allocation of \$11,585,308.

NOTE 8 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.

1. Public School Building Capital Fund

This program is funded using a portion of the corporate income taxes, 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, 1998, the balance of the County's ADM allocation account was \$1,101,999. The County must match this balance on the basis of one dollar for every three dollars 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, 1998, 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 State Board of Education based on the grant priority list established in 1988 by the Commission on School Facility Needs. A joint application must be made by the Beaufort County Board of Commissioners and the Beaufort County Board of Education. At June 30, 1998, the Boards had not submitted a grant application to the Commission on School Facility Needs.

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1998

NOTE 9 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.

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 10 MAJOR TAXPAYER

Beaufort County had property tax revenue from one taxpayer in 1998 of approximately \$2,747,208, which accounted for approximately 19 percent of net property tax levied.

NOTE 11 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:

| Special Revenue Fund | Excess of Revenues and Other Sources over (under) Expenditures and Other Uses |
|---|---|
| Per Exhibit 3 - Budgetary basis | \$ 599,348 |
| Timing difference | |
| Transactions of funds with multi-year budgets | |
| Revenues | 685,731 |
| Other financing sources | 245,000 |
| Expenditures | (680,249) |
| Other financing uses | <u>(170,000)</u> |
| Per Exhibit 2 - GAAP basis | <u>\$ 679,830</u> |

Beaufort County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1998

NOTE 12 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit in Retained Earnings

There is a deficit in retained earnings of the following individual funds:

| | |
|--------------------|------------|
| Water District II | \$ 256,704 |
| Water District III | 455,882 |

NOTE 13 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

| | Federal | State |
|--|--------------|------------|
| Food Stamp Program | \$ 3,894,763 | \$ - |
| TANF Aid to Families with Dependent Children | 1,542,493 | 71,171 |
| Medical Assistance Program | 22,339,054 | 11,029,800 |
| Special Supplemental Food Program for Women, Infants and Children | 770,126 | - |
| Energy Assistance Payment | 81,449 | - |
| CWS Adopt Subsidy & Vendor | 5,711 | 11,061 |
| IV-E Adopt Subsidy & Vendor | 66,772 | 19,382 |
| Special Assistance - Aged and Disabled | | 354,656 |
| IV-E Foster Care | 93,059 | 25,422 |
| State Foster Home | - | 12,700 |

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
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance

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

EXHIBIT A-1

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Projected Unit Credit (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b - a)/c) |
|--------------------------------|--|---|--------------------------------------|--------------------------|---------------------------|---|
| 12/31/91 | - | 68,172 | 68,172 | 0% | 515,292 | 13.23% |
| 12/31/92 | - | 72,119 | 72,119 | 0% | 553,888 | 13.02% |
| 12/31/93 | - | 87,049 | 87,049 | 0% | 737,811 | 11.80% |
| 12/31/94 | - | 90,208 | 90,208 | 0% | 794,597 | 11.35% |
| 12/31/95 | - | 113,791 | 113,791 | 0% | 844,751 | 13.47% |
| 12/31/96 | - | 126,204 | 126,204 | 0% | 865,459 | 14.58% |
| 12/31/97 | - | 114,269 | 114,269 | 0% | 955,671 | 11.96% |

Beaufort County, North Carolina
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS**

EXHIBIT A-2

| Year ended June 30 | Annual Required Contribution | Percentage Contributed |
|-----------------------|---------------------------------|---------------------------|
| 1998 | \$ 18,827 | 34.89% |

Notes to the Required Schedules:

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

| | |
|-------------------------------|------------------------|
| Valuation date | 12/31/97 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent closed |
| Remaining amortization period | 22 Years |
| Asset valuation method | Market value |
| Actuarial assumptions: | |
| Investment rate of return | 7.5% |
| Projected salary increases | 4.4 % to 8.5% per year |
| Includes inflation at | 3.75% |
| Cost-of living adjustments | None |

**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, 1998
 With Comparative Totals for June 30, 1997

EXHIBIT B-1

| | <u>June 30, 1998</u> | <u>June 30, 1997</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Cash and investments | \$ 9,562,422 | \$ 7,789,253 |
| Receivables: | | |
| Taxes | 1,713,198 | 1,660,226 |
| Accounts | 2,335,019 | 2,447,575 |
| Due from other funds | 760,484 | 590,650 |
| Due from component unit | 14,253 | 16,532 |
| Installment obligation receivable | | |
| Current | 81,639 | 77,604 |
| Noncurrent | <u>1,540,758</u> | <u>1,622,396</u> |
| Total assets | <u>\$ 16,007,773</u> | <u>\$ 14,204,236</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 1,153,593 | \$ 1,134,784 |
| Deferred revenues | 3,995,143 | 3,959,675 |
| Due to other funds | <u>19,729</u> | <u>17,310</u> |
| Total liabilities | <u>5,168,465</u> | <u>5,111,769</u> |
| Fund balances: | | |
| Reserved by state statute | | |
| Reserved for health services | | |
| Unreserved: | | |
| Reserved by state statute | 3,109,759 | 2,649,581 |
| Designated for subsequent year's expenditures | 1,700,000 | 1,408,009 |
| Undesignated | <u>6,029,549</u> | <u>5,034,877</u> |
| Total fund balances | <u>10,839,308</u> | <u>9,092,467</u> |
| Total liabilities and fund balances | <u>\$ 16,007,773</u> | <u>\$ 14,204,236</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, 1998
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

EXHIBIT B-2
1 of 6

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|---|-------------------|-------------------|--|-------------------|
| | Budget | Actual | | Actual |
| Revenue: | | | | |
| Ad valorem taxes | | | | |
| Current year | \$ 12,901,537 | \$ 13,547,615 | \$ 646,078 | \$ 13,302,060 |
| Prior years | 599,000 | 754,586 | 155,586 | 319,472 |
| Interest and penalties | 200,000 | 230,248 | 30,248 | 215,774 |
| Animal taxes | - | 317 | 317 | 487 |
| Total | <u>13,700,537</u> | <u>14,532,766</u> | <u>832,229</u> | <u>13,837,793</u> |
| Local option sales tax | | | | |
| Article 39 one percent | 2,578,000 | 2,475,004 | (102,996) | 2,420,380 |
| Article 40 one-half of one percent | 1,550,000 | 1,672,337 | 122,337 | 1,610,716 |
| Article 42 one-half of one percent | <u>1,550,000</u> | <u>1,657,662</u> | <u>107,662</u> | <u>1,598,432</u> |
| Total | <u>5,678,000</u> | <u>5,805,003</u> | <u>127,003</u> | <u>5,629,528</u> |
| Other taxes and licenses | | | | |
| Documentary stamps | 75,000 | 136,424 | 61,424 | 80,095 |
| Scrap tire disposal tax | 36,500 | 37,369 | 869 | 43,007 |
| 911 access charges | - | - | - | 186,582 |
| White goods disposal tax | 35,000 | 32,820 | (2,180) | 35,712 |
| Privilege license | <u>10,000</u> | <u>10,248</u> | <u>248</u> | <u>11,880</u> |
| Total | <u>156,500</u> | <u>216,861</u> | <u>60,361</u> | <u>357,276</u> |
| Restricted intergovernmental | | | | |
| Federal and state grants | 5,814,555 | 5,302,240 | (512,315) | 4,986,794 |
| Court facility fees / court costs | 160,000 | 143,154 | (16,846) | 138,154 |
| Fines and forfeitures | - | - | - | - |
| Tideland loan reimbursement | 166,004 | 166,003 | (1) | - |
| ABC education / rehabilitation distribution | 3,000 | 1,341 | (1,659) | 1,818 |
| ABC bottle tax distributions | <u>14,000</u> | <u>13,771</u> | <u>(229)</u> | <u>13,997</u> |
| Total | <u>6,157,559</u> | <u>5,626,509</u> | <u>(531,050)</u> | <u>5,140,763</u> |
| Unrestricted intergovernmental | | | | |
| Intangibles tax | 510,000 | 513,121 | 3,121 | - |
| Beer and wine tax | 120,000 | 119,940 | (60) | 123,681 |
| Sales and gas tax refunds | 1,000 | 34,803 | 33,803 | 13,146 |
| Senior citizens exemption | 30,000 | 38,514 | 8,514 | 27,391 |
| Food stamp tax reimbursement | 45,000 | 44,079 | (921) | 44,027 |
| Inventories tax reimbursement | <u>800,000</u> | <u>809,556</u> | <u>9,556</u> | <u>812,541</u> |
| Total | <u>1,506,000</u> | <u>1,560,013</u> | <u>54,013</u> | <u>1,020,786</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, 1998
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

EXHIBIT B-2
2 of 6

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|-----------------------------------|-------------------|-------------------|--|-------------------|
| | Budget | Actual | | Actual |
| Permits and fees | | | | |
| Building inspection fees | 70,000 | 116,216 | 46,216 | 89,269 |
| Register of Deeds | 136,660 | 169,638 | 32,978 | 144,301 |
| Total | <u>206,660</u> | <u>285,854</u> | <u>79,194</u> | <u>233,570</u> |
| Sales and services | | | | |
| Patient fees - Nursing Home | 1,050,000 | 1,105,785 | 55,785 | 1,022,053 |
| Patient fees - other | 60,200 | 54,424 | (5,776) | 53,908 |
| CAP fees | 267,699 | 241,718 | (25,981) | 174,840 |
| Personal care - medicaid fees | 363,402 | 320,121 | (43,281) | 330,528 |
| Rescue squad | 85,000 | 49,614 | (35,386) | 41,102 |
| Prisoners' reimbursement | 20,000 | 123,647 | 103,647 | 75,918 |
| Vending concessions | 25,000 | 9,175 | (15,825) | 27,569 |
| Rent of public building | 25,000 | 32,793 | 7,793 | 32,832 |
| Environmental fees | 45,000 | 41,800 | (3,200) | 42,645 |
| Landfill fees / availability fee | 2,000,000 | 2,266,427 | 266,427 | 2,338,392 |
| Cable TV franchise fees | 30,000 | 52,178 | 22,178 | 50,809 |
| Candidate filing fees | 1,000 | 5,684 | 4,684 | - |
| Collection fees - town taxes | 54,000 | 63,563 | 9,563 | 54,035 |
| Sheriff's fees | 107,055 | 67,894 | (39,161) | 91,005 |
| Animal control fees | 5,000 | 4,749 | (251) | 3,983 |
| Waste management project | - | - | - | - |
| Total | <u>4,138,356</u> | <u>4,439,572</u> | <u>301,216</u> | <u>4,339,619</u> |
| Investment earnings | <u>300,000</u> | <u>534,691</u> | <u>234,691</u> | <u>384,818</u> |
| Miscellaneous | | | | |
| Sale of fixed assets | 5,000 | 8,850 | 3,850 | - |
| Donations & contributions | 17,200 | 20,462 | 3,262 | 35,556 |
| Insurance claims & reimbursements | 20,000 | 11,588 | (8,412) | 123,588 |
| Hospital share of service | 16,657 | 11,593 | (5,064) | 15,019 |
| Reimbursement from VFDs | - | 62,544 | 62,544 | 59,755 |
| IV-D travel | 5,000 | 4,840 | (160) | 8,413 |
| Repayment from water districts | 9,500 | - | (9,500) | - |
| Other | 20,000 | 82,117 | 62,117 | 85,358 |
| Total | <u>93,357</u> | <u>201,994</u> | <u>108,637</u> | <u>327,689</u> |
| Total revenues | <u>31,936,969</u> | <u>33,203,263</u> | <u>1,266,294</u> | <u>31,271,842</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, 1998
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

EXHIBIT B-2
3 of 6

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|--|------------------|------------------|--|------------------|
| | Budget | Actual | | Actual |
| Expenditures: | | | | |
| General Government | | | | |
| Governing body | 76,439 | 69,538 | 6,901 | 73,247 |
| Elections | 158,561 | 119,869 | 38,692 | 120,629 |
| Finance | 221,180 | 202,737 | 18,443 | 179,603 |
| County manager | 508,908 | 503,680 | 5,228 | 554,320 |
| Court facilities | 163,862 | 161,280 | 2,582 | 138,818 |
| Tax collector | 241,039 | 225,729 | 15,310 | 238,579 |
| Land records | 236,923 | 220,310 | 16,613 | 224,272 |
| Tax assessor | 594,451 | 531,894 | 62,557 | 379,305 |
| Legal | 33,072 | 25,007 | 8,065 | 29,256 |
| Register of deeds | 219,708 | 207,402 | 12,306 | 157,696 |
| Public buildings | <u>577,079</u> | <u>557,239</u> | <u>19,840</u> | <u>503,221</u> |
| Total general government | <u>3,031,222</u> | <u>2,824,685</u> | <u>206,537</u> | <u>2,598,946</u> |
| Public Safety | | | | |
| Sheriff | 1,674,468 | 1,618,413 | 56,055 | 1,701,730 |
| Jail | 777,416 | 748,988 | 28,428 | 731,828 |
| Emergency communications | 361,995 | 341,864 | 20,131 | 362,944 |
| Emergency management | 75,707 | 67,681 | 8,026 | 44,656 |
| Fire protection | 104,187 | 98,164 | 6,023 | 96,878 |
| Inspections | 167,449 | 152,484 | 14,965 | 152,803 |
| Medical examiner | 12,000 | 10,900 | 1,100 | 15,325 |
| Ambulance / Rescue service | 220,000 | 202,378 | 17,622 | 142,975 |
| Animal control | <u>93,936</u> | <u>88,911</u> | <u>5,025</u> | <u>92,520</u> |
| Total public safety | <u>3,487,158</u> | <u>3,329,783</u> | <u>157,375</u> | <u>3,341,659</u> |
| Economic and physical development | | | | |
| Agricultural extension | 194,814 | 149,202 | 45,612 | 152,255 |
| Economic development | 215,210 | 169,977 | 45,233 | 218,459 |
| Road sign maintenance | 40,000 | 40,000 | - | 35,213 |
| Soil / water conservation | <u>61,720</u> | <u>59,778</u> | <u>1,942</u> | <u>55,603</u> |
| Total economic and physical development | <u>511,744</u> | <u>418,957</u> | <u>92,787</u> | <u>461,530</u> |
| Culture and recreation | | | | |
| Libraries | 108,629 | 108,629 | - | 105,620 |
| Recreation | 42,524 | 38,515 | 4,009 | 38,696 |
| Special appropriations | <u>28,900</u> | <u>28,900</u> | <u>-</u> | <u>28,900</u> |
| Total culture and recreation | <u>180,053</u> | <u>176,044</u> | <u>4,009</u> | <u>173,216</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, 1998
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

EXHIBIT B-2
4 of 6

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|---|------------------|------------------|--|------------------|
| | Budget | Actual | | Actual |
| Education | | | | |
| Public schools - current | 6,450,000 | 6,450,000 | - | 6,187,896 |
| Public schools - capital outlay | 100,000 | 100,000 | - | 1,182,890 |
| Community colleges - current | 926,554 | 926,554 | - | 860,606 |
| Community colleges - capital outlay | 293,332 | 293,332 | - | 180,200 |
| Total education | <u>7,769,886</u> | <u>7,769,886</u> | - | <u>8,411,592</u> |
| Human services | | | | |
| Health | | | | |
| Administration - general | 787,454 | 693,918 | 93,536 | 661,944 |
| Immunization | 28,987 | 15,259 | 13,728 | 11,217 |
| Adult health-hypertension | 11,463 | 10,755 | 708 | 11,082 |
| Child health | 77,518 | 73,160 | 4,358 | 103,435 |
| Maternal health | 308,654 | 248,571 | 60,083 | 235,673 |
| WIC - Administration | 166,612 | 151,096 | 15,516 | 165,402 |
| TB program | 28,839 | 25,307 | 3,532 | 25,478 |
| Health promotion | 26,085 | 25,401 | 684 | 24,967 |
| Environmental health | 17,634 | 8,368 | 9,266 | 11,630 |
| Aids control | 52,545 | 26,212 | 26,333 | 26,045 |
| Family planning | 182,043 | 167,733 | 14,310 | 235,538 |
| Total health | <u>1,687,834</u> | <u>1,445,780</u> | <u>242,054</u> | <u>1,512,411</u> |
| Mental health | | | | |
| General appropriation | 142,275 | 136,141 | 6,134 | 120,000 |
| Alcohol rehab | 24,000 | 24,000 | - | 24,000 |
| Total mental health | <u>166,275</u> | <u>160,141</u> | <u>6,134</u> | <u>144,000</u> |
| Mental retardation | | | | |
| Beaufort County Development Center | 90,000 | 90,000 | - | 90,000 |
| N.C. Elderly handicapped transportation | 18,000 | 17,808 | 192 | 10,756 |
| Total mental retardation | <u>108,000</u> | <u>107,808</u> | <u>192</u> | <u>100,756</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, 1998
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

EXHIBIT B-2
5 of 6

| | <u>1998</u> | | Variance Favorable (Unfavorable) | <u>1997</u> |
|--------------------------------|-------------------|-------------------|--|-------------------|
| | <u>Budget</u> | <u>Actual</u> | | <u>Actual</u> |
| Social services | | | | |
| Administration | 3,727,089 | 3,489,212 | 237,877 | 3,437,390 |
| Work first program | 37,000 | 34,225 | 2,775 | 49,862 |
| State In-Home Aging Services | 423,056 | 298,656 | 124,400 | 329,651 |
| AFDC program | 373,445 | 106,179 | 267,266 | 396,954 |
| Medical assistance | 2,263,579 | 1,879,789 | 383,790 | 1,971,658 |
| Special assistance | 395,063 | 352,773 | 42,290 | 340,534 |
| Aid to the blind program | 20,694 | 19,515 | 1,179 | 14,872 |
| Foster care | 12,800 | 7,725 | 5,075 | 9,223 |
| Transportation - elderly | 16,135 | 15,256 | 879 | 16,502 |
| Other assistance | 114,530 | 82,410 | 32,120 | 88,310 |
| County provided services | 6,600 | 3,159 | 3,441 | 3,360 |
| Day care | 1,364,924 | 1,274,078 | 90,846 | 750,557 |
| Child support enforcement | 29,000 | 19,208 | 9,792 | 20,129 |
| Total support services | <u>8,783,915</u> | <u>7,582,185</u> | <u>1,201,730</u> | <u>7,429,002</u> |
| Other human services | | | | |
| County home | 1,126,358 | 1,099,029 | 27,329 | 1,053,947 |
| Veterans services | 25,799 | 25,138 | 661 | 14,604 |
| Youth services | 182,263 | 159,396 | 22,867 | 131,778 |
| Total other human services | <u>1,334,420</u> | <u>1,283,563</u> | <u>50,857</u> | <u>1,200,329</u> |
| Total human services | <u>12,080,445</u> | <u>10,579,477</u> | <u>1,500,968</u> | <u>10,386,498</u> |
| Environmental protection | | | | |
| Solid waste | 3,300,323 | 3,197,511 | 102,812 | 3,417,863 |
| Non-departmental / Contingency | | | | |
| Contingency | 86,928 | - | 86,928 | - |
| Total | <u>86,928</u> | <u>-</u> | <u>86,928</u> | <u>-</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, 1998
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

EXHIBIT B-2
6 of 6

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|---|-------------------|----------------------|--|---------------------|
| | Budget | Actual | | Actual |
| Debt service | | | | |
| Bond principle | 1,145,000 | 1,145,000 | - | 1,195,000 |
| Lease principle - tax department | 43,325 | 43,324 | 1 | 41,222 |
| Note principle - DSS building | 309,595 | 309,593 | 2 | 298,373 |
| Note principle - 911 system | - | - | - | 145,424 |
| Note principle - VFD radio system | 45,000 | 45,000 | - | 45,000 |
| Note principle - Health Department | 217,775 | 217,744 | 31 | - |
| Note principle - Tideland renovation | 77,603 | 77,603 | .. | - |
| Note principle - telephone system | 2,220 | 2,220 | - | - |
| Interest | 672,700 | 672,697 | 3 | 545,031 |
| Fees and commissions | 2,500 | 264 | 2,236 | 152 |
| Total debt service | <u>2,515,718</u> | <u>2,513,445</u> | <u>2,273</u> | <u>2,270,202</u> |
| Total expenditures | <u>32,903,478</u> | <u>30,809,788</u> | <u>2,093,690</u> | <u>31,061,506</u> |
| Revenue over (under) expenditures | <u>(966,509)</u> | <u>2,393,475</u> | <u>(3,359,984)</u> | <u>210,336</u> |
| Other financing sources (uses) | | | | |
| Operating transfers from (to) other funds | | | | |
| Capital Projects | (33,642) | - | 33,642 | - |
| Capital Reserve | (650,000) | (650,000) | - | - |
| Water Districts | (100,000) | (31,856) | 68,144 | - |
| NC Housing Finance | (15,000) | (15,000) | - | - |
| Water District IV | - | (100,000) | (100,000) | - |
| Special revenue fund - revaluation | 140,000 | 140,000 | - | (50,000) |
| Special revenue fund - CDBG | 60,000 | (60,000) | - | - |
| Operating transfer from component unit | - | 75,222 | 75,222 | 78,937 |
| Operating transfer to component unit | (5,500) | (5,000) | 500 | (11,500) |
| Total other financing sources (uses) | <u>(724,142)</u> | <u>(646,634)</u> | <u>77,508</u> | <u>17,437</u> |
| Revenues and other sources over (under) expenditures and other uses | (1,690,651) | 1,746,841 | 3,437,492 | 227,773 |
| Appropriated fund balance | <u>1,690,651</u> | <u>-</u> | <u>(1,690,651)</u> | <u>-</u> |
| Revenues, other sources, and appropriated fund balance over (under) expenditures and other use | <u>\$ -</u> | 1,746,841 | <u>\$ 1,746,841</u> | 227,773 |
| Fund balance, beginning of year | | <u>9,092,467</u> | | <u>8,864,694</u> |
| Fund balance, end of year | | <u>\$ 10,839,308</u> | | <u>\$ 9,092,467</u> |

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, 1998
 With Comparative Totals for June 30, 1997

| | <u>Revaluation</u> | <u>Economic Development</u> | <u>Washington Administrative Unit</u> | <u>Fire Tax Districts</u> | <u>Arbitrage Reserve</u> | <u>E911 Service</u> |
|-------------------------------------|--------------------|---------------------------------|---|-----------------------------------|------------------------------|-------------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 11,406 | \$ 48,733 | \$ - | \$ - | \$ 145,176 | \$ 18,525 |
| Receivables: | | | | | | |
| Property taxes receivable | - | - | 9,616 | 59,994 | - | - |
| Accounts receivable | - | - | - | - | - | 17,814 |
| Due from General Fund | - | - | - | 19,288 | - | - |
| Total assets | <u>\$ 11,406</u> | <u>\$ 48,733</u> | <u>\$ 9,616</u> | <u>\$ 79,282</u> | <u>\$ 145,176</u> | <u>\$ 36,339</u> |
| LIABILITIES AND EQUITY | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 9,583 | \$ - | \$ 12,348 |
| Due to other funds | - | - | - | - | - | - |
| Deferred revenue | - | - | 9,616 | 69,699 | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>9,616</u> | <u>79,282</u> | <u>-</u> | <u>12,348</u> |
| Equity | | | | | | |
| Reserved by state statute | - | - | - | 19,288 | - | 17,814 |
| Unreserved | 11,406 | 48,733 | - | (19,288) | 145,176 | 6,177 |
| Total | <u>11,406</u> | <u>48,733</u> | <u>-</u> | <u>-</u> | <u>145,176</u> | <u>23,991</u> |
| Total liabilities and equity | <u>\$ 11,406</u> | <u>\$ 48,733</u> | <u>\$ 9,616</u> | <u>\$ 79,282</u> | <u>\$ 145,176</u> | <u>\$ 36,339</u> |

| CDBG Grant | NC Housing Finance Agency | Hazard Mitigation | Disaster Relief Initiative | Capital Reserve | Totals | |
|-------------------|---------------------------------|----------------------|----------------------------------|--------------------|---------------------|-------------------|
| | | | | | June 30, 1998 | June 30, 1997 |
| \$ 762 | \$ 8,295 | \$ 18,738 | \$ - | \$ 698,477 | \$ 950,112 | \$ 328,934 |
| - | - | - | - | - | 69,610 | 78,062 |
| - | - | - | 170,000 | - | 187,814 | - |
| <u>170,000</u> | <u>18,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>207,288</u> | <u>17,012</u> |
| <u>\$ 170,762</u> | <u>\$ 26,295</u> | <u>\$ 18,738</u> | <u>\$ 170,000</u> | <u>\$ 698,477</u> | <u>\$ 1,414,824</u> | <u>\$ 424,008</u> |
| \$ - | \$ 1,882 | \$ 7,051 | \$ 2,283 | \$ - | \$ 33,147 | \$ 10,489 |
| 105,599 | - | 18,000 | 170,000 | - | 293,599 | - |
| - | - | - | - | - | 79,315 | 84,586 |
| <u>105,599</u> | <u>1,882</u> | <u>25,051</u> | <u>172,283</u> | <u>-</u> | <u>406,061</u> | <u>95,075</u> |
| 170,000 | 18,000 | - | 170,000 | - | 395,102 | - |
| (104,837) | 6,413 | (6,313) | (172,283) | 698,477 | 613,661 | 328,933 |
| <u>65,163</u> | <u>24,413</u> | <u>(6,313)</u> | <u>(2,283)</u> | <u>698,477</u> | <u>1,008,763</u> | <u>328,933</u> |
| <u>\$ 170,762</u> | <u>\$ 26,295</u> | <u>\$ 18,738</u> | <u>\$ 170,000</u> | <u>\$ 698,477</u> | <u>\$ 1,414,824</u> | <u>\$ 424,008</u> |

Beaufort County, North Carolina
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS**
 For the Fiscal Year Ended June 30, 1998
 With Comparative Totals for the Fiscal Year Ended June 30, 1997

| | <u>Revaluation</u> | <u>Economic Development</u> | <u>Washington Administrative Unit</u> | <u>Fire Tax Districts</u> | <u>Arbitrage Reserve</u> | <u>E911 Service</u> |
|--|--------------------|---------------------------------|---|-----------------------------------|------------------------------|-------------------------|
| Revenue: | | | | | | |
| Ad valorem taxes | \$ - | \$ - | \$ 1,702 | \$ 618,067 | \$ - | \$ - |
| Intergovernmental | - | 48,733 | - | - | - | 210,933 |
| Investment earnings | <u>6,664</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,535</u> | <u>-</u> |
| Total revenue | <u>6,664</u> | <u>48,733</u> | <u>1,702</u> | <u>618,067</u> | <u>7,535</u> | <u>210,933</u> |
| Expenditures: | | | | | | |
| General governmental | - | - | - | - | - | - |
| Public safety | - | - | - | 618,067 | - | 35,744 |
| Economic & physical development | - | - | - | - | - | - |
| Education | - | - | 1,702 | - | - | - |
| Debt service | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>151,198</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>1,702</u> | <u>618,067</u> | <u>-</u> | <u>186,942</u> |
| Revenue over (under) expenditures | <u>6,664</u> | <u>48,733</u> | <u>-</u> | <u>-</u> | <u>7,535</u> | <u>23,991</u> |
| Other financing sources (uses) | | | | | | |
| Operating transfers in | - | - | - | - | - | - |
| Operating transfers out | <u>(140,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(140,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenue and other financing sources over (under) expenditures and other financing uses | (133,336) | 48,733 | - | - | 7,535 | 23,991 |
| Fund balances | | | | | | |
| Beginning of year | <u>144,742</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>137,641</u> | <u>-</u> |
| End of year | <u>\$ 11,406</u> | <u>\$ 48,733</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 145,176</u> | <u>\$ 23,991</u> |

| CDBG Grant | NC Housing Finance Agency | Hazard Mitigation | Disaster Relief Initiative | Capital Reserve | Totals | |
|------------------|---------------------------------|----------------------|----------------------------------|--------------------|---------------------|-------------------|
| | | | | | June 30, 1998 | June 30, 1997 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 619,769 | \$ 585,008 |
| 445,844 | 39,639 | 30,248 | 170,000 | - | 945,397 | 347,532 |
| - | - | - | - | 2,425 | 16,624 | 15,990 |
| <u>445,844</u> | <u>39,639</u> | <u>30,248</u> | <u>170,000</u> | <u>2,425</u> | <u>1,581,790</u> | <u>948,530</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 653,811 | 581,461 |
| 611,179 | 30,226 | 36,561 | 2,283 | - | 680,249 | 347,034 |
| - | - | - | - | - | 1,702 | 3,548 |
| - | - | - | - | - | 151,198 | - |
| <u>611,179</u> | <u>30,226</u> | <u>36,561</u> | <u>2,283</u> | <u>-</u> | <u>1,486,960</u> | <u>932,043</u> |
| <u>(165,335)</u> | <u>9,413</u> | <u>(6,313)</u> | <u>167,717</u> | <u>2,425</u> | <u>94,830</u> | <u>16,487</u> |
| 230,000 | 15,000 | - | - | 650,000 | 895,000 | 50,000 |
| - | - | - | (170,000) | - | (310,000) | - |
| <u>230,000</u> | <u>15,000</u> | <u>-</u> | <u>(170,000)</u> | <u>650,000</u> | <u>585,000</u> | <u>50,000</u> |
| 64,665 | 24,413 | (6,313) | (2,283) | 652,425 | 679,830 | 66,487 |
| 498 | - | - | - | 46,052 | 328,933 | 262,446 |
| <u>\$ 65,163</u> | <u>\$ 24,413</u> | <u>\$ (6,313)</u> | <u>\$ (2,283)</u> | <u>\$ 698,477</u> | <u>\$ 1,008,763</u> | <u>\$ 328,933</u> |

Beaufort County, North Carolina
REVALUATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1998
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

EXHIBIT C-3

| | <u>1998</u> | | Variance Favorable (Unfavorable) | <u>1997</u> |
|---|---------------|------------------|--|-------------------|
| | <u>Budget</u> | <u>Actual</u> | | <u>Actual</u> |
| Revenue: | | | | |
| Investment earnings | \$ - | \$ 6,664 | \$ 6,664 | \$ 6,979 |
| Expenditures: | - | - | - | - |
| Revenue over (under) expenditures | - | 6,664 | 6,664 | 6,979 |
| Other financing sources (uses) | | | | |
| Transfer from general fund | - | - | - | 50,000 |
| Transfer to general fund | - | (140,000) | (140,000) | - |
| | - | (140,000) | (140,000) | 50,000 |
| Revenue and other sources over (under) expenditures and other (uses) | <u>\$ -</u> | <u>(133,336)</u> | <u>\$ (133,336)</u> | 56,979 |
| Fund balance, beginning of year | | <u>144,742</u> | | <u>87,763</u> |
| Fund balance, end of year | | <u>\$ 11,406</u> | | <u>\$ 144,742</u> |

Beaufort County, North Carolina
ECONOMIC DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1998

EXHIBIT C-4

| | 1998 | | Variance Favorable (Unfavorable) |
|--|-----------|-----------|--|
| | Budget | Actual | |
| Revenue: | | | |
| Restricted intergovernmental Washington appropriation | \$ 48,733 | \$ 48,733 | \$ - |
| Expenditures: | | | |
| Economic and physical development | 48,733 | - | 48,733 |
| Revenue over expenditures | \$ - | 48,733 | \$ 48,733 |
| Fund balances | | | |
| Beginning of year | | - | |
| End of year | | \$ 48,733 | |

Beaufort County, North Carolina
WASHINGTON ADMINISTRATIVE UNIT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1998
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

EXHIBIT C-5

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|-----------------------------------|--------------|--------------|--|--------------|
| | Budget | Actual | | Actual |
| Revenue: | | | | |
| Ad valorem taxes | | | | |
| Current year | \$ 3,500 | \$ 109 | \$ (3,391) | \$ 3,548 |
| Prior year | - | 1,593 | 1,593 | - |
| Total revenue | <u>3,500</u> | <u>1,702</u> | <u>(1,798)</u> | <u>3,548</u> |
| Expenditures: | | | | |
| Education | | | | |
| School current expense | <u>3,500</u> | <u>1,702</u> | <u>1,798</u> | <u>3,548</u> |
| Revenue over (under) expenditures | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>-</u> |
| Fund balances | | | | |
| Beginning of year | | - | | - |
| End of year | | <u>\$ -</u> | | <u>\$ -</u> |

Beaufort County, North Carolina
FIRE TAX DISTRICTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1998
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

EXHIBIT C-6

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|---------------------------|----------------|----------------|--|----------------|
| | Budget | Actual | | Actual |
| Revenue: | | | | |
| Ad valorem taxes | | | | |
| Current year | \$ 663,000 | \$ 607,963 | \$ (55,037) | \$ 581,461 |
| Prior year | - | 10,104 | 10,104 | - |
| Total revenue | <u>663,000</u> | <u>618,067</u> | <u>(44,933)</u> | <u>581,461</u> |
| Expenditures: | | | | |
| Public Safety | | | | |
| Contracted services | <u>663,000</u> | <u>618,067</u> | <u>44,933</u> | <u>581,461</u> |
| Revenue over expenditures | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>-</u> |
| Fund balances | | | | |
| Beginning of year | | - | | - |
| End of year | | <u>\$ -</u> | | <u>\$ -</u> |

Beaufort County, North Carolina
ARBITRAGE RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1998
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

EXHIBIT C-7

| | 1998 | | Variance | 1997 | |
|---------------------------|--------|------------|----------------------------|------------|----------|
| | Budget | Actual | Favorable (Unfavorable) | Actual | Actual |
| Revenue: | | | | | |
| Investment earnings | \$ - | \$ 7,535 | \$ 7,535 | \$ - | \$ 6,865 |
| Expenditures: | - | - | - | - | - |
| Revenue over expenditures | \$ - | 7,535 | \$ 7,535 | - | 6,865 |
| Fund balances | | | | | |
| Beginning of year | | 137,641 | | 130,777 | |
| End of year | | \$ 145,176 | | \$ 137,642 | |

Beaufort County, North Carolina
E911 SURCHARGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1998

EXHIBIT C-8

| | 1998 | | Variance Favorable (Unfavorable) |
|------------------------------------|------------|------------|--|
| | Budget | Actual | |
| Revenue: | | | |
| Restricted Intergovernmental | | | |
| E911 Surcharge | \$ 200,000 | \$ 210,933 | \$ 10,933 |
| Expenditures: | | | |
| Public safety | | | |
| E911 service | 33,976 | 35,744 | 1,768 |
| Debt service | | | |
| Note principle | 145,424 | 145,424 | - |
| Interest | 20,600 | 5,774 | 14,826 |
| Total expenditures | 200,000 | 186,942 | 13,058 |
| Revenues over (under) expenditures | \$ - | 23,991 | \$ 23,991 |
| Fund balance, beginning of year | | - | |
| Fund balance, end of year | | \$ 23,991 | |

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 Fiscal Year Ended June 30, 1998

EXHIBIT C-9

| | Project Authorization | Actual | | Total to Date |
|--|--------------------------|----------------|------------------|------------------|
| | | Prior Year | Current Year | |
| Revenue: | | | | |
| Restricted intergovernmental revenue: | | | | |
| Community development block grant | \$ 850,000 | \$ 347,532 | \$ 445,844 | \$ 793,376 |
| Martin County Community Action | 19,200 | - | - | - |
| Local funds | <u>60,000</u> | <u>-</u> | <u>60,000</u> | <u>60,000</u> |
| Total revenues | 929,200 | 347,532 | 505,844 | 853,376 |
| Expenditures: | | | | |
| Economic and physical development | <u>1,099,200</u> | <u>347,034</u> | <u>611,179</u> | <u>958,213</u> |
| Revenue over expenditures | (170,000) | 498 | (105,335) | (104,837) |
| Other financing sources (uses) | | | | |
| Operating transfer from Disaster Relief | <u>170,000</u> | <u>-</u> | <u>170,000</u> | <u>170,000</u> |
| Revenue and other financing sources over (under) expenditures | <u>\$ -</u> | 498 | 64,665 | <u>\$ 65,163</u> |
| Fund balances | | | | |
| Beginning of year | | <u>-</u> | <u>498</u> | |
| End of year | | <u>\$ 498</u> | <u>\$ 65,163</u> | |

Beaufort County, North Carolina
NC HOUSING FINANCE AGENCY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 1998

EXHIBIT C-10

| | Project Authorization | Prior Year | Actual Current Year | Total to Date |
|--|--------------------------|---------------|---------------------------|------------------|
| Revenue: | | | | |
| Restricted intergovernmental revenue: | | | | |
| Emergency management grant | \$ 300,000 | \$ - | \$ 39,639 | \$ 39,639 |
| Expenditures: | | | | |
| Economic and physical development | <u>315,000</u> | - | <u>30,226</u> | <u>30,226</u> |
| Revenue over expenditures | (15,000) | - | 9,413 | 9,413 |
| Other financing sources (uses) | | | | |
| Operating transfer from general fund | <u>15,000</u> | - | <u>15,000</u> | <u>15,000</u> |
| Revenue and other financing sources over (under) expenditures | <u>\$ -</u> | - | 24,413 | <u>\$ 24,413</u> |
| Fund balances | | | | |
| Beginning of year | | - | - | |
| End of year | | <u>\$ -</u> | <u>\$ 24,413</u> | |

Beaufort County, North Carolina
HAZARD MITIGATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 1998

EXHIBIT C-11

| | Project Authorization | Prior Year | Actual Current Year | Total to Date |
|---------------------------------------|--------------------------|---------------|---------------------------|-------------------|
| Revenue: | | | | |
| Restricted intergovernmental revenue: | | | | |
| Emergency management grant | \$ 1,931,349 | - | \$ 21,098 | \$ 21,098 |
| State grants | <u>1,017,299</u> | - | <u>9,150</u> | <u>9,150</u> |
| Total revenue | 2,948,648 | - | 30,248 | 30,248 |
| Expenditures: | | | | |
| Economic and physical development | <u>2,948,648</u> | - | <u>36,561</u> | <u>36,561</u> |
| Revenue over expenditures | <u>\$ -</u> | - | (6,313) | <u>\$ (6,313)</u> |
| Fund balances | | | | |
| Beginning of year | | - | - | |
| End of year | | <u>\$ -</u> | <u>\$ (6,313)</u> | |

Beaufort County, North Carolina
DISASTER RELIEF INITIATIVE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 1998

EXHIBIT C-12

| | <u>Project</u> <u>Authorization</u> | <u>Prior</u> <u>Year</u> | <u>Actual</u> <u>Current</u> <u>Year</u> | <u>Total to</u> <u>Date</u> |
|--|--|-----------------------------|--|--------------------------------|
| Revenue: | | | | |
| Restricted intergovernmental revenue: | | | | |
| Emergency management grant | \$ 1,421,128 | \$ - | \$ 170,000 | \$ 170,000 |
| Expenditures: | | | | |
| Economic and physical development | <u>1,421,128</u> | <u>-</u> | <u>2,283</u> | <u>2,283</u> |
| Revenue over expenditures | - | - | 167,717 | 167,717 |
| Other financing sources: | | | | |
| Transfer to CDBG grant fund | <u>-</u> | <u>-</u> | <u>(170,000)</u> | <u>(170,000)</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>-</u> | <u>(2,283)</u> | <u>\$ (2,283)</u> |
| Fund balances | | | | |
| Beginning of year | | <u>-</u> | <u>-</u> | |
| End of year | | <u>\$ -</u> | <u>\$ (2,283)</u> | |

Beaufort County, North Carolina
CAPITAL RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 1998
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

EXHIBIT C-13

| | 1998 | | Variance | 1997 | |
|---|-------------|-------------------|----------------------------|------------------|--|
| | Budget | Actual | Favorable (Unfavorable) | | |
| | | | | Actual | |
| Revenue: | | | | | |
| Investment earnings | \$ - | \$ 2,425 | \$ 2,425 | \$ 2,146 | |
| Expenditures: | - | - | - | - | |
| Revenue over expenditures | - | 2,425 | 2,425 | 2,146 | |
| Other financing sources: | | | | | |
| Transfer from general fund | - | 650,000 | 650,000 | - | |
| Revenue and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | 652,425 | <u>\$ 652,425</u> | 2,146 | |
| Fund balances | | | | | |
| Beginning of year | | <u>46,052</u> | | <u>43,906</u> | |
| End of year | | <u>\$ 698,477</u> | | <u>\$ 46,052</u> | |

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.

Health Department Capital Project - This fund is used to account for the construction of the building which houses the Health Department. 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 was financed primarily by general obligation bond proceeds.

Tideland Mental Health Center - 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 an installment agreement with Tideland.

Beaufort County, North Carolina
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
 June 30, 1998
 With Comparative Totals for June 30, 1997

| | County Buildings Renovation | Health Department |
|-------------------------------------|-----------------------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 74 | \$ 384,792 |
| Accounts receivable (net) | 1,514 | - |
| Total assets | \$ 1,588 | \$ 384,792 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ - | \$ 6,344 |
| Fund balances | | |
| Reserved by state statute | 1,514 | - |
| Unreserved | | |
| Designated for subsequent year | 74 | 378,448 |
| Total fund balances | 1,588 | 378,448 |
| Total liabilities and fund balance | \$ 1,588 | \$ 384,792 |

| BCCC Fund | Tideland Mental Health Center Expansion | Totals | |
|-------------------|---|-------------------|---------------------|
| | | June 30 1998 | 1997 |
| \$ 125,229 | \$ 438,552 | \$ 948,647 | \$ 3,228,758 |
| - | - | 1,514 | 1,514 |
| <u>\$ 125,229</u> | <u>\$ 438,552</u> | <u>\$ 950,161</u> | <u>\$ 3,230,272</u> |
| \$ - | \$ - | \$ 6,344 | \$ 125 |
| - | - | 1,514 | - |
| <u>125,229</u> | <u>438,552</u> | <u>942,303</u> | <u>3,230,147</u> |
| <u>125,229</u> | <u>438,552</u> | <u>943,817</u> | <u>3,230,147</u> |
| <u>\$ 125,229</u> | <u>\$ 438,552</u> | <u>\$ 950,161</u> | <u>\$ 3,230,272</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, 1998
With Comparative Actual Amounts for the Year Ended June 30, 1997

| | <u>County Buildings Renovation</u> | <u>Health Department</u> |
|---|--|------------------------------|
| Revenues: | | |
| Investment earnings | \$ - | \$ 50,273 |
| Expenditures: | | |
| Capital projects | <u>13,264</u> | <u>1,514,494</u> |
| Revenues over (under) expenditures | (13,264) | (1,464,221) |
| Other financing sources (uses) | | |
| Proceeds from long-term debt | <u>-</u> | <u>-</u> |
| Revenues & other sources over (under) expenditures and uses | (13,264) | (1,464,221) |
| Fund balances: | | |
| Beginning of year | <u>14,852</u> | <u>1,842,669</u> |
| End of year | <u>\$ 1,588</u> | <u>\$ 378,448</u> |

| BCCC Fund | Tideland Mental Health Center Expansion | Totals | |
|-------------------|---|--------------------|---------------------|
| | | June 30 | |
| | | 1998 | 1997 |
| \$ 6,687 | \$ 36,032 | \$ 92,992 | \$ 98,036 |
| <u>3,636</u> | <u>847,928</u> | <u>2,379,322</u> | <u>2,321,929</u> |
| <u>3,051</u> | <u>(811,896)</u> | <u>(2,286,330)</u> | <u>(2,223,893)</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>3,700,000</u> |
| 3,051 | (811,896) | (2,286,330) | 1,476,107 |
| <u>122,178</u> | <u>1,250,448</u> | <u>3,230,147</u> | <u>1,754,040</u> |
| <u>\$ 125,229</u> | <u>\$ 438,552</u> | <u>\$ 943,817</u> | <u>\$ 3,230,147</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, 1998

EXHIBIT D-3

| | Project Authorization | Actual | | Total to Date |
|--|--------------------------|--------------------|-----------------|--------------------|
| | | Prior Years | Current Year | |
| Revenue: | | | | |
| Investment earnings | \$ - | \$ 1,158 | \$ - | \$ 1,158 |
| Expenditures: | | | | |
| Architect | 11,835 | 11,835 | - | 11,835 |
| Construction | 1,028,266 | 1,014,606 | 13,264 | 1,027,870 |
| Contingency | 34 | - | - | - |
| Total expenditures | <u>1,040,135</u> | <u>1,026,441</u> | <u>13,264</u> | <u>1,039,705</u> |
| Revenues under expenditures | <u>(1,040,135)</u> | <u>(1,025,283)</u> | <u>(13,264)</u> | <u>(1,038,547)</u> |
| 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>-</u> | <u>626,169</u> |
| Total other financing sources | <u>1,040,135</u> | <u>1,040,135</u> | <u>-</u> | <u>1,040,135</u> |
| Revenues and other sources over expenditures | <u>\$ -</u> | 14,852 | (13,264) | <u>\$ 1,588</u> |
| Fund balances: | | | | |
| Beginning of year | | - | 14,852 | |
| End of year | | <u>\$ 14,852</u> | <u>\$ 1,588</u> | |

Beaufort County, North Carolina
CAPITAL PROJECT FUND - HEALTH DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 1998

EXHIBIT D-4

| | Project Authorization | Actual Prior Years | Actual Current Year | Total to Date |
|--|--------------------------|--------------------------|---------------------------|------------------|
| Revenue: | | | | |
| Investment earnings | \$ 59,618 | \$ 39,321 | \$ 50,273 | \$ 89,594 |
| Expenditures: | | | | |
| Architect | 75,000 | 54,273 | 17,458 | 71,731 |
| Construction | 1,868,260 | 142,379 | 1,497,036 | 1,639,415 |
| Furniture | 150,000 | - | - | - |
| Contingency | - | - | - | - |
| Total expenditures | 2,093,260 | 196,652 | 1,514,494 | 1,711,146 |
| Revenues under expenditures | (2,033,642) | (157,331) | (1,464,221) | (1,621,552) |
| Other financing sources: | | | | |
| Proceeds from long-term debt | 2,000,000 | 2,000,000 | - | 2,000,000 |
| Health department escrow funds | 33,642 | - | - | - |
| Total other financing sources | 2,033,642 | 2,000,000 | - | 2,000,000 |
| Revenues and other sources over expenditures | \$ - | 1,842,669 | (1,464,221) | \$ 378,448 |
| Fund balances: | | | | |
| Beginning of year | | - | 1,842,669 | |
| End of year | | \$ 1,842,669 | \$ 378,448 | |

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, 1998

EXHIBIT D-5

| | Project Authorization | Actual | | Total to Date |
|--|--------------------------|----------------|-----------------|------------------|
| | | Prior Years | Current Year | |
| Revenue: | | | | |
| Investment earnings | \$ - | \$ 113,329 | \$ 6,687 | \$ 120,016 |
| Expenditures: | | | | |
| Architect | 99,673 | 99,177 | 496 | 99,673 |
| Construction | 1,761,330 | 1,758,189 | 3,140 | 1,761,329 |
| Administration | 29,156 | 29,156 | - | 29,156 |
| Contingency | 741 | - | - | - |
| Furnishings/ equipment | 107,792 | 106,920 | - | 106,920 |
| Total expenditures | 1,998,692 | 1,993,442 | 3,636 | 1,997,078 |
| Revenues under expenditures | (1,998,692) | (1,880,113) | 3,051 | (1,877,062) |
| Other financing sources: | | | | |
| Proceeds from long-term debt | 1,998,692 | 2,002,291 | - | 2,002,291 |
| Revenues and other sources over expenditures | \$ - | 122,178 | 3,051 | \$ 125,229 |
| Fund balances: | | | | |
| Beginning of year | | - | 122,178 | |
| End of year | | \$ 122,178 | \$ 125,229 | |

Beaufort County, North Carolina
CAPITAL PROJECT FUND - TIDELAND MENTAL HEALTH CENTER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 1998

EXHIBIT D-6

| | Project Authorization | Actual | | Total to Date |
|--|--------------------------|----------------|-----------------|------------------|
| | | Prior Years | Current Year | |
| Revenue: | | | | |
| Intergovernmental revenue | \$ - | \$ 1,000,000 | \$ - | 1,000,000 |
| Investment earnings | 59,719 | 78,901 | 36,032 | 114,933 |
| Total revenues | 59,719 | 1,078,901 | 36,032 | 1,114,933 |
| Expenditures: | | | | |
| Architect | 45,000 | 29,061 | 7,177 | 36,238 |
| Construction | 2,383,972 | 1,499,392 | 625,277 | 2,124,669 |
| Administration | 17,500 | - | - | - |
| Contingency | - | - | - | - |
| Furnishings/ equipment | 230,000 | - | 215,474 | 215,474 |
| Total expenditures | 2,676,472 | 1,528,453 | 847,928 | 2,376,381 |
| Revenues under expenditures | (2,616,753) | (449,552) | (811,896) | (1,261,448) |
| Other financing sources: | | | | |
| Proceeds from long-term debt | 1,600,000 | 1,700,000 | - | 1,700,000 |
| Fund balance appropriated | 1,016,753 | - | - | - |
| Total other financing sources | 2,616,753 | 1,700,000 | - | 1,700,000 |
| Revenues and other sources over expenditures | \$ - | 1,250,448 | (811,896) | \$ 438,552 |
| Fund balances: | | | | |
| Beginning of year | | - | 1,250,448 | |
| End of year | | \$ 1,250,448 | \$ 438,552 | |

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, 1998
 With Comparative Totals For June 30, 1997

| | Water Districts | |
|--|-----------------|--------------|
| | II | III |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 582,917 | \$ 61,316 |
| Accounts receivable (net) | 51,296 | 37,867 |
| Due from other Water Districts | 4,139 | 144,238 |
| Due from General Fund | 65 | 42 |
| Total current assets | 638,417 | 243,463 |
| Restricted assets | | |
| Cash and cash equivalents | - | 1,249 |
| Fixed assets (net) | 4,357,824 | 5,596,382 |
| Total assets | \$ 4,996,241 | \$ 5,841,094 |
| LIABILITIES AND FUND EQUITY (DEFICIT) | | |
| Current liabilities | | |
| Accounts payable & accrued liabilities | \$ 17,637 | \$ 11,842 |
| Due to other Water Districts | 224,763 | 4,139 |
| Due to General Fund | 428,870 | 305,674 |
| Customer deposits | 11,175 | 6,925 |
| Notes payable | - | 24,300 |
| General obligation bonds payable | 48,000 | 58,500 |
| Total | 730,445 | 411,380 |
| Noncurrent liabilities | | |
| Notes payable | - | 413,096 |
| General obligation bonds payable | 4,522,500 | 5,472,500 |
| Total | 4,522,500 | 5,885,596 |
| Total liabilities | 5,252,945 | 6,296,976 |
| Fund equity (deficit) | | |
| Contributed capital | - | - |
| Retained earnings (deficit), unreserved | (256,704) | (455,882) |
| Total fund equity (deficit) | (256,704) | (455,882) |
| Total liabilities and fund equity | \$ 4,996,241 | \$ 5,841,094 |

| Water Districts | | | Totals | |
|---------------------|---------------------|---------------------|----------------------|----------------------|
| IV | V | VII | June 30, 1998 | June 30, 1997 |
| \$ 76,217 | \$ 50,698 | \$ (6,057) | \$ 765,091 | \$ 455,217 |
| 58,604 | 49,013 | 38,259 | 235,039 | 219,953 |
| - | 14,380 | 70,870 | 233,627 | 107,060 |
| - | 105,674 | 150 | 105,931 | 225 |
| 134,821 | 219,765 | 103,222 | 1,339,688 | 782,455 |
| 4,680,775 | 185,628 | 28,988 | 4,896,640 | 5,611,561 |
| 4,927,714 | 6,660,401 | 6,217,156 | 27,759,477 | 12,577,791 |
| <u>\$ 9,743,310</u> | <u>\$ 7,065,794</u> | <u>\$ 6,349,366</u> | <u>\$ 33,995,805</u> | <u>\$ 18,971,807</u> |
| \$ 625,986 | \$ 212,714 | \$ 255,748 | \$ 1,123,927 | \$ 35,149 |
| 425 | - | 4,300 | 233,627 | 107,060 |
| - | - | 25,940 | 760,484 | 590,650 |
| - | - | 75 | 18,175 | 9,250 |
| 8,884,536 | 4,339,689 | 6,000,000 | 19,248,525 | 7,048,108 |
| - | - | - | 106,500 | 85,500 |
| 9,510,947 | 4,552,403 | 6,286,063 | 21,491,238 | 7,875,717 |
| - | 599,683 | - | 1,012,779 | 547,930 |
| - | - | - | 9,995,000 | 10,101,500 |
| - | 599,683 | - | 11,007,779 | 10,649,430 |
| 9,510,947 | 5,152,086 | 6,286,063 | 32,499,017 | 18,525,147 |
| - | 1,815,527 | - | 1,815,527 | 807,561 |
| 232,363 | 98,181 | 63,303 | (318,739) | (360,901) |
| 232,363 | 1,913,708 | 63,303 | 1,496,788 | 446,660 |
| <u>\$ 9,743,310</u> | <u>\$ 7,065,794</u> | <u>\$ 6,349,366</u> | <u>\$ 33,995,805</u> | <u>\$ 18,971,807</u> |

Beaufort County, North Carolina
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1998
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

| | Water Districts | |
|--|-----------------|--------------|
| | II | III |
| Operating revenues | | |
| Charges for service | \$ 469,675 | \$ 432,559 |
| Tap fees | 15,065 | 18,125 |
| Reconnect fees | 950 | 625 |
| Occupancy fee | 5,175 | 3,960 |
| Meter pay off | 833 | 426 |
| Sales tax refund | - | - |
| Total operating revenues | 491,698 | 455,695 |
| Operating expenses | | |
| Administration | 20,397 | 20,012 |
| Water treatment | 24,152 | 16,224 |
| Water distribution | 219,633 | 140,555 |
| Depreciation | 102,455 | 86,124 |
| Total operating expenses | 366,637 | 262,915 |
| Operating income | 125,061 | 192,780 |
| Nonoperating revenues (expenses) | | |
| Miscellaneous revenue | 20 | 2,072 |
| Investment earnings | 29,072 | 1,531 |
| Interest expense | (280,583) | (359,789) |
| Total nonoperating revenues (expenses) | (251,491) | (356,186) |
| Net income before transfer from general fund | (126,430) | (163,406) |
| Transfer from General Fund | 15,928 | 15,928 |
| Net income (loss) | (110,502) | (147,478) |
| Retained earnings (deficit), beginning of year | (146,202) | (308,404) |
| Retained earnings (deficit), end of year | \$ (256,704) | \$ (455,882) |

| Water Districts | | | Totals | |
|-------------------|------------------|------------------|---------------------|---------------------|
| IV | V | VII | June 30, 1998 | June 30, 1997 |
| \$ 550 | \$ 20,608 | \$ 3,025 | \$ 926,417 | \$ 676,878 |
| 145,550 | 86,040 | 34,595 | 299,375 | 132,367 |
| - | 100 | - | 1,675 | 1,550 |
| - | - | - | 9,135 | 1,050 |
| - | - | - | 1,259 | - |
| - | - | - | - | - |
| <u>146,100</u> | <u>106,748</u> | <u>37,620</u> | <u>1,237,861</u> | <u>811,845</u> |
| 11,256 | 20,986 | 13,959 | 86,610 | 40,996 |
| 1,709 | 1,889 | 6,216 | 50,190 | 46,389 |
| 1,648 | 430 | 43,088 | 405,354 | 358,031 |
| - | - | 96 | 188,675 | 185,555 |
| <u>14,613</u> | <u>23,305</u> | <u>63,359</u> | <u>730,829</u> | <u>630,971</u> |
| <u>131,487</u> | <u>83,443</u> | <u>(25,739)</u> | <u>507,032</u> | <u>180,874</u> |
| - | 5,355 | - | 7,447 | 3,808 |
| (17) | (80) | 5,692 | 36,198 | 26,148 |
| - | - | - | (640,372) | (544,701) |
| <u>(17)</u> | <u>5,275</u> | <u>5,692</u> | <u>(596,727)</u> | <u>(514,745)</u> |
| 131,470 | 88,718 | (20,047) | (89,695) | (333,871) |
| <u>100,000</u> | <u>-</u> | <u>-</u> | <u>131,856</u> | <u>-</u> |
| 231,470 | 88,718 | (20,047) | 42,161 | (333,871) |
| 893 | 9,463 | 83,350 | (360,900) | (27,030) |
| <u>\$ 232,363</u> | <u>\$ 98,181</u> | <u>\$ 63,303</u> | <u>\$ (318,739)</u> | <u>\$ (360,901)</u> |

Beaufort County, North Carolina
ENTERPRISE FUND - WATER DISTRICTS
COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 1998

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 1997

| | Water Districts | |
|---|-------------------|-------------------|
| | II | III |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers/others | \$ 517,904 | \$ 513,007 |
| Cash paid for goods and services | (67,391) | (200,989) |
| Net cash provided by operating services | <u>450,513</u> | <u>312,018</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Grant proceeds | - | - |
| Transfer from general fund | 15,928 | 15,928 |
| Proceeds of bond anticipation notes | - | - |
| Proceeds of clean water loans | - | 33,839 |
| Proceeds of bond sales | - | - |
| Principle payment on notes/bonds payable | (45,500) | (64,300) |
| Interest paid on bond maturities | (280,583) | (359,789) |
| Acquisition and construction of capital assets | (10,374) | (213,235) |
| Net cash provided (used) by capital and related financing activities | <u>(320,529)</u> | <u>(587,557)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest on investments | 29,072 | 7,511 |
| Net increase (decrease) in cash and cash equivalents | 159,056 | (268,028) |
| Cash and cash equivalents at beginning of year | 423,861 | 330,593 |
| Cash and cash equivalents at end of year | <u>\$ 582,917</u> | <u>\$ 62,565</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | \$ 125,061 | \$ 192,780 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 102,455 | 86,124 |
| Nonoperating revenue | 20 | 2,072 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 20,936 | 51,640 |
| Increase (decrease) in accounts payable and accrued liabilities | (3,064) | (2,604) |
| Increase (decrease) in due to/ due from accounts | 199,855 | (21,594) |
| Increase (decrease) in customer deposits | 5,250 | 3,600 |
| Total adjustments | <u>325,452</u> | <u>119,238</u> |
| Net cash provided by operating activities | <u>\$ 450,513</u> | <u>\$ 312,018</u> |

| Water Districts | | | Totals | |
|---------------------|--------------------|--------------------|---------------------|---------------------|
| IV | V | VII | June 30, 1998 | June 30, 1997 |
| \$ 87,495 | \$ 77,402 | \$ 43,340 | 1,239,148 | \$ 713,958 |
| 611,798 | 69,430 | 197,905 | 610,753 | (311,564) |
| <u>699,293</u> | <u>146,832</u> | <u>241,245</u> | <u>1,849,901</u> | <u>402,394</u> |
| - | 1,007,966 | - | 1,007,966 | 807,561 |
| 100,000 | - | - | 131,856 | - |
| 8,442,000 | 4,000,000 | - | 12,442,000 | 6,000,000 |
| - | 213,727 | - | 247,566 | 870,337 |
| - | - | - | - | 1,501,000 |
| - | - | - | (109,800) | (207,300) |
| - | - | - | (640,372) | (651,860) |
| <u>(4,578,616)</u> | <u>(5,220,850)</u> | <u>(5,589,494)</u> | <u>(15,612,569)</u> | <u>(3,497,587)</u> |
| <u>3,963,384</u> | <u>843</u> | <u>(5,589,494)</u> | <u>(2,533,353)</u> | <u>4,822,151</u> |
| 93,422 | 33,147 | 115,253 | 278,405 | 111,429 |
| 4,756,099 | 180,822 | (5,232,996) | (405,047) | 5,335,974 |
| 893 | 55,504 | 5,255,927 | 6,066,778 | 730,804 |
| <u>\$ 4,756,992</u> | <u>\$ 236,326</u> | <u>\$ 22,931</u> | <u>\$ 5,661,731</u> | <u>\$ 6,066,778</u> |
| \$ 131,487 | \$ 83,443 | \$ (25,739) | \$ 507,032 | \$ 180,872 |
| - | - | 96 | 188,675 | 185,555 |
| - | 5,355 | - | 7,447 | 3,808 |
| (58,605) | (34,701) | 5,645 | (15,085) | (116,114) |
| 625,986 | 212,714 | 255,748 | 1,088,780 | 16,888 |
| 425 | (119,979) | 5,420 | 64,127 | 125,185 |
| - | - | 75 | 8,925 | 6,200 |
| <u>567,806</u> | <u>63,389</u> | <u>266,984</u> | <u>1,146,747</u> | <u>221,522</u> |
| <u>\$ 699,293</u> | <u>\$ 146,832</u> | <u>\$ 241,245</u> | <u>\$ 1,849,901</u> | <u>\$ 402,394</u> |

Beaufort County, North Carolina
ENTERPRISE FUND - WATER DISTRICT II
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 1998
With comparative Actual Amounts For the Year Ended June 30, 1997

EXHIBIT E-4
Page 1 of 2

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|--------------------------------|----------------|----------------|--|----------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Charges for service: | | | | |
| Water fees | \$ 678,840 | \$ 469,675 | \$ (209,165) | \$ 380,696 |
| Tap fees | 20,000 | 15,065 | (4,935) | 16,248 |
| Reconnect fees | 4,000 | 950 | (3,050) | 1,200 |
| Occupancy fee | 5,000 | 5,175 | 175 | 350 |
| Meter pay off | 1,000 | 833 | (167) | - |
| Total operating revenue | <u>708,840</u> | <u>491,698</u> | <u>(217,142)</u> | <u>398,494</u> |
| Nonoperating revenue | | | | |
| Miscellaneous revenue | - | 20 | 20 | - |
| Investment earnings | 20,000 | 29,072 | 9,072 | 25,280 |
| Total nonoperating revenue | <u>20,000</u> | <u>29,092</u> | <u>9,092</u> | <u>25,280</u> |
| Total revenues | <u>728,840</u> | <u>520,790</u> | <u>(208,050)</u> | <u>423,774</u> |
| Expenditures | | | | |
| Administration | | | | |
| Printing | 600 | 246 | 354 | 123 |
| Office supplies | 1,800 | 894 | 906 | 1,949 |
| Audit | (1,000) | 769 | (1,769) | - |
| Travel | 4,000 | 4,670 | (670) | 4,234 |
| Telephone | 4,800 | 6,053 | (1,253) | 2,939 |
| Postage and freight | 340 | 37 | 303 | 17 |
| Utilities | 7,000 | 7,356 | (356) | 4,860 |
| Advertising | 100 | 121 | (21) | 66 |
| Bad debts | - | - | - | 12,452 |
| Insurance and bonds | 986 | 251 | 735 | 251 |
| Total | <u>18,626</u> | <u>20,397</u> | <u>(1,771)</u> | <u>26,891</u> |
| Water treatment | | | | |
| Professional services | 11,460 | 4,274 | 7,186 | 6,332 |
| Supplies | 21,600 | 19,878 | 1,722 | 20,805 |
| Total | <u>33,060</u> | <u>24,152</u> | <u>8,908</u> | <u>27,137</u> |
| Water Distribution | | | | |
| Salaries and employee benefits | 92,299 | 86,366 | 5,933 | 80,591 |
| Billing service | 28,608 | 30,428 | (1,820) | 23,531 |
| Maintenance | 6,000 | 3,602 | 2,398 | 3,131 |
| Water purchase | 101,200 | 99,237 | 1,963 | 102,258 |
| Total | <u>228,107</u> | <u>219,633</u> | <u>8,474</u> | <u>209,511</u> |

Beaufort County, North Carolina
ENTERPRISE FUND - WATER DISTRICT II
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 1998
With comparative Actual Amounts For the Year Ended June 30, 1997

EXHIBIT E-4
Page 2 of 2

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|---|------------------|--------------------|--|---------------------|
| | Budget | Actual | | Actual |
| Debt service | | | | |
| Principle retirement | 45,500 | 45,500 | - | 44,000 |
| Interest | 280,582 | 280,583 | (1) | 283,255 |
| Total | <u>326,082</u> | <u>326,083</u> | <u>1</u> | <u>327,255</u> |
| Capital outlay | | | | |
| Equipment | - | 10,374 | (10,374) | 8,115 |
| Total expenditures | <u>605,875</u> | <u>600,639</u> | <u>5,236</u> | <u>598,909</u> |
| Revenues over (under) expenditures | <u>122,965</u> | <u>(79,349)</u> | <u>(202,814)</u> | <u>(175,135)</u> |
| Other financing sources (uses) | | | | |
| Transfer from general fund | 23,236 | 15,928 | 7,308 | - |
| Appropriated fund balance | (146,201) | - | 146,201 | - |
| Total other financing sources (uses) | <u>(122,965)</u> | <u>15,928</u> | <u>(138,893)</u> | <u>-</u> |
| Revenue and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ (63,921)</u> | <u>(63,921)</u> | <u>\$ (175,135)</u> |

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

| | | |
|---------------------------------------|---------------------|---------------------|
| Revenue under expenditures | <u>\$ (63,921)</u> | <u>\$ (175,135)</u> |
| Reconciling items | | |
| Capital outlay | 10,374 | 8,115 |
| Depreciation | (102,455) | (100,610) |
| Principle retirement | <u>45,500</u> | <u>44,000</u> |
| Net income (loss), full accrual basis | <u>\$ (110,502)</u> | <u>\$ (223,630)</u> |

Beaufort County, North Carolina
ENTERPRISE FUND - WATER DISTRICT III
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 1998
With comparative Actual Amounts For the Year Ended June 30, 1997

EXHIBIT E-5
Page 1 of 2

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|----------------------------|----------------|----------------|--|----------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Charges for service: | | | | |
| Water fees | \$ 657,000 | \$ 432,559 | \$ (224,441) | \$ 296,182 |
| Tap fees | 20,000 | 18,125 | (1,875) | 24,444 |
| Reconnect fees | 4,000 | 625 | (3,375) | 350 |
| Occupancy fee | 5,000 | 3,960 | (1,040) | 700 |
| Meter pay off | 1,000 | 426 | (574) | - |
| Total operating revenue | <u>687,000</u> | <u>455,695</u> | <u>(231,305)</u> | <u>321,676</u> |
| Nonoperating revenue | | | | |
| Miscellaneous | - | 2,072 | 2,072 | 2,595 |
| Investment earnings | <u>8,000</u> | <u>1,531</u> | <u>(6,469)</u> | <u>860</u> |
| Total nonoperating revenue | <u>8,000</u> | <u>3,603</u> | <u>4,397</u> | <u>3,455</u> |
| Total revenues | <u>695,000</u> | <u>459,298</u> | <u>235,702</u> | <u>325,131</u> |
| Expenditures | | | | |
| Administration | | | | |
| Printing | 400 | 164 | 236 | 86 |
| Office supplies | 1,200 | 808 | 392 | 1,265 |
| Audit | 2,000 | 513 | 1,487 | 1,275 |
| Travel | 3,000 | 8,951 | (5,951) | 2,960 |
| Telephone | 3,200 | 4,036 | (836) | 1,946 |
| Postage and freight | 260 | 28 | 232 | 12 |
| Utilities | 5,000 | 5,214 | (214) | 3,463 |
| Advertising | 100 | 81 | 19 | 46 |
| Bad debts | - | - | - | 2,835 |
| Insurance and bonds | <u>986</u> | <u>217</u> | <u>769</u> | <u>217</u> |
| Total | <u>16,146</u> | <u>20,012</u> | <u>(3,866)</u> | <u>14,105</u> |
| Water treatment | | | | |
| Testing | 5,140 | 2,969 | 2,171 | 4,709 |
| Supplies | <u>14,400</u> | <u>13,255</u> | <u>1,145</u> | <u>14,543</u> |
| Total | <u>19,540</u> | <u>16,224</u> | <u>3,316</u> | <u>19,252</u> |

Beaufort County, North Carolina
ENTERPRISE FUND - WATER DISTRICT III
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 1998
With comparative Actual Amounts For the Year Ended June 30, 1997

EXHIBIT E-5
Page 2 of 2

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|---|---------------------|---------------------|--|---------------------|
| | Budget | Actual | | Actual |
| Water distribution | | | | |
| Salaries and employee benefits | 60,032 | 57,543 | 2,489 | 56,179 |
| Billing service | 18,000 | 20,285 | (2,285) | 18,771 |
| Maintenance | 4,000 | 2,309 | 1,691 | 2,185 |
| Water purchase | 70,800 | 60,418 | 10,382 | 71,385 |
| Total | <u>152,832</u> | <u>140,555</u> | <u>12,277</u> | <u>148,520</u> |
| Debt service | | | | |
| Principle retirement | 422,649 | 64,300 | (358,349) | 63,300 |
| Interest | - | 359,789 | (359,789) | 261,446 |
| Total | <u>422,649</u> | <u>424,089</u> | <u>1,440</u> | <u>324,746</u> |
| Capital outlay | | | | |
| Equipment | - | 6,916 | (6,916) | 5,665 |
| Total expenditures | <u>611,167</u> | <u>607,796</u> | <u>3,371</u> | <u>593,950</u> |
| Revenues over (under) expenditures | <u>83,833</u> | <u>(148,498)</u> | <u>(232,331)</u> | <u>(170,176)</u> |
| Other financing sources (uses) | | | | |
| Transfer from general fund | 24,192 | 15,928 | (8,264) | - |
| Appropriated fund balance | (258,025) | - | 258,025 | - |
| Total other financing sources (uses) | <u>(233,833)</u> | <u>15,928</u> | <u>(249,761)</u> | <u>-</u> |
| Revenue and other financing sources (uses) over (under) expenditures | <u>\$ (150,000)</u> | <u>\$ (132,570)</u> | <u>17,430</u> | <u>\$ (170,176)</u> |

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

| | | |
|------------------------------|---------------------|---------------------|
| Revenue under expenditures | \$ (132,570) | \$ (170,176) |
| Reconciling items | | |
| Capital outlay | 6,916 | 5,665 |
| Depreciation | (86,124) | (84,945) |
| Principle retirement | <u>64,300</u> | <u>63,300</u> |
| Net loss, full accrual basis | <u>\$ (147,478)</u> | <u>\$ (186,156)</u> |

Beaufort County, North Carolina
ENTERPRISE FUND - WATER DISTRICT IV
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 1998
With comparative Actual Amounts For the Year Ended June 30, 1997

EXHIBIT E-6

| | 1998 | | Variance | 1997 | |
|------------------------------------|----------|------------|----------------------------|--------|--------|
| | Budget | Actual | Favorable (Unfavorable) | Actual | Actual |
| Revenue | | | | | |
| Charges for service: | | | | | |
| Water fees | \$ 5,000 | \$ 550 | \$ (4,450) | \$ - | |
| Tap fees | 13,000 | 145,550 | 132,550 | 75 | |
| Total operating revenue | 18,000 | 146,100 | (128,100) | 75 | |
| Nonoperating revenue | | | | | |
| Investment earnings | - | (17) | (17) | 8 | |
| Total revenues | 18,000 | 146,083 | 128,083 | 83 | |
| Expenditures | | | | | |
| Administration | | | | | |
| Printing | 3,000 | 2,496 | 504 | - | |
| Office supplies | 500 | 341 | 159 | - | |
| Administrative services | 10,000 | 8,386 | 1,614 | - | |
| Advertising | - | 33 | (33) | - | |
| Total | 13,500 | 11,256 | 2,244 | - | |
| Water treatment | | | | | |
| Professional services | 2,000 | 1,709 | 291 | - | |
| Water Distribution | | | | | |
| Billing service | 2,500 | 1,648 | 852 | - | |
| Total expenditures | 18,000 | 14,613 | 3,387 | - | |
| Revenues over (under) expenditures | \$ - | \$ 131,470 | \$ 131,470 | \$ 83 | |

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

| | | |
|---------------------------------------|------------|-------|
| Revenue over (under) expenditures | \$ 131,470 | \$ 83 |
| Reconciling items | - | - |
| Net income (loss), full accrual basis | \$ 131,470 | \$ 83 |

Beaufort County, North Carolina
ENTERPRISE FUND - WATER DISTRICT V
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 1998
With comparative Actual Amounts For the Year Ended June 30, 1997

EXHIBIT E-7

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|---|---------------|------------------|--|-----------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Charges for service: | | | | |
| Water fees | \$ 5,000 | \$ 20,608 | \$ 15,608 | \$ - |
| Tap fees | 19,300 | 86,040 | 66,740 | 8,250 |
| Reconnect fees | - | 100 | 100 | - |
| Total operating revenue | <u>24,300</u> | <u>106,748</u> | <u>82,448</u> | <u>8,250</u> |
| Nonoperating revenue | | | | |
| Miscellaneous revenue | - | 5,355 | 5,355 | 1,213 |
| Investment earnings | - | (80) | (80) | - |
| Total nonoperating revenue | <u>-</u> | <u>5,275</u> | <u>5,275</u> | <u>1,213</u> |
| Total revenues | <u>24,300</u> | <u>112,023</u> | <u>87,723</u> | <u>9,463</u> |
| Expenditures | | | | |
| Administration | | | | |
| Printing | 2,000 | 1,377 | 623 | - |
| Office supplies | - | - | - | - |
| Administrative services | 18,300 | 16,491 | 1,809 | - |
| Telephone | 1,000 | 1,076 | (76) | - |
| Utilities | - | 2,042 | (2,042) | - |
| Total | <u>21,300</u> | <u>20,986</u> | <u>314</u> | <u>-</u> |
| Water treatment | | | | |
| Professional services | 2,000 | 1,889 | 111 | - |
| Water Distribution | | | | |
| Billing service | <u>1,000</u> | <u>430</u> | <u>570</u> | <u>-</u> |
| Total expenditures | <u>24,300</u> | <u>23,305</u> | <u>995</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>\$ -</u> | <u>\$ 88,718</u> | <u>\$ 88,718</u> | <u>\$ 9,463</u> |

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

| | | |
|---------------------------------------|------------------|-----------------|
| Revenue over (under) expenditures | \$ 88,718 | \$ 9,463 |
| Reconciling items | <u>-</u> | <u>-</u> |
| Net income (loss), full accrual basis | <u>\$ 88,718</u> | <u>\$ 9,463</u> |

Beaufort County, North Carolina
ENTERPRISE FUND - WATER DISTRICT VII
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 1998
With comparative Actual Amounts For the Year Ended June 30, 1997

EXHIBIT E-8
Page 1 of 2

| | 1998 | | Variance Favorable (Unfavorable) | 1997 |
|--------------------------------|--------|----------|--|--------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Charges for service: | | | | |
| Water fees | \$ - | \$ 3,025 | \$ 3,025 | \$ - |
| Tap fees | 70,193 | 34,595 | (35,598) | 83,350 |
| Total operating revenue | 70,193 | 37,620 | (32,573) | 83,350 |
| Nonoperating revenue | | | | |
| Investment earnings | - | 5,692 | 5,692 | - |
| Total revenues | 70,193 | 43,312 | 26,881 | 83,350 |
| Expenditures | | | | |
| Administration | | | | |
| Printing | 2,400 | 2,361 | 39 | - |
| Office supplies | 200 | 109 | 91 | - |
| Travel | 1,000 | 114 | 886 | - |
| Telephone | 2,400 | 2,718 | (318) | - |
| Postage and freight | - | 63 | (63) | - |
| Utilities | 7,100 | 8,578 | (1,478) | - |
| Advertising | 100 | 16 | 84 | - |
| Insurance and bonds | 500 | - | 500 | - |
| Total | 13,700 | 13,959 | (259) | - |
| Water treatment | | | | |
| Professional services | 3,200 | 1,164 | 2,036 | - |
| Supplies | 7,000 | 5,052 | 1,948 | - |
| Total | 10,200 | 6,216 | 3,984 | - |
| Water distribution | | | | |
| Salaries and employee benefits | 27,693 | 26,042 | 1,651 | - |
| Billing service | 14,330 | 14,198 | 132 | - |
| Maintenance | 500 | 23 | 477 | - |
| Water purchase | 3,000 | 2,825 | 175 | - |
| Total | 45,523 | 43,088 | 2,435 | - |
| Total expenditures | 69,423 | 63,263 | 6,160 | - |

Beaufort County, North Carolina
ENTERPRISE FUND - WATER DISTRICT VII
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 1998
With comparative Actual Amounts For the Year Ended June 30, 1997

EXHIBIT E-8
Page 2 of 2

| | 1998 | | | 1997 | |
|------------------------------------|----------|-------------|--|--------|--------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Actual | Actual |
| Capital outlay | | | | | |
| Equipment | 770 | 764 | 6 | | - |
| Total expenditures | (70,193) | (64,027) | (6,166) | | - |
| Revenues over (under) expenditures | \$ - | \$ (20,715) | \$ (20,715) | \$ | 83,350 |

RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL

| | | |
|---------------------------------------|-------------|-----------|
| Revenues over (under) expenditures | \$ (20,715) | \$ 83,350 |
| Reconciling items | | |
| Capital outlay | 764 | - |
| Depreciation | (96) | - |
| Net income (loss), full accrual basis | \$ (20,047) | \$ 83,350 |

Beaufort County, North Carolina
WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT III - CLEAN WATER
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 1998

EXHIBIT E-9

| | Actual | | | Total to Date | Variance Favorable (Unfavorable) |
|---|--------------------------|-------------------|-----------------|------------------|--|
| | Project Authorization | Prior Year | Current Year | | |
| Revenue: | | | | | |
| Investment earnings | \$ - | \$ 19 | \$ 11 | \$ 30 | \$ 30 |
| Expenditures: | | | | | |
| Engineering | 55,305 | 47,633 | 7,619 | 55,252 | 53 |
| Construction | 428,474 | 404,523 | 25,001 | 429,524 | (1,050) |
| Contingency | 2,216 | - | - | - | 2,216 |
| Interest | - | 1,584 | - | 1,584 | (1,584) |
| Total expenditures | <u>485,995</u> | <u>453,740</u> | <u>32,620</u> | <u>486,360</u> | <u>(365)</u> |
| Revenues under expenditures | (485,995) | (453,721) | (32,609) | (486,330) | (335) |
| Other financing sources: | | | | | |
| Proceeds from long-term debt | <u>485,995</u> | <u>452,156</u> | <u>33,839</u> | <u>485,995</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ (1,565)</u> | <u>\$ 1,230</u> | <u>\$ (335)</u> | <u>\$ (335)</u> |

Beaufort County, North Carolina
WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT III - PHASE II
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 1998

EXHIBIT E-10

| | Actual | | | Total to Date | Variance Favorable (Unfavorable) |
|---|--------------------------|-------------------|---------------------|--------------------|--|
| | Project Authorization | Prior Year | Current Year | | |
| Revenue: | | | | | |
| Tap fees | \$ 28,000 | \$ - | \$ - | \$ - | \$ (28,000) |
| Investment earnings | - | 16,283 | 5,969 | 22,252 | 22,252 |
| Total revenues | <u>28,000</u> | <u>16,283</u> | <u>5,969</u> | <u>22,252</u> | <u>(5,748)</u> |
| Expenditures: | | | | | |
| Engineering | 140,005 | 115,730 | 20,728 | 136,458 | 3,547 |
| Construction | 1,253,960 | 1,044,824 | 152,971 | 1,197,795 | 56,165 |
| Contingency | 25,935 | - | - | - | 25,935 |
| Interest | 61,600 | 58,470 | - | 58,470 | 3,130 |
| Legal | 17,500 | 27,163 | - | 27,163 | (9,663) |
| Land purchase | 2,000 | - | - | - | 2,000 |
| Initial operation / maintenance | <u>28,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>28,000</u> |
| Total expenditures | <u>1,529,000</u> | <u>1,246,187</u> | <u>173,699</u> | <u>1,419,886</u> | <u>109,114</u> |
| Revenues under expenditures | (1,501,000) | (1,229,904) | (167,730) | (1,397,634) | 103,366 |
| Other financing sources (uses): | | | | | |
| Proceeds from long-term debt | 1,501,000 | 1,501,000 | - | 1,501,000 | - |
| Transfer to Enterprise fund | - | - | (141,771) | (141,771) | (141,771) |
| Other financing sources (uses) | <u>1,501,000</u> | <u>1,501,000</u> | <u>(141,771)</u> | <u>1,359,229</u> | <u>(141,771)</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ 271,096</u> | <u>\$ (309,501)</u> | <u>\$ (38,405)</u> | <u>\$ (38,405)</u> |

Beaufort County, North Carolina
WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT IV
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 1998

EXHIBIT E-11

| | Actual | | | Total to Date | Variance Favorable (Unfavorable) |
|---|--------------------------|---------------|---------------------|---------------------|--|
| | Project Authorization | Prior Year | Current Year | | |
| Revenue: | | | | | |
| Restricted intergovernmental: | | | | | |
| State grant | \$ 1,005,500 | \$ - | \$ - | \$ - | \$ (1,005,500) |
| Tap fees | 93,675 | - | - | - | (93,675) |
| Investment earnings | - | - | 74,514 | 74,514 | 74,514 |
| Total revenues | <u>1,099,175</u> | <u>-</u> | <u>(74,514)</u> | <u>(74,514)</u> | <u>1,024,661</u> |
| Expenditures: | | | | | |
| Engineering | 371,155 | - | 311,105 | 311,105 | 60,050 |
| Construction | 4,402,822 | - | 3,053,037 | 3,053,037 | 1,349,785 |
| Contingency | 35,641 | - | - | - | 35,641 |
| Interest | 584,910 | - | - | - | 584,910 |
| Administrative services | 5,000 | - | - | - | 5,000 |
| Legal and Accounting | 32,500 | - | 28,504 | 28,504 | 3,996 |
| Land purchase | 35,000 | - | 30,000 | 30,000 | 5,000 |
| Water district I expenses | 442,536 | - | 360,431 | 360,431 | 82,105 |
| Water district V expenses | 543,636 | - | - | - | 543,636 |
| Initial operation / maintenance | 45,975 | - | - | - | 45,975 |
| Total expenditures | <u>6,499,175</u> | <u>-</u> | <u>3,783,077</u> | <u>3,783,077</u> | <u>2,716,098</u> |
| Revenues under expenditures | (5,400,000) | - | (3,708,563) | (3,708,563) | (1,691,437) |
| Other financing sources: | | | | | |
| Proceeds from long-term debt | <u>5,400,000</u> | <u>-</u> | <u>5,400,000</u> | <u>5,400,000</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,691,437</u> | <u>\$ 1,691,437</u> | <u>\$ 1,691,437</u> |

Beaufort County, North Carolina
WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT IV - LINE EXTENSION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 1998

EXHIBIT E-12

| | <u>Actual</u> | | | Total to Date | Variance Favorable (Unfavorable) |
|---|--------------------------|---------------|------------------|------------------|--|
| | Project Authorization | Prior Year | Current Year | | |
| Revenue: | | | | | |
| Investment earnings | \$ - | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | | |
| Engineering | 12,832 | - | 10,069 | 10,069 | 2,763 |
| Construction | 76,140 | - | 56,635 | 56,635 | 19,505 |
| Contingency | <u>11,028</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,028</u> |
| Total expenditures | <u>100,000</u> | <u>-</u> | <u>66,704</u> | <u>66,704</u> | <u>33,296</u> |
| Revenues under expenditures | (100,000) | - | (66,704) | (66,704) | 33,296 |
| Other financing sources: | | | | | |
| Transfer from general fund | <u>100,000</u> | <u>-</u> | <u>100,000</u> | <u>100,000</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 33,296</u> | <u>\$ 33,296</u> | <u>\$ 33,296</u> |

Beaufort County, North Carolina
WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT IV - PHASE II
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 1998

EXHIBIT E-13

| | Project Authorization | Actual | | | Variance Favorable (Unfavorable) |
|---|--------------------------|---------------|---------------------|---------------------|--|
| | | Prior Year | Current Year | Total to Date | |
| Revenue: | | | | | |
| Restricted intergovernmental | | | | | |
| State grant | \$ 2,194,000 | \$ - | \$ - | \$ - | \$ (2,194,000) |
| Tap fees | 66,375 | - | - | - | (66,375) |
| Investment earnings | - | - | 18,924 | 18,924 | 18,924 |
| Total revenues | <u>2,260,375</u> | <u>-</u> | <u>18,924</u> | <u>18,924</u> | <u>(2,241,451)</u> |
| Expenditures: | | | | | |
| Engineering | 357,000 | - | 203,323 | 203,323 | 153,677 |
| Construction | 4,331,236 | - | 516,610 | 516,610 | 3,814,626 |
| Contingency | 223,264 | - | - | - | 223,264 |
| Interest | 297,000 | - | - | - | 297,000 |
| Administrative services | 5,000 | - | - | - | 5,000 |
| Legal | 20,000 | - | 8,902 | 8,902 | 11,098 |
| Land purchase | - | - | - | - | - |
| Audit / accounting | 2,500 | - | - | - | 2,500 |
| Initial operation / maintenance | <u>66,375</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>66,375</u> |
| Total expenditures | <u>5,302,375</u> | <u>-</u> | <u>728,835</u> | <u>728,835</u> | <u>4,573,540</u> |
| Revenues under expenditures | (3,042,000) | - | (709,911) | (709,911) | 2,332,089 |
| Other financing sources: | | | | | |
| Proceeds from long-term debt | <u>3,042,000</u> | <u>-</u> | <u>3,042,000</u> | <u>3,042,000</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,332,089</u> | <u>\$ 2,332,089</u> | <u>\$ 2,332,089</u> |

Beaufort County, North Carolina
WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT V - CLEAN WATER
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 1998

EXHIBIT E-14

| | <u>Actual</u> | | | Total to Date | Variance Favorable (Unfavorable) |
|---|--------------------------|------------------|------------------|------------------|--|
| | Project Authorization | Prior Year | Current Year | | |
| Revenue: | | | | | |
| Restricted intergovernmental: | | | | | |
| State grant | \$ 807,561 | \$ 807,561 | \$ - | \$ 807,561 | \$ - |
| Investment earnings | - | - | 493 | 493 | 493 |
| Total revenues | <u>807,561</u> | <u>807,561</u> | <u>493</u> | <u>808,054</u> | <u>493</u> |
| Expenditures: | | | | | |
| Engineering | 129,245 | 107,349 | 43,069 | 150,418 | (21,173) |
| Construction | 1,275,887 | 1,072,241 | 131,195 | 1,203,436 | 72,451 |
| Contingency | 30,435 | - | - | - | 30,435 |
| Legal | 5,000 | 37 | 5,000 | 5,037 | (37) |
| Land purchase | 9,000 | - | 8,100 | 8,100 | 16,200 |
| Audit / accounting | 2,500 | - | - | - | - |
| Total expenditures | <u>1,452,067</u> | <u>1,179,627</u> | <u>187,364</u> | <u>1,366,991</u> | <u>85,076</u> |
| Revenues under expenditures | (644,506) | (372,066) | (186,871) | (558,937) | 85,569 |
| Other financing sources: | | | | | |
| Proceeds from long-term debt | <u>644,506</u> | <u>418,181</u> | <u>213,727</u> | <u>631,908</u> | <u>(12,598)</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ 46,115</u> | <u>\$ 26,856</u> | <u>\$ 72,971</u> | <u>\$ 72,971</u> |

Beaufort County, North Carolina
WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT V
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 1998

EXHIBIT E-15

| | Actual | | | Variance Favorable (Unfavorable) | |
|---|--------------------------|---------------|------------------|--|--------------------|
| | Project Authorization | Prior Year | Current Year | | Total to Date |
| Revenue: | | | | | |
| Restricted intergovernmental | | | | | |
| State grant | \$ 1,895,100 | \$ - | \$ 1,007,966 | \$ 1,007,966 | \$ (887,134) |
| Tap fees | 617,436 | - | - | - | (617,436) |
| Investment earnings | - | - | 32,736 | 32,736 | 32,736 |
| Total revenues | <u>2,512,536</u> | <u>-</u> | <u>1,040,702</u> | <u>1,040,702</u> | <u>(1,471,834)</u> |
| | | | | | - |
| Expenditures: | | | | | |
| Engineering | 479,385 | - | 420,795 | 420,795 | 58,590 |
| Construction | 5,417,808 | - | 4,315,766 | 4,315,766 | 1,102,042 |
| Contingency | 13,244 | - | - | - | 13,244 |
| Interest | 183,625 | - | - | - | 183,625 |
| Administrative services | 5,000 | - | 906 | 906 | 4,094 |
| Legal | 25,000 | - | 24,565 | 24,565 | 435 |
| Land purchase | 37,810 | - | 21,035 | 21,035 | 16,775 |
| Audit / accounting | 2,500 | - | - | - | 2,500 |
| Water district I expenses | 307,464 | - | 250,419 | 250,419 | 57,045 |
| Initial operation / maintenance | 40,700 | - | - | - | 40,700 |
| Total expenditures | <u>6,512,536</u> | <u>-</u> | <u>5,033,486</u> | <u>5,033,486</u> | <u>1,479,050</u> |
| Revenues under expenditures | (4,000,000) | - | (3,992,784) | (3,992,784) | 7,216 |
| Other financing sources: | | | | | |
| Proceeds from long-term debt | <u>4,000,000</u> | <u>-</u> | <u>4,000,000</u> | <u>4,000,000</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,216</u> | <u>\$ 7,216</u> | <u>\$ 7,216</u> |

Beaufort County, North Carolina
WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT VII
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 1998

EXHIBIT E-16

| | Actual | | | Total to Date | Variance Favorable (Unfavorable) |
|---|--------------------------|---------------------|-----------------------|---------------------|--|
| | Project Authorization | Prior Year | Current Year | | |
| Revenue: | | | | | |
| Tap fees | \$ 110,250 | \$ - | \$ - | \$ - | \$ (110,250) |
| Investment earnings | - | 69,401 | 109,562 | 178,963 | 178,963 |
| Restricted intergovernmental: | | | | | |
| State grant | <u>1,532,000</u> | - | - | - | <u>1,532,000</u> |
| Total revenues | <u>1,642,250</u> | <u>69,401</u> | <u>109,562</u> | <u>178,963</u> | <u>(1,463,287)</u> |
| Expenditures: | | | | | |
| Engineering | 599,717 | 357,442 | 161,184 | 518,626 | 81,091 |
| Construction | 6,402,403 | 394,370 | 5,240,497 | 5,634,867 | 767,536 |
| Contingency | 88,881 | - | - | - | 88,881 |
| Interest | 440,000 | 48,690 | 163,680 | 212,370 | 227,630 |
| Legal | 25,000 | 16,432 | 22,315 | 38,747 | (13,747) |
| Audit / accounting | 7,000 | 891 | 1,054 | 1,945 | 5,055 |
| Initial operation / maintenance | <u>79,250</u> | - | - | - | <u>79,250</u> |
| Total expenditures | <u>7,642,250</u> | <u>817,825</u> | <u>5,588,730</u> | <u>6,406,555</u> | <u>1,235,695</u> |
| Revenues under expenditures | (6,000,000) | (748,424) | (5,479,168) | (6,227,592) | (227,592) |
| Other financing sources: | | | | | |
| Proceeds from long-term debt | 6,000,000 | 6,000,000 | - | 6,000,000 | - |
| Bond anticipation note payment | <u>-</u> | <u>100,000</u> | - | <u>100,000</u> | <u>100,000</u> |
| Total other financing sources | 6,000,000 | 6,100,000 | - | 5,900,000 | 100,000 |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ 5,351,576</u> | <u>\$ (5,479,168)</u> | <u>\$ (327,592)</u> | <u>\$ (127,592)</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, 1998
 With Comparative Totals For June 30, 1997

EXHIBIT F-1

| | <u>Social</u> | <u>County</u> | <u>Fire</u> | <u>Deferred</u> | <u>Totals</u> | |
|---|-------------------------|------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| | <u>Services</u> | <u>Home</u> | <u>Districts</u> | <u>Compensation</u> | <u>June 30</u> | |
| | | | | <u>Fund</u> | <u>1998</u> | <u>1997</u> |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 35,545 | \$ 1,292 | \$ 240,255 | \$ 85,491 | \$ 362,584 | \$ 272,431 |
| Due from other funds | - | 109 | - | - | 109 | 73 |
| Total assets | <u>\$ 35,545</u> | <u>\$ 1,401</u> | <u>\$ 240,255</u> | <u>\$ 85,491</u> | <u>\$ 362,692</u> | <u>\$ 272,503</u> |
| LIABILITIES AND FUND BALANCE | | | | | | |
| Miscellaneous liabilities | \$ 35,545 | \$ 1,401 | \$ 240,255 | - | \$ 277,201 | \$ 260,399 |
| Deferred compensation benefits | - | - | - | 85,491 | 85,491 | 12,104 |
| Total liabilities | <u>35,545</u> | <u>1,401</u> | <u>240,255</u> | <u>85,491</u> | <u>362,692</u> | <u>272,503</u> |
| Fund Balance | - | - | - | - | - | - |
| Total liabilities and fund balance | <u>\$ 35,545</u> | <u>\$ 1,401</u> | <u>\$ 240,255</u> | <u>\$ 85,491</u> | <u>\$ 362,692</u> | <u>\$ 272,503</u> |

Beaufort County, North Carolina
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended Jun 30, 1998

EXHIBIT F-2

| | Balance July 1, 1997 | Deposits | Disbursements | Balance June 30, 1998 |
|--|-------------------------|------------|---------------|--------------------------|
| Social Services Fund: | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 42,819 | \$ 266,644 | \$ 273,918 | \$ 35,545 |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 42,819 | \$ 266,644 | \$ 273,918 | \$ 35,545 |
| County Home Fund: | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 839 | \$ 12,912 | \$ 12,459 | \$ 1,292 |
| Due from other funds | 73 | 36 | - | 109 |
| Total Assets | \$ 912 | \$ 12,948 | \$ 12,459 | \$ 1,401 |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 912 | \$ 12,948 | \$ 12,459 | \$ 1,401 |
| Fire District Fund: | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 216,668 | \$ 585,962 | \$ 562,375 | \$ 240,255 |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 216,668 | \$ 585,962 | \$ 562,375 | \$ 240,255 |
| Deferred Compensation Fund: | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 12,104 | \$ 76,337 | \$ 2,950 | \$ 85,491 |
| Liabilities | | | | |
| Deferred compensation benefits payable | \$ 12,104 | \$ 76,337 | \$ 2,950 | \$ 85,491 |
| Total - All Agency Funds: | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 272,430 | \$ 941,855 | \$ 851,702 | \$ 362,583 |
| Due from other funds | 73 | 36 | - | 109 |
| Total Assets | \$ 272,503 | \$ 941,891 | \$ 851,702 | \$ 362,692 |
| Liabilities | | | | |
| Miscellaneous liabilities | \$ 260,399 | \$ 865,554 | \$ 848,752 | \$ 277,201 |
| Deferred compensation benefits payable | 12,104 | 76,337 | 2,950 | 85,491 |
| Total Liabilities | \$ 272,503 | \$ 941,891 | \$ 851,702 | \$ 362,692 |

OTHER SCHEDULES

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

- Schedule of Ad Valorem Taxes Receivable
- Summary of Current Tax Levy
 - Analysis of Current Tax Levy
 - Schedule of Ten Largest Taxpayers
- Schedules of Transfers
- Schedule of Cash and Investment Balances

Beaufort County, North Carolina
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 1998

EXHIBIT G-1

| <u>Fiscal Year</u> | <u>Uncollected Balance June 30, 1997</u> | <u>Additions</u> | <u>Collections and Credits</u> | <u>Uncollected Balance June 30, 1998</u> |
|---|--|----------------------|--|--|
| 1997-1998 | \$ - | \$ 14,377,188 | \$ 13,553,759 | \$ 823,429 |
| 1996-1997 | 857,540 | | 500,746 | 356,794 |
| 1995-1996 | 374,588 | | 139,324 | 235,264 |
| 1994-1995 | 224,845 | | 67,176 | 157,669 |
| 1993-1994 | 161,498 | | 34,403 | 127,095 |
| 1992-1993 | 108,839 | | 18,248 | 90,591 |
| 1991-1992 | 111,945 | | 11,228 | 100,717 |
| 1990-1991 | 33,989 | | 6,172 | 27,817 |
| 1989-1990 | 60,267 | | 5,752 | 54,515 |
| 1988-1989 | 44,702 | | 3,540 | 41,162 |
| 1987-1988 | 30,428 | | 30,428 | - |
| | <u>\$ 2,008,641</u> | <u>\$ 14,377,188</u> | <u>\$ 14,370,776</u> | 2,015,053 |
| Plus: uncollected 1998 ad valorem taxes receivable on annually registered vehicles | | | | - |
| Less: allowance for uncollectible taxes | | | | <u>(301,855)</u> |
| Ad valorem taxes - General Fund | | | | <u>\$ 1,713,198</u> |
| Reconcilement with revenue: Ad valorem taxes - General Fund | | | | \$ 14,532,766 |
| Reconciling items | | | | |
| Interest collected | | | | (198,674) |
| Taxes written off per statute of limitations | | | | 30,010 |
| Abatements - prior years | | | | 9,702 |
| Miscellaneous adjustments | | | | <u>(3,028)</u> |
| | | | | <u>(161,990)</u> |
| Total collections and credits | | | | <u>\$ 14,370,776</u> |

Beaufort County, North Carolina
SUMMARY OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For the Fiscal Year Ended June 30, 1998

EXHIBIT G-2

| | County-Wide | | | Total Levy | |
|------------------------------------|-----------------------|--------|-------------------|---|---------------------------------|
| | Property Valuation | Rate | Amount of Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy | | | | | |
| Property | \$ 2,456,932,752 | \$.60 | \$ 14,741,373 | \$ 12,960,227 | \$ 1,781,146 |
| Penalties | | | 12,315 | 12,315 | - |
| Advertising | | | 15,987 | 15,987 | - |
| | | | 14,769,675 | 12,988,529 | 1,781,146 |
| Discoveries | | | | | |
| Current year taxes | 6,604,834 | .60 | 39,629 | 39,629 | - |
| Prior year taxes | | | 59,611 | 59,611 | - |
| Penalties | | | 19,381 | 19,381 | - |
| | | | 118,621 | 118,621 | - |
| Abatements | | | | | |
| Tax | (84,331,050) | | (506,001) | (432,295) | (73,706) |
| Penalty | | | (5,107) | (5,107) | - |
| | | | (511,108) | (437,402) | (73,706) |
| Total property valuation | \$ 2,379,206,536 | | | | |
| Net levy | | | 14,377,188 | 12,669,748 | 1,707,440 |
| Uncollected taxes at June 30, 1998 | | | 823,429 | 613,301 | 210,128 |
| Current years taxes collected | | | \$ 13,553,759 | \$ 12,056,447 | \$ 1,497,312 |
| Current levy collection percentage | | | 94.27% | 95.16% | 87.69% |

Beaufort County, North Carolina
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For the Fiscal Year Ended June 30, 1998

EXHIBIT G-2a

Secondary Market Disclosures

| | |
|--------------------------|------------------|
| Assessed Valuation | |
| Assessment Ratio | 100% |
| Real Property | \$ 1,408,448,033 |
| Personal Property | 910,521,561 |
| Public service companies | 60,236,942 |
| Total assessed valuation | \$ 2,379,206,536 |

| | |
|--------------------|-----|
| Tax rate per \$100 | .60 |
|--------------------|-----|

| | |
|---|---------------|
| Levy (includes discoveries, releases, and abatements) | \$ 14,377,188 |
|---|---------------|

In addition to the county-Wide rate, the following table lists the levies by the county on behalf of school districts and fire protection districts for the fiscal year ended June 30:

| | |
|-------------------------------------|-----------|
| School districts (discoveries only) | \$ 112 |
| Fire protection districts | 62,066 |
| Total | \$ 62,178 |

Beaufort County, North Carolina
TEN LARGEST TAXPAYERS
 For the Fiscal Year Ended June 30, 1998

EXHIBIT G-2b

| Taxpayer | Type of Business | 1997 Assessed Valuation | Percentage of Total Assessed Valuation |
|--------------------------------|-----------------------------------|-------------------------------|--|
| PCS Phosphate Company, Inc. | Phosphate mining/ Acid production | \$ 457,868,019 | 19.24% |
| Weyerhaeuser Co. | Tree farm operation | 46,532,195 | 1.96 |
| Purified Acid Partnership | Acid production | 28,399,964 | 1.19 |
| National Spinning Co., Inc. | Textiles | 19,240,198 | .81 |
| Carolina Telephone & Telegraph | Communications | 18,777,763 | .79 |
| Weyerhaeuser Real Estate | Real Estate development | 13,834,436 | .58 |
| Hamilton Beach/Proctor-Silex | Appliances | 13,224,934 | .56 |
| Tideland Electric Membership | Utilities | 12,569,676 | .53 |
| Stanadyme Automotive Corp. | Automotive Diesel components | 10,714,306 | .45 |
| Carolina Power & Light Co. | Utilities | 10,359,367 | .44 |
| | | <u>\$ 631,520,858</u> | <u>26.55%</u> |

Beaufort County, North Carolina
SCHEDULE OF TRANSFERS
For the Fiscal Year Ended June 30, 1998

EXHIBIT G-3
Page 1 of 2

| | Transfers | |
|---|--------------|--------------|
| | From | To |
| OPERATING TRANSFERS FROM/TO OTHER FUNDS | | |
| General Fund | | |
| Special Revenue | | |
| Revaluation | \$ 140,000 | \$ - |
| Capital Reserve | - | 650,000 |
| CDBG Grant | - | 60,000 |
| NC Housing Finance Agency | - | 15,000 |
| Enterprise | | |
| Water District II | - | 15,928 |
| Water District III | - | 15,928 |
| Water District IV Capital Project | - | 100,000 |
| Special Revenue | | |
| Revaluation | | |
| General Fund | - | 140,000 |
| Capital Reserve | | |
| General Fund | 650,000 | - |
| CDBG Grant | | |
| General Fund | 60,000 | - |
| Disaster Relief | 170,000 | - |
| NC Housing Finance Agency | | |
| General Fund | 15,000 | - |
| Disaster Relief | | |
| CDBG Grant | - | 170,000 |
| Enterprise Fund | | |
| Water District II | | |
| General Fund | 15,928 | - |
| Water District III | | |
| General Fund | 15,928 | - |
| Water District IV Capital Project | | |
| General Fund | 100,000 | - |
| Total operating transfers from / to other funds | \$ 1,166,856 | \$ 1,166,856 |

Beaufort County, North Carolina
SCHEDULE OF TRANSFERS
 For the Fiscal Year Ended June 30, 1998

EXHIBIT G-3
 Page 2 of 2

| | Transfers | |
|---|-----------|-----------|
| | From | To |
| OPERATING TRANSFERS FROM/TO COMPONENT UNITS | | |
| General Fund | | |
| Component units - discretely presented | | |
| Beaufort County ABC Board | \$ 75,222 | \$ - |
| Warren Field Airport Commission | - | 5,000 |
| Component units discretely presented | | |
| Beaufort County ABC Board | | |
| General Fund | - | 75,222 |
| Warren Field Airport Commission | | |
| General Fund | 5,000 | - |
| Total operating transfers from / to component units | \$ 80,222 | \$ 80,222 |

Beaufort County, North Carolina
SCHEDULE OF CASH AND INVESTMENT BALANCES
 June 30, 1998

EXHIBIT G-4

| | Reported Value | Fair Value |
|--|-------------------|---------------|
| Cash: | | |
| On hand | \$ 1,142 | \$ 1,142 |
| In demand deposits | 909,491 | 909,491 |
| NOW, SuperNOW, and money market | 5,960,737 | 5,960,737 |
| Certificates of deposits | 60,139 | 60,139 |
| Total Cash | 6,931,509 | 6,931,509 |
| Other investments: | | |
| North Carolina Capital Management Trust | 7,964,593 | 7,964,593 |
| Common stock | 3,764 | 10,229 |
| Federal National Mortgage Association Zero Coupon Bonds | 1,000,138 | 1,000,138 |
| Commercial Paper | 1,500,000 | 1,500,000 |
| Deferred compensation mutual funds | 85,491 | 85,491 |
| Total other investments | 10,553,986 | 10,560,451 |
| | | |
| Total cash and investments | \$ 17,485,495 | \$ 17,491,960 |
| | | |
| Distribution by funds: | | |
| General Fund | \$ 9,562,422 | \$ 9,568,887 |
| Special Revenue Fund: | | |
| Revaluation | 11,406 | 11,406 |
| Economic Development | 48,733 | 48,733 |
| Arbitrage Reserve | 145,176 | 145,176 |
| E911 Service | 18,525 | 18,525 |
| CDBG Grant | 762 | 762 |
| NC Housing Finance Agency | 8,295 | 8,295 |
| Hazard Mitigation | 18,738 | 18,738 |
| Capital Reserve | 698,477 | 698,477 |
| Capital Project Fund: | | |
| County Buildings Renovation | 74 | 74 |
| Health Department | 384,792 | 384,792 |
| BCCC | 125,229 | 125,229 |
| Tideland Mental Health Center Expansion | 438,552 | 438,552 |
| Enterprise Fund: | | |
| Water District II-Long Acre West | 582,917 | 582,917 |
| Water District III-Long Acre East | 62,565 | 62,565 |
| Water District IV-Bath | 4,756,992 | 4,756,992 |
| Water District V-Pantego | 236,326 | 236,326 |
| Water District VII-Richlands | 22,931 | 22,931 |
| Agency Funds: | | |
| Fire Districts | 240,255 | 240,255 |
| Social Services | 35,545 | 35,545 |
| County Home | 1,292 | 1,292 |
| Deferred Compensation | 85,491 | 85,491 |
| | \$ 17,485,495 | \$ 17,491,960 |

COMPLIANCE SECTION



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

To the Board of County Commissioners
Beaufort County, North Carolina

Compliance

We have audited the compliance of Beaufort County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 1998. Beaufort County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Beaufort County's management. Our responsibility is to express an opinion on Beaufort County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Beaufort County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Beaufort County's compliance with those requirements.

In our opinion, Beaufort County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 1998.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of Beaufort County in a separate letter dated September 3, 1998.

This report is intended for the information of management and federal and State awarding agencies. However, this report is a matter of public record, and its distribution is not limited.

Pittard Perry & Clone, Inc.

Belhaven, North Carolina
September 3, 1998



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

To the Board of County Commissioners
Beaufort County, North Carolina

Compliance

We have audited the compliance of Beaufort County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 1998. Beaufort County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Beaufort County's management. Our responsibility is to express an opinion on Beaufort County's compliance based on our audit.

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

In our opinion, Beaufort County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

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

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

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report is also a matter of public record, and its distribution is not limited.

Pittard Perry + Cron, Inc.

Belhaven, North Carolina
September 3, 1998



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

To the Board of County Commissioners
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, 1998, and have issued our report thereon dated September 3, 1998. We did not audit the financial statements of the Beaufort County ABC Board or 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, and 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 the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Beaufort County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Beaufort County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 98 - 1.

Internal Control Over Compliance

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

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

This report is intended for the information of management and State awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Pittard Perry + Crane, Inc.

Belhaven, North Carolina
September 3, 1998

Beaufort County, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Year Ended June 30, 1998

Section I - Summary of Auditor's Results

Financial Statements

| | | | | |
|--|---------|-----|---------|---------------|
| Type of auditor's report issued: | | | | Unqualified |
| Internal control over financial reporting: | | | | |
| Material weakness(es) identified? | _____ | Yes | ___X___ | No |
| Reportable condition(s) identified that are not considered to be material weaknesses | ___X___ | Yes | _____ | None Reported |
| Noncompliance material to financial statements noted | _____ | Yes | ___X___ | No |

Federal Awards

| | | | | |
|---|-------|-----|---------|---------------|
| Internal control over major federal programs: | | | | |
| Material weakness(es) identified? | _____ | Yes | ___X___ | No |
| Reportable condition(s) identified that are not considered to be material weaknesses | _____ | Yes | ___X___ | None Reported |
| Noncompliance material to federal awards | _____ | Yes | ___X___ | No |
| Type of auditor's report issued on compliance for major federal programs: | | | | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 | _____ | Yes | ___X___ | No |

Identification of major federal programs:

| CFDA Numbers | Names of Federal Program or Cluster |
|--------------|---|
| 93.558 | Temporary Assistance for Needy Families |
| 93.778 | Medical Assistance Program |
| 10.551 | Food Stamp Cluster |
| 10.561 | |

| | |
|---|--------------|
| Dollar threshold used to distinguish between type A and type B programs | \$ 1,010,751 |
|---|--------------|

Beaufort County, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Year Ended June 30, 1998

Auditee qualified as low-risk Auditee? _____ Yes X No

State Awards

Internal control over major State programs:

Material weakness(es) identified? _____ Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses _____ Yes X None Reported

Noncompliance material to State Awards _____ Yes X No

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

Any audit findings disclosed that are required to be reported in accordance with Audit Manual for Governmental auditors in North Carolina _____ Yes X No

Identification of major State programs:

- Names of State Program or Cluster
- Public School Bond Fund
- Special Assistance - Aged and Disabled

The Medical Assistance Program which is a State match on a federal program also meets the criteria for a major State program, but has been included in the list of major federal programs above.

Beaufort County, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 1998

Section II - Financial Statement Findings

98 - 1 Accounting Procedures

Reportable Condition

Criteria: Monthly reconciliations of accounts receivable, and other asset and liability accounts are crucial elements of an effective internal control system. Reconciliations assist staff in identifying posting errors and missing information. If done on a timely basis, reconciliations ensure accurate accounting records and useful budget to actual comparisons.

Condition: Although all accounts are reconciled at year-end, certain accounts including accounts receivable, accounts payable and various holding accounts are not being allocated and reconciled consistently on a monthly basis.

Effect: During the year, certain general ledger accounts are not accurately stated.

Cause: Management does not have procedures in place to ensure that the holding accounts and subsidiary ledgers are adjusted to the general ledger prior to monthly closing.

Recommendation: We recommend use of a checklist to identify all accounts requiring monthly adjustments and/or reconciliations. We also recommend posting adjustments and subsidiary ledgers as timely as possible so the books for the month can be closed. One month should not be kept open for extended periods of time.

Management Response: Management agrees with this finding.

Beaufort County, North Carolina
CORRECTIVE ACTION PLAN
For The Year Ended June 30, 1998

- Finding: 97 - 1**
- A. Name of Contact Person Don Davenport, County Manager
- B. Corrective Action: Staff size of the finance department has increased and temporary employees have been replaced by permanent employees. Reconciliation procedures are continually being improved as work load is being segregated and assigned to the newer personnel.
- C. Proposed Completion Date: December 31, 1998

Beaufort County, North Carolina
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Year Ended June 30, 1998

| | |
|---------|--|
| Status: | Finding: 97 - 1 Moneys expended not included in budget ordinance Corrected |
| Status: | Finding: 97 - 2 Ineligible investments Overnight repurchase agreements corrected. |
| Status: | Finding 97 - 3 Accounting Procedures Management is continuing to improve monthly reconciliation procedures |
| Status: | Finding: 96 - 2 & 96 - 3 Accounting Procedures Management is continuing to improve monthly reconciliation procedures |
| Status: | Finding: 96 - 4 Segregation of Duties Corrected |

Beaufort County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 1998

PAGE 1 of 5

| Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Federal (Direct & Pass Thru) Expenditures | State Expenditures |
|--|---------------------------|---|-----------------------|
| FEDERAL GRANTS: | | | |
| Cash Programs: | | | |
| <u>U.S. Department of Health and Human Services</u> | | | |
| Passed through N.C. Dept. of Health and Human Services | | | |
| Division of Aging: | | | |
| Passed through Mid-East Commission | | | |
| In home services: | | | |
| Title III-B | 93.044 | \$ 38,756 | \$ 2,280 |
| Title III-D | 93.046 | 1,440 | 85 |
| SSBG | 93.667 | 14,356 | 411 |
| | | 54,552 | 2,776 |
| Access: | | | |
| Title III-B | 93.044 | 12,561 | 739 |
| Nutrition Services: | | | |
| Title III-C | 93.045 | 71,907 | 4,230 |
| Passed through NC Dept. of Health and Human Services | | | |
| Division of Social Services: | | | |
| TANF JOBS program | 93.558 | 4,004 | 3,404 |
| IV-E Foster care | 93.658 | 69,828 | 14,296 |
| Medical transportation | 93.778 | 9,964 | - |
| Emergency assistance | 93.558 | 44,102 | 44,055 |
| Adult care home case management | 93.778 | 15,957 | 7,979 |
| Permanency planning | 93.645 | 17,515 | 3,914 |
| Independent living initiative | 93.674 | 5,750 | - |
| Other services and training | 93.667 | 228,510 | - |
| Child protective services | 93.667 | 2,849 | - |
| IV - D offset fees | 93.563 | 1,496 | 46 |
| In-home services | 93.667 | 9,822 | - |
| Crisis intervention program | 93.568 | 49,788 | - |
| Carolina Access | 93.778 | 11,939 | 11,939 |
| CCDF | 93.596 | 44,242 | - |
| Work first service | 93.558 | 179,781 | 53,341 |
| TANF Enhanced | 93.558 | 51,923 | 25,144 |
| | | 747,470 | 164,118 |
| Administration: | | | |
| TANF/Work first | 93.558 | 26,151 | 64,024 |
| Low-income energy | 93.568 | 41,453 | - |
| IV-D administration | 93.563 | 419,668 | - |
| Medical assistance /transportation | 93.778 | 284,750 | 14,708 |
| | | 772,022 | 78,732 |

Beaufort County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 1998

PAGE 2 of 5

| Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Federal (Direct & Pass Thru) Expenditures | State Expenditures |
|--|---------------------------|---|-----------------------|
| Passed through NC Dept. of Health and Human Services | | | |
| Direct Benefit Payments | | | |
| TANF Aid | 93.558 | \$ 1,542,493 | \$ 71,171 |
| Energy Assistance | 93.568 | 81,449 | - |
| IV-E Foster care | 93.658 | 93,059 | 25,422 |
| IV-E Adoption subsidy | 93.659 | 66,772 | 19,382 |
| CWS Adoption subsidy | 93.645 | 5,711 | 11,061 |
| | | 1,789,484 | 127,036 |
| Division of Medical Assistance: | | | |
| Direct Benefit Payments | | | |
| Title XIX - Medicaid | 93.778 | 22,339,053 | 11,029,806 |
| Division of child development | | | |
| Child care & development block grant | 93.575 | 281,106 | - |
| Social services block grant | 93.667 | 5,577 | - |
| Child Care Development fund | 93.596 | 473,138 | 66,561 |
| | | 759,821 | 66,561 |
| Passed through NC Dept. of Environment, Health and Natural Resources: | | | |
| Aids prevention | 93.118 | 3,279 | - |
| Family planning Title X | 93.217 | 46,104 | - |
| Maternal & child health block grant | 93.994 | 51,709 | - |
| Preventive health block grant | 93.991 | 37,041 | - |
| Breast & cervical cancer | 93.919 | 7,395 | - |
| Temporary Assistance for Needy Families | 93.558 | 18,443 | - |
| Immunization Action | 93.268 | 15,023 | - |
| | | 178,994 | - |
| Total U.S. Dept. of Health & Human Services | | 26,725,864 | 11,473,998 |
| <u>U.S. Dept. of Agriculture</u> | | | |
| Rural Development | | | |
| Direct Program | | | |
| Water system development | 10.760 | 1,007,966 | - |
| Passed through NC Dept. of Health and Human Services | | | |
| Food stamp administration | 10.561 | 220,693 | - |
| Division of Aging | | | |
| Passed through Mid-East Commission | | | |
| USDA Supplement | 10.570 | 16,826 | - |
| Passed through NC Dept. of Environment, Health and Natural Resources: | | | |
| Special supplemental food program for women, infants and children | 10.557 | 160,152 | - |
| Direct Benefit Payments | | | |
| Special supplemental food program for women, infants, and children | 10.557 | 770,121 | - |
| Total U.S. Dept. of Agriculture | | 2,175,758 | - |

Beaufort County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 1998

PAGE 3 of 5

| Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Federal (Direct & Pass Thru) Expenditures | State Expenditures |
|--|---------------------------|---|-----------------------|
| <u>U.S. Dept. of Commerce</u> | | | |
| Passed through N.C. Dept. of Environment, Health and Natural Resources Coastal zone management | 11.419 | \$ 23,708 | \$ - |
| <u>U.S. Dept. of Housing and Urban Development</u> | | | |
| Passed through NC Dept. of Commerce Community Development Block Grant States program | 14.228 | 464,929 | - |
| <u>Federal Emergency Management Agency</u> | | | |
| Passed Through NC Dept. of Crime Control and Public Safety: Federal disaster assistance | 83.516 | 406,675 | - |
| Noncash Programs: | | | |
| <u>U.S. Dept. of Agriculture</u> | | | |
| Passed through NC Dept. of Social Services Direct Benefit Payments Food Stamp Program | 10.551 | 3,894,763 | - |
| STATE GRANTS: | | | |
| Cash programs: | | | |
| <u>NC Dept. of Health and Human Services</u> | | | |
| Division of Social Services: | | | |
| Aid to counties | | - | 48,410 |
| Food stamp tax intercept | | - | 17,103 |
| CP & L Energy program | | - | - |
| | | - | 66,366 |
| Direct Benefit Payments | | | |
| State/County Special Assistance for Adults | | - | 354,656 |
| State Foster Home | | - | 12,700 |
| Division of Youth Services: | | | |
| Community based alternatives | | - | 134,917 |
| | | - | 502,273 |

Beaufort County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 1998

PAGE 4 of 5

| Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Federal (Direct & Pass Thru) Expenditures | State Expenditures |
|--|---------------------------|---|-----------------------|
| <u>NC Dept. of Health and Human Services(continued)</u> | | | |
| Division of Child Development | | | |
| Temporary Assistance for Needy Families | | \$ - | \$ 141,538 |
| Child care Development fund | | - | 41,432 |
| State-Maintenance of Effort | | - | 221,169 |
| | | ----- | 404,139 |
| Passed Through Mid-East Commission | | | |
| In-home services | | - | 111,972 |
| Access services | | - | 10,710 |
| Nutrition services | | - | 51,314 |
| | | ----- | 173,996 |
| Total NC Dept. of Health and Human Services | | - | 1,146,774 |
| <u>NC Dept. of Environment, Health & Natural Resources</u> | | | |
| Division of Human Services: | | | |
| Risk reduction | | - | - |
| Local health services | | - | 27,976 |
| Environmental Health | | - | 4,700 |
| Communicable Disease | | - | 39,043 |
| Maternal health | | - | 98,206 |
| Child health | | - | 550 |
| Child care coordinator | | - | 35,022 |
| HIV grant | | - | 12,144 |
| Aids Prevention | | - | 2,515 |
| Medicaid Maximization | | - | 113,163 |
| Pfiesteria | | - | 7,200 |
| Food and lodging fees | | - | 750 |
| | | ----- | 341,269 |
| Division of Environmental Health | | | |
| Clean Water revolving loan | | - | 219,984 |
| Direct Grants: | | | |
| State appropriation - soil and water | | - | 18,715 |
| | | ----- | 18,715 |
| Total NC Dept. of Environment, Health & Natural Resources | | - | 579,968 |
| <u>NC Dept. of Public Instruction</u> | | | |
| Public School Bond Fund | | - | 6,038,054 |
| <u>NC Dept. of Transportation</u> | | | |
| Elderly/disabled transportation assistance (EDTAP) | | - | 47,856 |
| <u>NC Housing Finance Agency</u> | | | |
| Energy related repairs | | - | 36,539 |

Beaufort County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For The Year Ended June 30, 1998

PAGE 5 of 5

| Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Federal (Direct & Pass Thru) Expenditures | State Expenditures |
|---|---------------------------|---|-----------------------|
| <u>NC Dept. of Administration</u> Veterans | | - | 2,000 |
| TOTAL ASSISTANCE | | \$ <u>33,691,697</u> | \$ <u>19,325,189</u> |

Notes to the preceding schedule:

State awards which have been passed through to subrecipients

| Subrecipient | Program Name | State |
|------------------------------------|-------------------------|--------------|
| Beaufort County Board of Education | Public School Bond Fund | \$ 6,038,054 |



Pittard Perry
Crone, INCORPORATED
CERTIFIED PUBLIC ACCOUNTANTS

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, 1998, 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 Single Audit Reports included with the audited financial statements.

Water Districts

Several water Districts again operated at a loss. This decreases the resources of the funds and indicates that fees charged are not sufficient to cover the full cost of providing services to the customer base. Management should consider available options for implementing changes to turn around the operations of these funds. The deficits of these funds should be funded immediately to improve the financial condition of the Districts.

Reconciliations - procedures

Certain items should be reconciled to the general ledger each month. Accounts receivable and accounts payable subsidiary ledgers should agree to the general ledger each month. Holding accounts like DSS interim account, the revenue in/out account, and tax related liability accounts, should be reconciled on a monthly basis. Other accounts that require monthly allocations should be reconciled. These include sheriffs revenues, register of deeds revenue and the miscellaneous revenue accounts.

This report is intended solely for the information and use of the Beaufort County, North Carolina 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 & Crone, Inc.

Belhaven, North Carolina
September 3, 1998