

# ANNUAL FINANCIAL REPORT



# Beaufort County

## North Carolina

For Year Ended  
June 30, 2022

BEAUFORT COUNTY, NORTH CAROLINA  
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# Financial Section

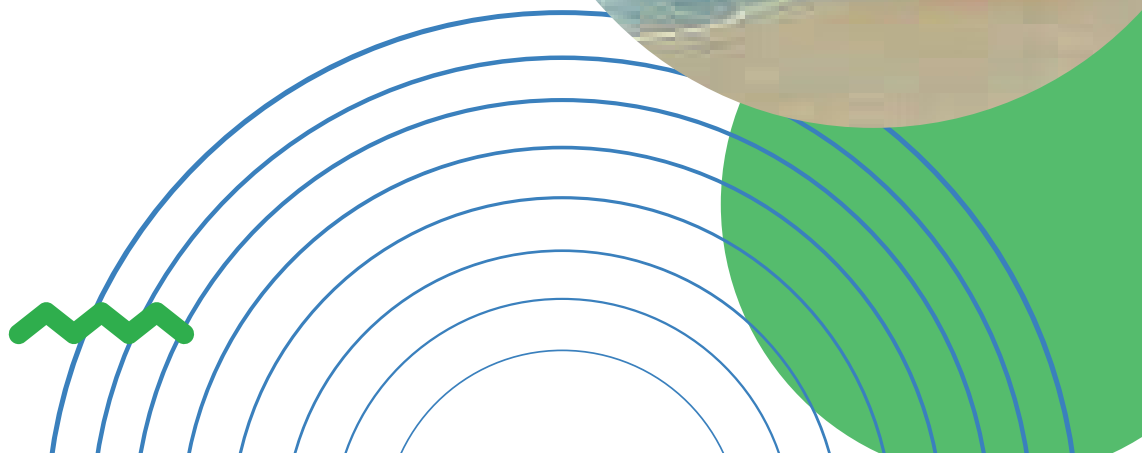
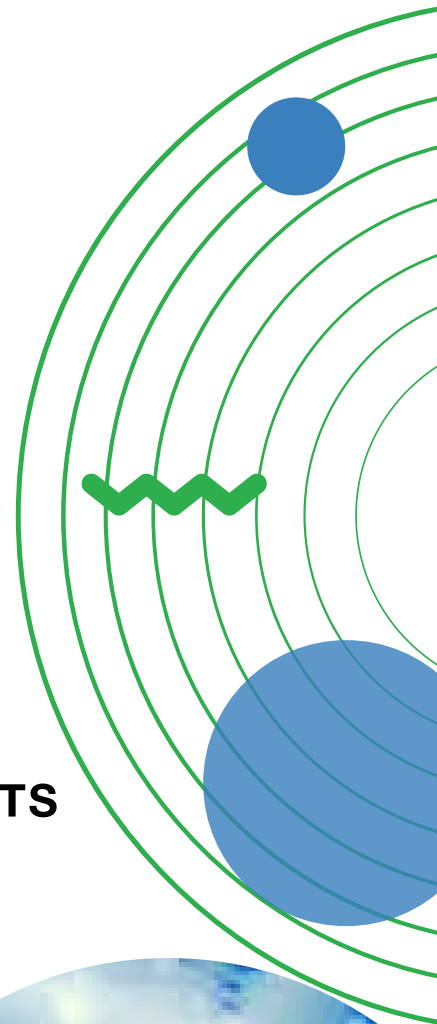
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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of and for the year then ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Beaufort County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina as of June 30, 2022, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Beaufort County ABC Board, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort County ABC Board, is based solely on the report of the other auditors.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Beaufort County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Beaufort County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

**Members**  
**American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms**

## ***Responsibilities of Management for the Audit of the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about Beaufort County's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standard will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Governmental Auditing Standards, we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Beaufort County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, pages 67 and 68, the Register of Deeds' Supplemental Pension Fund schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions on pages 69 and 70, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, pages 71 and 72, and the Schedule of Changes in the Total OPEB Liability and Related Ratios on page 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Beaufort County, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022 on our consideration of Beaufort County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beaufort County's internal control over financial reporting and compliance.

*Thompson, Price, Scott, Adams & Co., P.A.*

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Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 14, 2022

BEAUFORT COUNTY, NORTH CAROLINA  
MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of Beaufort County, we offer this overview and analysis of the financial activities of Beaufort County for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with the County’s financial statements and notes to those financial statements, which follow this narrative.

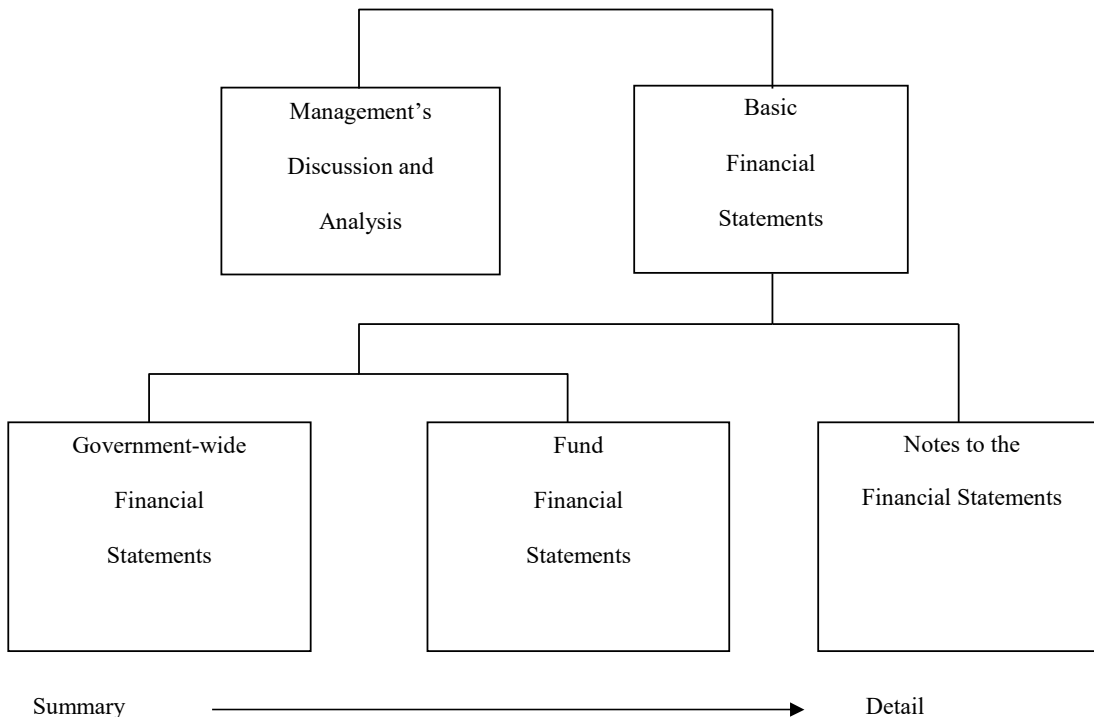
**Financial Highlights**

- The assets and deferred outflows of resources of Beaufort County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$95,132,832 (net position).
- Beaufort County’s total net position increased by \$18,433,188, mainly due to a significant increase in net position of both the governmental activities and business-type activities.
- As of June 30, 2022, Beaufort County’s governmental funds reported combined ending fund balances of \$53,814,821, an increase of \$13,099,737 in comparison with the prior year. Approximately 27.87% of this total amount or \$14,998,544 is restricted or nonspendable.
- Also at June 30, 2022, unassigned fund balance for the General Fund was \$28,729,788, or 45.19% of total general fund expenditures (including transfers to other funds less lease purchase proceeds) of \$63,573,100 for the fiscal year.
- Beaufort County’s total debt decreased by \$3,486,687 or 6.74% during the current fiscal year. The key factor in this decrease was the scheduled payments on outstanding debt.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Beaufort County’s basic financial statements. The County’s basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two views of the County’s activities both from a broad government-wide and from a more focused fund perspective. This report contains supplemental information intended to enhance the understanding of the County’s financial condition.

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



## **Basic Financial Statements**

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

The **notes** to the financial statements follow the Fund Financial Statements, explaining in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's major and non-major governmental funds, with the non-major funds added together in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes also can be found within the supplemental information.

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

## **Government-wide Financial Statements**

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

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide and include the water and solid waste services offered by the County. The final category is the County's single component unit, the ABC Board. Although legally separate, the County is financially accountable for the ABC Board through appointment of its members and because the ABC Board is required to distribute a portion of its profits to the County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes. Beaufort County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the County's budget ordinance. All of the funds of Beaufort County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County’s basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County’s programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Beaufort County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – Beaufort County has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Beaufort County uses enterprise funds to account for its water and solid waste operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Beaufort County has three fiduciary funds, all of which are custodial funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 26 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Beaufort County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 67 of this report.

**Government-Wide Financial Analysis**

**BEAUFORT COUNTY'S NET POSITION  
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 62,668,959	\$ 49,912,177	\$ 15,146,018	\$ 13,100,250	\$ 77,814,977	\$ 63,012,427
Capital assets	24,157,888	24,127,138	59,801,073	60,995,068	83,958,961	85,122,206
Total assets	<u>86,826,847</u>	<u>74,039,315</u>	<u>74,947,091</u>	<u>74,095,318</u>	<u>161,773,938</u>	<u>148,134,633</u>
Total deferred outflows of resources	7,265,707	6,585,135	973,454	986,922	8,239,161	7,572,057
Current and other liabilities	6,317,690	7,324,640	896,395	2,117,109	7,214,085	9,441,749
Long-term liabilities outstanding	23,826,019	29,988,491	37,003,952	38,772,706	60,829,971	68,761,197
Total liabilities	<u>30,143,709</u>	<u>37,313,131</u>	<u>37,900,347</u>	<u>40,889,815</u>	<u>68,044,056</u>	<u>78,202,946</u>
Total deferred inflows of resources	6,419,355	674,869	416,856	129,231	6,836,211	804,100
Net position:						
Net investment in capital assets	21,662,820	21,457,573	24,508,350	24,094,317	46,171,170	45,551,890
Restricted	12,906,140	10,452,918	-	-	12,906,140	10,452,918
Unrestricted	22,960,530	10,725,959	13,094,992	9,968,877	36,055,522	20,694,836
Total net position	<u>\$ 57,529,490</u>	<u>\$ 42,636,450</u>	<u>\$ 37,603,342</u>	<u>\$ 34,063,194</u>	<u>\$ 95,132,832</u>	<u>\$ 76,699,644</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$95,132,832 as of June 30, 2022. The County's net position increased by \$18,433,188 for the fiscal year ended June 30, 2022. One of the largest portions \$46,171,170 (48.53%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Beaufort County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Beaufort County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Beaufort County's net position \$12,906,140 (13.57%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$36,055,522 is unrestricted.

The government's net investment in capital assets increased by \$619,280 or (1.36%). This increase is attributable to the purchasing and construction of additional assets.

**BEAUFORT COUNTY'S CHANGES IN NET POSITION**

**Figure 3**

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 6,021,587	\$ 5,376,236	\$ 12,574,739	\$ 12,408,983	\$ 18,596,326	\$ 17,785,219
Operating grants and contributions	20,473,276	14,771,703	-	-	20,473,276	14,771,703
Capital grants and contributions	487,000	531,619	525,762	1,936,694	1,012,762	2,468,313
General revenues:						
Property taxes	42,434,834	42,410,142	-	-	42,434,834	42,410,142
Other taxes	13,171,621	11,971,672	-	-	13,171,621	11,971,672
Investment earnings	100,819	77,898	21,962	15,251	122,781	93,149
Miscellaneous	559,047	648,649	-	6,174	559,047	654,823
<b>Total revenues</b>	<b>83,248,184</b>	<b>75,787,919</b>	<b>13,122,463</b>	<b>14,367,102</b>	<b>96,370,647</b>	<b>90,155,021</b>
<b>Expenses:</b>						
General government	6,535,532	6,261,440	-	-	6,535,532	6,261,440
Public safety	14,310,067	20,644,567	-	-	14,310,067	20,644,567
Economic and physical development	6,830,487	2,083,977	-	-	6,830,487	2,083,977
Human services	18,800,932	18,553,753	-	-	18,800,932	18,553,753
Cultural and recreation	438,220	446,397	-	-	438,220	446,397
Education	19,548,327	18,795,136	-	-	19,548,327	18,795,136
Interest and fees on long-term debt	282,579	527,615	-	-	282,579	527,615
Water and Solid Waste	-	-	11,191,315	11,430,299	11,191,315	11,430,299
<b>Total expenses</b>	<b>66,746,144</b>	<b>67,312,885</b>	<b>11,191,315</b>	<b>11,430,299</b>	<b>77,937,459</b>	<b>78,743,184</b>
Increase in net position before transfers and special items	16,502,040	8,475,034	1,931,148	2,936,803	18,433,188	11,411,837
Transfers and special items	(1,609,000)	-	1,609,000	-	-	-
Increase in net position after transfers and special items	14,893,040	8,475,034	3,540,148	2,936,803	18,433,188	11,411,837
Net position, beginning	42,636,450	34,010,007	34,063,194	31,126,391	76,699,644	65,136,398
Restatement	-	151,409	-	-	-	-
Net position, beginning, restated	42,636,450	34,161,416	34,063,194	31,126,391	76,699,644	65,287,807
<b>Net position, ending</b>	<b>\$ 57,529,490</b>	<b>\$ 42,636,450</b>	<b>\$ 37,603,342</b>	<b>\$ 34,063,194</b>	<b>\$ 95,132,832</b>	<b>\$ 76,699,644</b>

**Governmental activities.** Governmental activities increased the County's net position by \$14,893,040 during the fiscal year. Key elements of this increase include:

- Operating grants and contributions totaling \$20,473,276.
- Increase in ad valorem and sales tax collections
- General Fund actual expenditures were 7.99% less than budgeted in FY 2021-2022

**Business-type activities.** Business-type activities increased Beaufort County's net position by \$3,540,148. Key elements of this increase include:

- Capital grants and contributions totaling \$525,762.
- Increase in water sales revenue

## Financial Analysis of the County's Funds

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

**Governmental Funds.** The focus of Beaufort County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Beaufort County's financing requirements. Specifically, fund balance available for appropriations can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General fund is the chief operating fund of Beaufort County. At the end of the current fiscal year, Beaufort County's fund balance available in the General Fund was \$32,236,250, while total fund balance reached \$39,716,228. The Beaufort County Board of Commissioners has determined that the County should strive to maintain an available fund balance of 35% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 50.71% of general fund expenditures, while total fund balance represents 62.47% of that same amount.

At June 30, 2022, the governmental funds of Beaufort County reported a combined fund balance of \$53,814,821, a 32.17% increase over last year.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Differences between the original budgeted revenues and final budgeted revenues for the General Fund amounted to a \$3,409,044 increase and are summarized as follows:

- \$2,746,571 increase in restricted governmental revenues
- \$4,000 increase in sales and service
- \$654,473 increase in local option sales tax
- \$4,000 in miscellaneous revenue

Differences between the original budgeted expenditures and the final amended appropriations for the General Fund amounted to a \$1,040,903 decrease and are summarized as follows:

- \$409,475 increase in general government activity
- \$4,717,000 decrease in public safety
- \$27,508 increase in economic and physical development
- \$2,789,141 increase in human services
- \$449,973 increase in education

Appropriation of fund balance and budgetary changes in transfers rebalanced the General Fund as follows:

- Fund balance appropriated totaled \$1,606,397.
- Additional transfers to other funds \$6,056,344.

During the year, General Fund revenue came in 4.91% higher than budgetary estimates and actual expenditures came in 7.99% lower than appropriations. Originally, \$768,719 in fund balance was expected to be used; however, none was actually needed since revenues exceeded budgeted amounts and expenditures came in less than budgeted.

**Proprietary Funds.** Beaufort County’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water districts and the Solid Waste Fund equaled \$13,094,992 at June 30, 2022. There was an increase in net position of \$3,540,148. The water districts reported a net increase of \$3,331,818 as a result of a 4.38% decrease in operating expenditures. The water fund also received a transfer of ARPA funds to cover project expenses.

Net position in the Solid Waste Fund increased by \$208,330 as a result of operations during the fiscal year. Solid waste revenues increased by \$99,248. Operating expenses increased by 4.78%, or \$177,272, from the previous fiscal year due to processing and hauling costs associated with the additional tonnage collected at the convenience sites.

**Capital Asset and Debt Administration**

**Capital Assets.** Beaufort County’s capital assets for its governmental and business – type activities as of June 30, 2022, totals \$83,958,961 (net of accumulated depreciation). This investment in capital assets includes buildings, land, equipment, vehicles, water utility system, and construction in progress. The total decrease in the County’s investment in capital assets for the current fiscal year was \$1,163,245, a 0.13% increase for governmental activities and a 1.96% decrease for business-type activities.

Major capital asset transactions during the year include:

- Multiple HVAC Unit replacements in various buildings throughout the County
- Mobile medical trailer for the Health Department
- Viper radios with accessories for the Sheriff’s Office
- New voting machines at the Board of Elections
- Installation of 3 generators began during the FY at the Health Department, Financial Services Building, and the Administrative Building
- Fencing at the Animal Shelter
- Courthouse exterior improvements
- Manufacturing of a replacement ambulance started at the end of the FY
- Water construction projects continued on the Gaylord Booster Pump Station, Southside Water Treatment Plant expansion, Northside generators, and the chlorine conversion projects

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

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 6,853,330	\$ 6,853,330	\$ 108,157	\$ 108,157	\$ 6,961,487	\$ 6,961,487
Building and system	9,513,696	10,057,917	50,536,069	52,469,484	60,049,765	62,527,401
Machinery and equipment	4,567,368	4,337,962	855,798	855,354	5,423,166	5,193,316
Construction in progress	3,223,494	2,877,929	8,301,049	7,562,073	11,524,543	10,440,002
<b>Total</b>	<b>\$ 24,157,888</b>	<b>\$ 24,127,138</b>	<b>\$ 59,801,073</b>	<b>\$ 60,995,068</b>	<b>\$ 83,958,961</b>	<b>\$ 85,122,206</b>

Additional information on the County’s capital assets can be found beginning on page 38 of this audited financial report.

## Long-term Debt

As of June 30, 2022, Beaufort County had total debt outstanding of \$48,256,869, of which \$38,838,000 is backed by the full faith and credit of the County. Of this amount, \$9,253,000 is owed in general obligation school bonds and \$29,585,000 is outstanding for the Water District limited obligation bonds. \$9,177,387 is obligated for installment contracts that is collateralized with County assets, and \$241,482 is outstanding for lease liabilities.

### BEAUFORT COUNTY'S OUTSTANDING DEBT General Obligation and Installment Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 9,253,000	\$ 10,977,000	\$ -	\$ -	\$ 9,253,000	\$ 10,977,000
Limited Obligation Bonds	-	-	29,585,000	31,410,000	29,585,000	31,410,000
Installment Purchases	3,467,540	3,865,805	5,709,847	5,490,751	9,177,387	9,356,556
Lease Liabilities	231,613	-	9,869	-	241,482	-
Total	\$ 12,952,153	\$ 14,842,805	\$ 35,304,716	\$ 36,900,751	\$ 48,256,869	\$ 51,743,556

The County maintained an Aa3 bond rating from Moody's Investor Service and a AA- bond rating from Standard and Poor's. This bond rating is a clear indication of the sound financial condition of Beaufort County, and a primary factor in keeping interest costs low on the County's outstanding debt and future borrowings.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Beaufort County is \$477,755,418.

Additional information regarding Beaufort County's long-term debt can be found beginning on page 55 of this audited financial report.

## Economic Factors and Next Year's Budgets and Rates

The original General Fund budget for fiscal year 2022-2023 totals \$68,936,979, a \$5,805,268 increase when compared to the FY 2021-2022 original budget of \$63,131,711. The reason for the increase is rising operational costs due to inflation, a cost of living adjustment for employees, additional funding to the schools for restricted sales tax, and the hiring of additional employees within the general fund. Two full time deputy positions were added in the Sheriff's Office and a Communications Director position was added in the Administrative Office. When compared to the prior year's budget, original appropriations increased in general government and administration operations by \$730,676, human services increased by \$1,383,293, mainly in Department of Social Services and the Health Department, community services increased by \$189,317, education increased by \$257,013, public safety increased by \$1,487,056, debt payments decreased by \$70,244, while transfers to other funds and contingency increased by \$1,828,157, mainly due to a \$1,600,000 set aside for Beaufort County Community College to continue to offer Beaufort County residents free tuition under the "Beaufort Promise" program.

There is \$78,882 in General Fund contingency budgeted for FY 2022-2023 and adequate fund balance is available for appropriation at the Board's discretion should emergency items arise during the year.

The consolidated water system FY 2022-2023 operational budget increased by \$283,524 when compared to the fiscal year 2021-2022 original budget. This is due to new debt payments set to begin in May 2023 on loan agreements with the North Carolina Department of Environment, Health, and Natural Resources for water system improvements, a cost of living adjustment for employees, and overall increased operational costs due to inflation.

In 2018, the seven water districts were merged into one single operational water system and a rate study was performed in order to transform the seven different water rates into one uniform rate over a 5-year period. FY 2022-2023 is the fifth and final year of the plan implementation. Water rates will be uniform across all 7 districts in FY 2022-2023. The water systems advanced metering infrastructure project was completed during fiscal year 2019-2020 resulting in more accurate meter readings. Water sales revenue is expected to increase due to the more precise readings as well as the continued number of customers that are working from home.

The annual fee for Solid Waste increased by \$5, from \$170 to \$175 in the FY 22/23 budget. This increase was necessary to cover the cost of processing the County's waste due to inflation and the ever increasing solid waste tonnage, year after year. Over the past five years, waste tonnage has grown by 15%, from 21,624 tons in 2016, to 24,935 tons in 2021. The County continues to explore ways to improve its solid waste operations and control the increasing solid waste processing costs.

### **Budget Highlights for Fiscal Year Ending June 30, 2023**

The following factors were also considered when preparing the County's budget for fiscal year 2022-2023:

- Sales tax revenues were up significantly during the pandemic (14%) and have continued to grow.
- The unemployment rate for Beaufort County decreased from 4.8% in June 2021, to 3.8 % in June 2022. This compares slightly unfavorably to a State unemployment rate of 3.4% and a national unemployment rate of 3.6% in June 2022.
- Global inflation and supply chain issues continue to plague the local and national economy.
- Overall budgeted expenditures increased in the general fund by \$5,805,268, compared to the prior year.
- The property tax rate remained unchanged at \$.625/\$100 assessed valuation.
- Ad valorem tax revenue is expected to increase slightly above 98.8%.

The County has received a total of \$9,110,000 in American Rescue Plan funds. One half of the distribution, totaling \$4,564,017, was received in FY 2020-2021 and the remaining 50% was received in June 2022. The Beaufort County Board of Commissioners received comments during a 3 month period in the summer of 2021 from Beaufort County citizens on how the funds should be spent. The majority of citizens offering comments recommended investing the money in broad band, while some community members supported spending the funds on the County water system. The Board has tentatively designated \$7,258,000 of the ARPA money to be spent as follows: \$4,000,000 for broad band, \$1,500,000 for a multi-purpose distribution building, \$49,500 on jail architect fees, \$1,609,000 on various water system improvements, and \$100,000 of funding to BHM Library. The Board is currently prioritizing projects for the remaining \$1,851,500.

### **Requests for Information**

This report is designed to provide an overview of the County's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Beaufort County Government  
Finance Officer  
121 West Third Street  
Washington, North Carolina 27889

BASIC  
FINANCIAL STATEMENTS

**Beaufort County, North Carolina**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Beaufort County ABC Board</b>
<b>ASSETS</b>				
Cash and cash investments	\$ 50,775,819	\$ 12,989,744	\$ 63,765,563	\$ 1,161,913
Taxes receivable (net)	1,649,580	-	1,649,580	-
Accounts receivables (net)	7,261,627	1,901,681	9,163,308	-
Lease receivables	583,832	-	583,832	-
Net pension asset	72,646	-	72,646	-
Inventories	-	-	-	988,474
Prepaid items	32	-	32	-
Restricted cash and cash equivalents	2,110,277	242,600	2,352,877	-
Capital assets:				
Land, improvements, and construction in progress	10,076,824	8,409,206	18,486,030	338,834
Other capital assets, net of depreciation	14,081,064	51,391,867	65,472,931	1,072,942
Total capital assets	<u>24,157,888</u>	<u>59,801,073</u>	<u>83,958,961</u>	<u>1,411,776</u>
Right to use assets, net of amortization	215,146	11,993	227,139	-
Total assets	<u>\$ 86,826,847</u>	<u>\$ 74,947,091</u>	<u>\$ 161,773,938</u>	<u>\$ 3,562,163</u>
<b>DEFERRED OUTFLOWS OF RESOURCE</b>	<u>\$ 7,265,707</u>	<u>\$ 973,454</u>	<u>\$ 8,239,161</u>	<u>\$ 261,000</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 4,178,830	\$ 602,282	\$ 4,781,112	\$ 500,399
Accrued interest payable	28,583	51,513	80,096	-
Customer deposits	-	242,600	242,600	-
Unearned revenues	2,110,277	-	2,110,277	-
Long-term liabilities:				
Due within one year	2,683,124	2,409,904	5,093,028	-
Due in more than one year	21,142,895	34,594,049	55,736,944	196,317
Total long-term liabilities	<u>23,826,019</u>	<u>37,003,952</u>	<u>60,829,971</u>	<u>196,317</u>
Total liabilities	<u>\$ 30,143,709</u>	<u>\$ 37,900,347</u>	<u>\$ 68,044,056</u>	<u>\$ 696,716</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 6,419,355</u>	<u>\$ 416,856</u>	<u>\$ 6,836,211</u>	<u>\$ 152,716</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 21,662,820	\$ 24,508,350	\$ 46,171,170	\$ 1,411,776
Restricted for:				
State Statute	7,823,021	-	7,823,021	-
Other	5,083,119	-	5,083,119	-
Working capital	-	-	-	231,507
Unrestricted (deficit)	22,960,530	13,094,992	36,055,522	1,330,448
Total net position	<u>\$ 57,529,490</u>	<u>\$ 37,603,342</u>	<u>\$ 95,132,832</u>	<u>\$ 2,973,731</u>

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

**Beaufort County, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Beaufort County ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Primary government:</b>								
Governmental Activities:								
General government	\$ 6,535,532	\$ 1,143,251	\$ 24,989	\$ -	\$ (5,367,292)	\$ -	\$ (5,367,292)	\$ -
Public safety	14,310,067	4,138,094	6,495,759	-	(3,676,214)	-	(3,676,214)	-
Economic and physical development	6,830,487	94,084	2,486,166	-	(4,250,237)	-	(4,250,237)	-
Human services	18,800,932	646,158	11,435,349	-	(6,719,425)	-	(6,719,425)	-
Environmental Protection	-	-	31,013	-	31,013	-	31,013	-
Cultural and recreation	438,220	-	-	-	(438,220)	-	(438,220)	-
Education	19,548,327	-	-	487,000	(19,061,327)	-	(19,061,327)	-
Interest on long-term debt	282,579	-	-	-	(282,579)	-	(282,579)	-
Total governmental activities	66,746,144	6,021,587	20,473,276	487,000	(39,764,281)	-	(39,764,281)	-
Business-type activities:								
Solid Waste	3,888,945	4,093,892	-	-	-	204,947	204,947	-
Water Districts	7,302,370	8,480,847	-	525,762	-	1,704,239	1,704,239	-
Total business-type activities	11,191,315	12,574,739	-	525,762	-	1,909,186	1,909,186	-
Total primary government	77,937,459	18,596,326	20,473,276	1,012,762	(39,764,281)	1,909,186	(37,855,095)	-
<b>Component Units:</b>								
Beaufort County ABC Board	5,802,156	6,019,174	-	-	-	-	-	217,018
Total component units	\$ 5,802,156	\$ 6,019,174	\$ -	\$ -	-	-	-	217,018
General revenues:								
Taxes:								
Property taxes, levied for general purpose					42,434,834	-	42,434,834	-
Local option sales tax					12,809,401	-	12,809,401	-
Other taxes and licenses					362,220	-	362,220	-
Investment earnings, unrestricted					100,819	21,962	122,781	149
Miscellaneous, unrestricted					559,047	-	559,047	-
Transfers					(1,609,000)	1,609,000	-	-
Total general revenues, special items, and transfers					54,657,321	1,630,962	56,288,283	149
Change in net position					14,893,040	3,540,148	18,433,188	217,167
Net position, beginning					42,636,450	34,063,194	76,699,644	2,756,564
Net position-ending					\$ 57,529,490	\$ 37,603,342	\$ 95,132,832	\$ 2,973,731

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

**Beaufort County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	<u>Major Governmental Funds</u>		<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>ARP Grant Fund</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 37,800,382	\$ -	\$ 12,975,437	\$ 50,775,819
Taxes Receivable, net	1,208,549	-	178,472	1,387,021
Accounts Receivable, net	6,551,202	-	710,425	7,261,627
Due from other funds	255,004	-	2,092,372	2,347,376
Cash and cash equivalents-Restricted	-	1,992,034	118,243	2,110,277
Lease receivable	583,832	-	-	583,832
Prepaid Expenses	32	-	-	32
Total assets	<u>\$ 46,399,001</u>	<u>\$ 1,992,034</u>	<u>\$ 16,074,949</u>	<u>\$ 64,465,984</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 2,754,193	\$ -	\$ 1,424,637	\$ 4,178,830
Due to other funds	2,092,372	-	255,004	2,347,376
Unearned Revenues	-	1,992,034	118,243	2,110,277
Total liabilities	<u>4,846,565</u>	<u>1,992,034</u>	<u>1,797,884</u>	<u>8,636,483</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes Receivable	1,208,549	-	178,472	1,387,021
Prepaid Taxes	35,062	-	-	35,062
Leases	592,597	-	-	592,597
Total deferred inflows of resources	<u>1,836,208</u>	<u>-</u>	<u>178,472</u>	<u>2,014,680</u>
Fund balances:				
Nonspendable:				
Advance to General Fund	-	-	2,092,372	2,092,372
Prepaid Expenses	32	-	-	32
Restricted:				
State Statute	7,479,946	-	343,075	7,823,021
General Government	19,195	-	-	19,195
Economic Development	-	-	698,866	698,866
Human Services	76,441	-	2,830,323	2,906,764
Public Safety	7,063	-	653,871	660,934
Education	547,763	-	-	547,763
Cultural and recreational	-	-	249,597	249,597
Committed:				
Tax Revaluation	-	-	-	-
Other Purposes	2,356,000	-	7,545,754	9,901,754
Broadband projects	500,000	-	-	500,000
Assigned:				
Subsequent year's expenditures	-	-	-	-
Unassigned:	28,729,788	-	(315,265)	28,414,523
Total fund balances	<u>39,716,228</u>	<u>-</u>	<u>14,098,593</u>	<u>53,814,821</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 46,399,001</u>	<u>\$ 1,992,034</u>	<u>\$ 16,074,949</u>	<u>\$ 64,465,984</u>

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

**Beaufort County, North Carolina**  
**Reconciliation of the Governmental Fund Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2022**

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total Fund Balance - Governmental Funds	\$ 53,814,821
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,157,888
Right to use assets used in governmental activities are not financial resources and are therefore not reported in the funds (net of accumulated amortization).	215,146
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	262,559
Net Pension Asset	72,646
Deferred outflows of resources:	
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	
LGERS	1,948,424
ROD	4,683
Pension related deferrals	
LGERS	3,492,201
ROD	12,303
LEOSSA	812,047
OPEB related deferrals	776,752
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	28,501
Benefit payments for the OPEB plan paid subsequent to the measurement date	71,857
Deferred charges on refunding reported in governmental activities are not required in the funds	118,939
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.	1,387,021
Pension Related Deferrals	
LGERS	(5,452,482)
ROD	(1,104)
LEOSSA	(112,248)
OPEB related deferrals	(225,862)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(12,981,281)
Compensated absences	(1,649,640)
Net OPEB Liability	(3,272,680)
Net Pension Liability	(3,675,907)
Total Pension Liability	(2,246,511)
Accrued interest payable	(28,583)
Net position of governmental activities	<u>\$ 57,529,490</u>

**Beaufort County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	<u>Major Governmental Funds</u>		<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>ARP Grant Fund</u>	<u>Other Governmental Funds</u>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 38,641,076	\$ -	\$ 3,957,747	\$ 42,598,823
Local option sales tax	12,809,401	-	-	12,809,401
Other taxes and licenses	362,220	-	-	362,220
Unrestricted intergovernmental	352,620	-	-	352,620
Restricted intergovernmental	12,873,846	7,136,000	1,426,513	21,436,359
Permits and fees	475,280	-	-	475,280
Sales and services	3,237,887	-	1,843,703	5,081,590
Investment earnings	97,213	-	3,606	100,819
Miscellaneous	154,093	-	40,968	195,061
Total revenues	<u>69,003,636</u>	<u>7,136,000</u>	<u>7,272,537</u>	<u>83,412,173</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,696,332	-	328,465	7,024,797
Public safety	8,167,810	-	5,935,853	14,103,663
Economic and physical development	1,047,483	5,128,034	661,872	6,837,389
Human services	18,070,459	-	641,966	18,712,425
Cultural and recreational	437,922	-	298	438,220
Education	19,548,327	-	-	19,548,327
Debt service:				
Principal	2,122,265	-	-	2,122,265
Interest and other charges	271,491	-	-	271,491
Total expenditures	<u>56,362,089</u>	<u>5,128,034</u>	<u>7,568,454</u>	<u>69,058,577</u>
Excess (deficiency) of revenues over expenditures	<u>12,641,547</u>	<u>2,007,966</u>	<u>(295,917)</u>	<u>14,353,596</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease liabilities issued	355,141	-	-	355,141
Transfers in	257,336	-	7,707,782	7,965,118
Transfers (out)	(7,566,152)	(2,007,966)	-	(9,574,118)
Total other financing sources and uses	<u>(6,953,675)</u>	<u>(2,007,966)</u>	<u>7,707,782</u>	<u>(1,253,859)</u>
Net change in fund balance	5,687,872	-	7,411,865	13,099,737
Fund balances, beginning	<u>34,028,356</u>	<u>-</u>	<u>6,686,728</u>	<u>40,715,084</u>
Fund balances-ending	<u>\$ 39,716,228</u>	<u>\$ -</u>	<u>\$ 14,098,593</u>	<u>\$ 53,814,821</u>

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

**Beaufort County, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

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

Net changes in fund balances - total governmental funds	\$ 13,099,737
<p>Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays and right to use leased assets exceeded depreciation and amortization in the current period.</p>	
Capital outlay expenditures	1,401,175
Depreciation expense for governmental assets	(1,370,425)
Right to use assets - leased assets	355,141
Amortization expense for leased assets	(139,995)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	1,953,107
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	28,501
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position.	71,857
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities -- it affects only the government-wide statement of net position.	(355,141)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	2,245,793
<p>Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.</p>	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	11,213
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(15,814)
County's portion of collective pension expense	(1,809,466)
OPEB Expense	(410,918)
Landfill postclosure cost	14,565
Amortization of deferred charges on refunding	(22,301)
<p>Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.</p>	
Increase (decrease) in deferred revenue	(152,610)
Increase (decrease) in accrued taxes receivable	(11,379)
Total changes in net position of governmental activities	\$ 14,893,040

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

**Beaufort County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2022**

	General Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 37,661,057	\$ 37,661,057	\$ 38,641,076	\$ 980,019
Local option sales tax	10,616,000	11,270,473	12,809,401	1,538,928
Other taxes and licenses	227,800	227,800	362,220	134,420
Unrestricted intergovernmental	487,000	487,000	352,620	(134,380)
Restricted intergovernmental	10,163,647	12,910,218	12,873,846	(36,372)
Permits and fees	370,150	370,150	475,280	105,130
Sales and services	2,655,838	2,659,838	3,237,887	578,049
Investment earnings	75,000	75,000	96,476	21,476
Miscellaneous	106,500	110,500	154,093	43,593
Total revenues	<u>62,362,992</u>	<u>65,772,036</u>	<u>69,002,899</u>	<u>3,230,863</u>
<b>Expenditures</b>				
General government	6,882,627	7,292,102	6,696,332	595,770
Public safety	13,720,171	9,003,171	8,167,810	835,361
Economic and physical development	1,067,857	1,095,365	1,047,483	47,882
Human services	17,618,515	20,407,656	18,070,459	2,337,197
Cultural and recreational	447,922	447,922	437,922	10,000
Education	19,806,578	20,256,551	19,548,327	708,224
<b>Debt service:</b>				
Principal retirement	2,467,523	2,467,523	2,122,265	345,258
Interest and other charges	283,468	283,468	271,491	11,977
Total expenditures	<u>62,294,661</u>	<u>61,253,758</u>	<u>56,362,089</u>	<u>4,891,669</u>
Revenues over (under) expenditures	<u>68,331</u>	<u>4,518,278</u>	<u>12,640,810</u>	<u>8,122,532</u>
<b>Other financing sources (uses):</b>				
Lease liabilities issued	-	-	355,141	355,141
Transfer - Out	(837,050)	(6,893,394)	(6,903,344)	(9,950)
Transfer - In	-	-	257,336	257,336
Fund balance appropriated	768,719	2,375,116	-	(2,375,116)
Total other financing sources (uses)	<u>(68,331)</u>	<u>(4,518,278)</u>	<u>(6,290,867)</u>	<u>(1,772,589)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>6,349,943</u>	<u>\$ 6,349,943</u>
<b>Fund balances:</b>				
Beginning of year, July 1			<u>33,366,285</u>	
End of year, June 30			<u>\$ 39,716,228</u>	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment Earnings			737	
Transfer from General Fund			162,050	
Transfer to Revaluation Project Fund			(824,858)	
Fund balance, beginning of year			<u>662,071</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 39,716,228</u>	

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

**Beaufort County, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	NON-MAJOR	MAJOR	
	Solid	Water	
	Waste	Districts	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,121,467	\$ 11,868,277	\$ 12,989,744
Accounts receivable (net)	673,274	1,228,407	1,901,681
Due from other funds	-	-	-
Total current assets	<u>1,794,741</u>	<u>13,096,684</u>	<u>14,891,425</u>
Noncurrent assets:			
Restricted - cash and cash equivalents	-	242,600	242,600
Capital assets:			
Land and Improvements	2,368	105,789	108,157
Construction in process	-	8,301,049	8,301,049
Buildings, Improvements, and Equipment	236,428	80,645,650	80,882,078
Less accumulated depreciation	(231,882)	(29,258,329)	(29,490,211)
Total capital assets	<u>6,914</u>	<u>59,794,159</u>	<u>59,801,073</u>
Right to use assets, net of amortization	<u>11,993</u>	-	<u>11,993</u>
Total noncurrent assets	<u>18,907</u>	<u>60,036,759</u>	<u>60,055,666</u>
Total assets	<u>1,813,648</u>	<u>73,133,443</u>	<u>74,947,091</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refundings	-	290,518	290,518
Pension deferrals	-	322,045	322,045
OPEB deferrals	-	360,891	360,891
Total deferred outflows of resources	<u>-</u>	<u>973,454</u>	<u>973,454</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	290,307	311,975	602,282
Accrued interest payable	-	51,513	51,513
Customer deposits	-	242,600	242,600
Compensated absences	-	29,509	29,509
Installment purchase	-	525,526	525,526
Limited obligation bonds	-	1,845,000	1,845,000
Lease liability	9,869	-	9,869
Total current liabilities	<u>300,176</u>	<u>3,006,123</u>	<u>3,306,299</u>
Noncurrent liabilities:			
Installment purchase	-	5,184,322	5,184,322
Limited Obligation Bonds	-	27,740,000	27,740,000
Net pension liability	-	217,587	217,587
Total OPEB Liability	-	1,363,614	1,363,614
Compensated Absences	-	88,526	88,526
Total noncurrent liabilities	<u>-</u>	<u>34,594,049</u>	<u>34,594,049</u>
Total liabilities	<u>300,176</u>	<u>37,600,171</u>	<u>37,900,347</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	-	322,747	322,747
OPEB deferrals	-	94,109	94,109
Total deferred inflows of resources	<u>-</u>	<u>416,856</u>	<u>416,856</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,038	24,499,312	24,508,350
Unrestricted	1,504,434	11,590,558	13,094,992
Total net position	<u>\$ 1,513,472</u>	<u>\$ 36,089,870</u>	<u>\$ 37,603,342</u>

**Beaufort County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For The Year Ended June 30, 2022**

	<u>NON-MAJOR</u>	<u>MAJOR</u>	
	Solid Waste	Water Districts	Totals
Revenues:			
Operating Revenues:			
Water sales	\$ -	\$ 7,996,890	\$ 7,996,890
Tap on fees	-	247,242	247,242
Solid Waste fees	4,093,812	-	4,093,812
Miscellaneous Revenue	80	236,715	236,795
Total Operating Revenues	<u>4,093,892</u>	<u>8,480,847</u>	<u>12,574,739</u>
Expenditures:			
Operating Expenses:			
Salaries and employee benefits	49,845	1,642,590	1,692,435
Water purchase	-	821,061	821,061
Water operations and maintenance	-	1,885,277	1,885,277
Solid waste operations and maintenance	3,830,458	-	3,830,458
Depreciation and Amortization	8,558	2,238,809	2,247,367
Total Expenditures	<u>3,888,861</u>	<u>6,587,737</u>	<u>10,476,598</u>
Operating income (loss)	<u>205,031</u>	<u>1,893,110</u>	<u>2,098,141</u>
Nonoperating Revenues (Expenses)			
Interest Earned on Investments	3,383	18,579	21,962
Interest Expense	(84)	(714,633)	(714,717)
Total Nonoperating Revenues (Expenses)	<u>3,299</u>	<u>(696,054)</u>	<u>(692,755)</u>
Income (Loss) before contributions and transfers	208,330	1,197,056	1,405,386
Transfers in (out)	-	1,609,000	1,609,000
Capital contributions	-	525,762	525,762
Change in net position	208,330	3,331,818	3,540,148
Total net position, beginning	<u>1,305,142</u>	<u>32,758,052</u>	<u>34,063,194</u>
Total net position, ending	<u>\$ 1,513,472</u>	<u>\$ 36,089,870</u>	<u>\$ 37,603,342</u>

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

**Beaufort County, North Carolina**  
**Statement of Cash Flows - Proprietary Funds**  
**For The Year Ended June 30, 2022**

	NON-MAJOR	MAJOR	Totals
	Solid Waste	Water Districts	June 30, 2022
Cash flows from operating activities:			
Cash received from customers	\$ 4,092,354	\$ 8,490,484	\$ 12,582,838
Cash paid for goods and services	(3,908,289)	(2,802,288)	(6,710,577)
Cash paid to employees for services	(49,845)	(1,529,508)	(1,579,353)
Customer deposits received	-	54,100	54,100
Net cash provided (used) by operating activities	<u>134,220</u>	<u>4,212,788</u>	<u>4,347,008</u>
Cash flows from noncapital financing activities:			
Transfers in (out)	-	1,609,000	1,609,000
Interest on Investments	3,383	18,579	21,962
Due from other funds	(91,548)	(1,096,520)	(1,188,068)
Net cash provided (used) by noncapital financial activities	<u>(88,165)</u>	<u>531,059</u>	<u>442,894</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	(2,084,134)	(2,084,134)
Principal paid on bond maturities and equipment contracts	(9,856)	(2,254,594)	(2,264,450)
Interest paid on bond maturities and equipment contracts	(84)	(761,886)	(761,970)
Loan proceeds	-	648,690	648,690
Capital contributions	-	2,256,345	2,256,345
Net cash provided (used) by capital and related financing activities	<u>(9,940)</u>	<u>(2,195,579)</u>	<u>(2,205,519)</u>
Net increase (decrease) in cash and cash equivalents	<u>36,115</u>	<u>2,548,268</u>	<u>2,584,383</u>
Cash and cash equivalents, July 1	<u>1,085,352</u>	<u>9,562,609</u>	<u>10,647,961</u>
Cash and cash equivalents, June 30	<u>\$ 1,121,467</u>	<u>\$ 12,110,877</u>	<u>\$ 13,232,344</u>

(continued)

**Beaufort County, North Carolina**  
**Statement of Cash Flows - Proprietary Funds**  
**For The Year Ended June 30, 2022**

	<u>NON-MAJOR</u>	<u>MAJOR</u>	<u>Totals</u>
	Solid Waste	Water Districts	June 30, 2022
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 205,031	\$ 1,893,110	\$ 2,098,141
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and Amortization	8,558	2,238,809	2,247,367
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,538)	9,637	8,099
(Increase) decrease in deferred outflows of resources for pensions	-	(47,162)	(47,162)
(Increase) decrease in deferred outflows of resources - OPEB	-	45,339	45,339
Increase (decrease) in accounts payable and accrued liabilities	(77,831)	(95,950)	(173,781)
Increase (decrease) in deposits	-	54,100	54,100
Increase (decrease) in OPEB	-	101,561	101,561
Increase (decrease) in deferred inflows - pensions	-	304,294	304,294
Increase (decrease) in deferred inflows - OPEB	-	(16,669)	(16,669)
Increase (decrease) in net pension liability	-	(282,641)	(282,641)
Increase (decrease) in compensated absences	-	8,360	8,360
Total adjustments	<u>(70,811)</u>	<u>2,319,678</u>	<u>2,248,867</u>
Net cash provided (used) by operating activities	<u>\$ 134,220</u>	<u>\$ 4,212,788</u>	<u>\$ 4,347,008</u>

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

**Beaufort County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	Custodial Funds
<b>ASSETS</b>	
Cash and investments	\$ 85,656
Taxes receivable for other governments, net	323,445
Total Assets	409,101
<b>LIABILITIES</b>	
Accounts payable	-
Due to other governments	71,795
Total Liabilities	71,795
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	337,306
Total fiduciary net position	\$ 337,306

**Beaufort County, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	Custodial Funds
<b>ADDITIONS</b>	
Ad valorem taxes for other governments	\$ 6,409,895
Collections on behalf of inmates	180,201
Drainage assessments	350,645
Total additions	6,940,741
<b>DEDUCTIONS</b>	
Tax distributions to other governments	6,820,167
Payments on behalf of inmates	180,929
Total deductions	7,001,096
Net increase (decrease) in fiduciary net position	(60,355)
Net position, beginning, as previously reported	397,661
Prior period restatement - change in accounting principle	-
Net position, beginning, as restated	397,661
Net position, ending	\$ 337,306

**NOTE I: Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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. Beaufort County Water Districts (the “Districts”) exists to construct and operate a water system for the County’s residents. The Districts are presented as if they were enterprise funds. Beaufort County ABC Board (the “Board”), which has a June 30 year-end, is presented as if they are separate proprietary funds of the County (discrete presentation).

Component Unit	Reporting Method	Criteria for Inclusion	For Separate Financial
Beaufort County Water Districts I-VII	Blended	Under State law [NCGS 162A-89], the County's Board of Commissioners also serve as the governing board for the districts.	None Issued
Beaufort County ABC Board	Discrete	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.	Beaufort County ABC Board PO Box 552 Washington, NC 27889

**B. Basis of Presentation – Basis of Accounting**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the County’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

BEAUFORT COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

The County reports the following major governmental funds:

*General Fund* – This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

*ARP Grant Fund* – The County received funds to assist in the prevention and treatment of COVID 19. These funds are maintained in a separate fund and will be spent over several years.

The County reports the following major enterprise fund:

*Beaufort County Water District Fund* - These funds are used to account for the operations of the Water Districts within the County. All Water District project funds are consolidated with the operating fund for financial reporting purposes.

The County reports the following fund types:

*Custodial Funds.* Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but are not revenues to the County, and the Jail Inmate Pay Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families.

*Nonmajor Funds .* The County maintains twenty-seven legally budgeted nonmajor governmental funds. The HCCBG – Aging Fund, Economic Development Fund, Fire and Rescue Tax Districts Fund, Emergency Telephone System Fund, State and Federal Seizures Fund, Healthcare Reserve Fund, One NC Grant, NC Housing Finance Grant, Economic Development Initiative Fund, Representative Payee Fund, 4H Fund, Cooperative Extension Fund, EMS Billing and Collections Fund, CDBG - River Breeze Fund, ADFPTF-USDA Grant Fund, ADFPTF-Grant Fund, Revaluation Project Fund, NC Housing Finance Urgent Repair Grant Fund, and Opioid Settlement Fund are reported as nonmajor special revenue funds. The FY 17/18 Capital Improvements Fund, Stream Debris Removal Fund, Jail Locking System Improvement Fund, Capital Reserve Fund, Facility Improvements Fund, Capital Project Fund, Voting System Project Fund, and Wright's Creek PARTF Project Fund are reported as nonmajor capital projects funds. The County maintains one legally budgeted nonmajor enterprise fund. The Solid Waste fund is used to account for the operations of the Solid Waste department within the County. The Landfill Cap Work Project Funds is consolidated with the Solid Waste Fund (the operating fund) for financial reporting purposes.

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with the change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, special revenue funds (excluding grant and capital projects funds), and enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the capital projects funds except capital reserve.

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. Expenditures may not legally exceed appropriations at the fund level for all other annually budgeted funds and at the project level for multi-year funds. Amendments are required for revisions that alter total expenditures of any fund or that change functional appropriations. The governing board must approve amendments that increase the overall fund budget. During the year several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity**

**1. Deposits and Investments**

All deposits of the County and Beaufort County ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The majority of the County and the ABC Board's investments are carried at fair value. The North Carolina Management Trust (NCCMT), which consists of one SEC-registered funds, is authorized by G.S. 159-30(c)(8). The Government Portfolio is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAmf by Moody Investor Services. The Government Portfolio is reported at fair value.

**2. Cash and Cash Equivalents**

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

**3. Restricted Assets**

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money for future tax revaluation is classified as restricted assets in the General Fund because its use is restricted per North Carolina General Statute 153A-150. The ARPA Funds received were classified as restricted (unexpended grant proceeds), as were the Opioid Settlement Funds.

Beaufort County Restricted Cash		
<b>Governmental Activities</b>		
General Fund		
Tax Revaluation		\$ -
ARP Grant Funds		1,992,034
Opioid Settlement Fund	Unexpended Settlement	118,243
Total Governmental Activities		2,110,277
 <b>Business-Type Activities</b>		
Water Districts		
Customer deposits		242,600
Total Business-Type Activities		242,600
Total Restricted Cash		\$ 2,352,877

**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 property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County’s General Fund, ad valorem tax revenues are reported net of such discounts.

**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. Lease Receivable**

The County’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

**7. Inventories**

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.

**8. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The County’s minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant distributions systems, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

The County holds title to certain Beaufort County Board of Education properties, which have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as fixed assets in the financial statements of the Beaufort County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life</u>
Buildings	50 years
Improvements	25 years
Furniture and Equipment	5-10 years
Vehicles	3-10 years
Computer Equipment	5 years

**9. Right to use assets**

The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

**10. Deferred outflows/inflows of resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – a charge on refunding, pension related deferrals, and OPEB related deferrals. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has four items that meet the criterion for this category – prepaid taxes, taxes receivable, leases, pension related deferrals, and OPEB related deferrals.

**11. Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

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

**12. Compensated Absences**

The vacation policies of the County and the ABC Board, generally provides for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. The County’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2022, are recorded in the governmental activities of the government-wide financial statements. For the County’s proprietary funds, an expense and a liability for compensated absences and the salary related payments are recorded within those funds as the benefits accrue to the employees. The County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The sick leave policies of the County 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 the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component unit.

**13. Opioid Settlement Funds**

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina’s Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State (“State Abatement Fund”)
- 80% to abatement funds established by Local Governments (“Local Abatement Funds”)
- 5% to a County Incentive Fund.

The County received \$118,243 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the County two options of expending the funds. The County opted for Option B, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

**14. Reimbursements for Pandemic-related Expenditures**

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$9,128,034 of fiscal recovery funds to be paid in two equal installments. The first installment of \$4,564,017 was received in June 2021. The second installment will be received in mid-2022. The Board of Commissioners elected to claim the full \$9,128,034 of the ARPA funds as revenue replacement for reporting purposes, as allowed. The Board has tentatively designated \$7,258,000 of the funds to be spent as follows: \$4,000,000 for broad band, \$1,500,000 for a multi-purpose distribution building, \$49,500 on jail architect fees, \$1,609,000 on various water system improvements, and \$100,000 of funding to BHM Library. The Board is currently prioritizing projects for the remaining \$1,851,500.

**15. Net Position/Fund Balances**

**Net Position**

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

**Fund Balances**

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. At June 30, 2022, nonspendable fund balance consists of the advance to the General Fund from the Healthcare Reserve Fund and the following:

Leases - portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

**Restricted Fund Balance** - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization of State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute." *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for General Government - portion of fund balance that is restricted by revenue source to pay for voting equipment.

Restricted for Economic Development - portion of fund balance that is restricted by revenue source to pay for various projects within the County..

Restricted for Human Services- portion of fund balance that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program, as well as fund balance restricted for the Healthcare Reserve Fund and other funds that reflect human services activities.

Restricted for Public Safety- portion of fund balance that can only be used for Emergency Telephone System and Federal and State Seizure funds.

Restricted for Education- portion of fund balance that is restricted sales tax to be provided to the schools for capital needs.

Restricted for Cultural and Recreational - portion of fund balance that is restricted for park projects.

**Committed Fund Balance** - This classification includes the portion of fund balance that can only be used for specific purpose imposed by majority vote of the County's governing body (highest level of decision-making authority). The Board of Commissioners is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Tax Revaluation – portion of fund balance committed by the Board of Commissioners that can only be used for tax revaluation.

Committed for Other Purposes – portion of fund balance committed by the Board of Commissioners that can only be used for various projects within the County.

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total</u>
General Government	\$ -	\$ 1,043,273	\$ -	\$ 1,043,273
Workers Comp Fund	746,000	-	-	746,000
Capital Projects	2,110,000	-	6,502,481	8,612,481
Total Committed - Other	<u>\$ 2,856,000</u>	<u>\$ 1,043,273</u>	<u>\$ 6,502,481</u>	<u>\$ 10,401,754</u>

**Assigned Fund Balance** – This classification is the portion of fund balance that the County's governing board has budgeted.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The County's governing body approves the appropriation of fund balance.

BEAUFORT COUNTY, NORTH CAROLINA  
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**Unassigned Fund Balance** – This classification is the portion of fund balance that has not been restricted by revenue, committed, or assigned to specific purposes or other funds.

Within the General Fund, management strives to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 35 percent of budgeted expenditures. Any portion of the General Fund balance in excess of 35 percent of budgeted expenditures is typically utilized, with the Board’s approval, to fund approved capital projects or pay down outstanding County debt.

Management also follows a revenue spending convention utilizing resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification expenditures are typically spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 39,716,228
Less:	
Nonspendable fund balance (prepaids)	32
Stabilization by State statute	7,479,946
Total available fund balance	<u>\$ 32,236,250</u>
Less:	
Other Restricted Fund Balance	\$ 650,462
Tax Revaluation	-
Broadband project	500,000
Other Commitments	2,356,000
Subsequent year's expenditures	-
Total unassigned fund balance	<u>\$ 28,729,788</u>

**16. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

**17. Defined Benefit Cost-Sharing Plans**

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees’ Retirement System (LGERS) and the Registers of Deeds’ Supplemental Pension Fund (RODSPF), the Law Enforcement Officers’ Special Separation Allowance (LEOSSA) (collectively, the “state-administered defined benefit pension plans”). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the state administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County’s employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

**E. Reconciliation of Government-wide and Fund Financial Statements**

**1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$3,720,104 consists of the following:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 40,936,808
Less accumulated depreciation	<u>(16,778,920)</u>
Net capital assets	24,157,888
Net right to use assets	215,146
Net pension asset	72,646
Contribution to the pension plan in the current fiscal year	1,953,107
Contribution to the OPEB plan in the current fiscal year	71,857
Benefits payments and pension administration costs for LEOSSA	28,501
Pension related deferrals	(1,249,283)
OPEB related deferrals	550,890
Deferred charges on refunding reported in governmental activities are not required in the funds	118,939
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds (accrued interest on taxes receivable)	262,559
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	1,387,021
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the funds statements:	
Bonds, leases, and installment financing	(12,981,281)
Net pension obligation	(2,246,511)
Total OPEB liability	(3,272,680)
Net pension liability	(3,675,907)
Compensated absences	(1,649,640)
Accrued interest payable	<u>(28,583)</u>
	<u>(23,854,602)</u>
Total adjustment	<u>\$ 3,714,669</u>

**2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$1,793,303 is comprised of the following:

Description	Amount	
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlays	\$ 1,401,175	
Depreciation	<u>(1,370,425)</u>	30,750
Right to Use Assets - leased assets	355,141	
Amortization expense for leased assets	<u>(139,995)</u>	215,146
The issuance of long-term debt (e.g. bonds, leases) is a resource, and the repayment of bond principal is an expenditure in governmental funds; but those transactions or reduce long-term liabilities in the Statement of Net Position.		
Debt / Lease Liabilities issued	(355,141)	
Principal Payments on Debt owed	<u>2,245,793</u>	1,890,652
Amortization of deferred charges on refunding reported in governmental activities are not reported in the funds.		
	(22,301)	(22,301)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		
	1,953,107	1,953,107
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position		
	28,501	28,501
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Activities.		
	71,857	71,857
Some revenues reported in the Statement of Activities are not yet available and, therefore, are not reported as revenues in the governmental funds		
Accrual of interest	(11,379)	
Accrual of taxes	<u>(152,610)</u>	(163,989)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(15,814)
OPEB expense		(410,918)
County's portion of collective pension expense		(1,809,466)
Landfill post-closure care		14,565
Interest expense		11,213
Total adjustment		<u>\$ 1,793,303</u>

**NOTE II: Stewardship, Compliance and Accountability**

**Deficit Fund Balance or Net Position of Individual Funds**

None Noted.

**NOTE III: Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

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

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

At June 30, 2022, the County's deposits had a carrying amount of \$38,051,549. The bank balances with financial institutions were \$39,049,854. Of these bank balances, \$341,752 was covered by federal depository insurance and \$38,708,102 was covered by collateral held under the Pooling Method.

At June 30, 2022, Beaufort County had \$2,260 in petty cash on hand.

At June 30, 2022, the carrying amount of deposits for Beaufort County ABC Board was \$1,151,067 and the bank balance was \$1,125,177. Of these bank balances, \$268,974 was covered by federal depository insurance and \$856,203 was covered by collateral held under the Pooling Method.

**2. Investments**

As of June 30, 2022, the County had the following investments and maturities.

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 12 Months	1 - 3 Years
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 28,150,287	\$ 28,150,287	\$ -	\$ -
Total		\$ 28,150,287	\$ 28,150,287	\$ -	\$ -

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investor Service.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

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Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

At June 30, 2022, the ABC Board had no investments.

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

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2019	\$ 1,758,523	\$ 483,594	\$ 2,242,117
2020	1,759,183	325,449	2,084,632
2021	1,713,134	162,748	1,875,882
2022	1,705,384	-	1,705,384
<b>Total</b>	<b>\$ 6,936,224</b>	<b>\$ 971,791</b>	<b>\$ 7,908,015</b>

**4. Receivables**

Receivables at the government-wide level at June 30, 2022, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Lease Receivable	Total
<b>Governmental Activities:</b>					
General	\$ 3,778,046	\$ 2,005,086	\$ 3,705,879	\$ 583,832	\$ 10,072,843
Other Governmental	677,816	178,472	32,609	-	888,897
<b>Total Receivables</b>	<b>4,455,862</b>	<b>2,183,558</b>	<b>3,738,488</b>	<b>583,832</b>	<b>10,961,740</b>
Allowance for Doubtful Accts.	(932,723)	(533,978)	-	-	(1,466,701)
<b>Total Gov't Activities</b>	<b>\$ 3,523,139</b>	<b>\$ 1,649,580</b>	<b>\$ 3,738,488</b>	<b>\$ 583,832</b>	<b>\$ 9,495,039</b>
<b>Business-type Activities:</b>					
Water Districts	\$ 1,895,526	\$ -	\$ 120,098	\$ -	\$ 2,015,624
Solid Waste	965,843	-	34,803	-	1,000,646
<b>Total Receivables</b>	<b>2,861,369</b>	<b>-</b>	<b>154,901</b>	<b>-</b>	<b>3,016,270</b>
Allowance for Doubtful Accts.	(1,114,589)	-	-	-	(1,114,589)
<b>Total Business-type</b>	<b>\$ 1,746,780</b>	<b>\$ -</b>	<b>\$ 154,901</b>	<b>\$ -</b>	<b>\$ 1,901,681</b>

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

<b>Governmental Activities:</b>	
Local Option Sales Tax	\$ 3,529,368
Sales and Use Tax	209,120
<b>Total</b>	<b>\$ 3,738,488</b>
<b>Business-Type Activities:</b>	
Sales and Use Tax	\$ 64,431
Scrap Tire, White Goods, Solid Waste Disposal	33,223
Grant Reimbursements - Projects	57,247
<b>Total</b>	<b>\$ 154,901</b>

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Lease Receivables

On 07/01/2021, Beaufort County, NC entered into a 25 month lease as Lessor for the use of 155-B Airport Road. An initial lease receivable was recorded in the amount of \$123,021. As of 06/30/2022, the value of the lease receivable is \$64,135. The lessee is required to make monthly fixed payments of \$4,948. The lease has an interest rate of 0.5140%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$63,812, and Beaufort County recognized lease revenue of \$59,209 during the fiscal year. The lessee had a termination period of 6 months as of the lease commencement.

On 09/01/2021, Beaufort County, NC entered into a 60 month lease as Lessor for the use of Ray G. Silverthorne Crisis Center Building Annex. An initial lease receivable was recorded in the amount of \$281,421. As of 06/30/2022, the value of the lease receivable is \$230,658. The lessee is required to make monthly fixed payments of \$4,803. The lease has an interest rate of 0.9720%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$234,366, and Beaufort County recognized lease revenue of \$47,055 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On 09/01/2021, Beaufort County, NC entered into a 60 month lease as Lessor for the use of Tideland Mental Health Building. An initial lease receivable was recorded in the amount of \$323,786. As of 06/30/2022, the value of the lease receivable is \$265,381. The lessee is required to make monthly fixed payments of \$5,526. The lease has an interest rate of 0.9720%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$269,647, and Beaufort County recognized lease revenue of \$54,138 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On 08/01/2021, Beaufort County, NC entered into a 36 month lease as Lessor for the use of Judicial District Manager's Office. An initial lease receivable was recorded in the amount of \$27,141. As of 06/30/2022, the value of the lease receivable is \$18,142. The lessee is required to make monthly fixed payments of \$760.89. The lease has an interest rate of 0.6320%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$18,142, and Beaufort County recognized lease revenue of \$8,317 during the fiscal year.

On 07/01/2021, Beaufort County, NC entered into a 16 month lease as Lessor for the use of Premises - Tower Site. An initial lease receivable was recorded in the amount of \$22,020. As of 06/30/2022, the value of the lease receivable is \$5,516. The lessee is required to make monthly fixed payments of \$1,380. The lease has an interest rate of 0.3870%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$5,948, and Beaufort County recognized lease revenue of \$16,071 during the fiscal year. The lessee has 4 extension option(s), each for 60 months. Beaufort County had a termination period of 1 month as of the lease commencement.

Principal and Interest Expected to Maturity

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 193,406	\$ 4,579	\$ 197,985
2024	134,885	3,149	138,034
2025	122,013	1,942	123,955
2026	123,205	750	123,955
2027	10,323	8	10,331
Total	\$ 583,832	\$ 10,428	\$ 594,260

BEAUFORT COUNTY, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS

5. **Capital Assets**

Capital asset activity for the year ended June 30, 2022, were as follows:

<u>Governmental Activities:</u>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 6,853,330	\$ -	\$ -	\$ 6,853,330
Construction in Progress	2,877,929	674,030	(328,465)	3,223,494
Total capital assets not being depreciated	<u>9,731,259</u>	<u>674,030</u>	<u>(328,465)</u>	<u>10,076,824</u>
Other capital assets:				
Buildings	21,088,434	-	-	21,088,434
Equipment and vehicles	8,739,065	1,055,610	(23,125)	9,771,550
Total other capital assets at historical cost	<u>29,827,499</u>	<u>1,055,610</u>	<u>(23,125)</u>	<u>30,859,984</u>
Less accumulated depreciation for:				
Buildings	11,030,517	544,221	-	11,574,738
Equipment and vehicles	4,401,103	826,204	(23,125)	5,204,182
Total other capital assets at historical cost	<u>15,431,620</u>	<u>1,370,425</u>	<u>(23,125)</u>	<u>16,778,920</u>
Other capital assets, net	<u>14,395,879</u>	<u>\$ (314,815)</u>	<u>\$ -</u>	<u>14,081,064</u>
Governmental activities capital assets, net	<u>\$ 24,127,138</u>			<u>\$ 24,157,888</u>

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

Governmental Activities	
General government	\$ 238,513
Public Safety	592,791
Economic and Physical Development	11,192
Human Services	262,899
Emergency Management	265,030
	<u>\$ 1,370,425</u>

Business-type activities:

<u>Water Districts</u>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 105,789	\$ -	\$ -	\$ 105,789
Construction in Progress	7,562,073	894,103	(155,127)	8,301,049
Total capital assets not being depreciated	<u>7,667,862</u>	<u>894,103</u>	<u>(155,127)</u>	<u>8,406,838</u>
Other capital assets:				
Plant and distribution systems	78,853,636	155,127	-	79,008,763
Furniture and equipment	942,688	100,026	(33,648)	1,009,066
Vehicles and motor equipment	615,030	51,512	(38,721)	627,821
Total other capital assets	<u>80,411,354</u>	<u>306,665</u>	<u>(72,369)</u>	<u>80,645,650</u>
Less accumulated depreciation for:				
Plant and distribution systems	26,389,525	2,087,715	-	28,477,240
Furniture and equipment	282,512	93,836	(33,648)	342,700
Vehicles and motor equipment	419,852	57,258	(38,721)	438,389
Total accumulated depreciation	<u>27,091,889</u>	<u>2,238,809</u>	<u>(72,369)</u>	<u>29,258,329</u>
Total Water Districts capital assets, net	<u>\$ 60,987,327</u>			<u>\$ 59,794,159</u>

BEAUFORT COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Solid Waste Fund</b>				
Capital assets not being depreciated:				
Land	\$ 2,368	\$ -	\$ -	\$ 2,368
Total capital assets not being depreciated:	2,368	-	-	2,368
Other capital assets:				
Buildings	47,080	-	-	47,080
Furniture and equipment	189,348	-	-	189,348
Total other capital assets	236,428	-	-	236,428
Less accumulated depreciation for:				
Buildings	41,707	827	-	42,534
Furniture and equipment	189,348	-	-	189,348
Total accumulated depreciation	231,055	\$ 827	\$ -	231,882
Total Solid Waste capital assets, net	\$ 7,741			\$ 6,914
Business-type activities capital assets, net	\$ 60,995,068			\$ 59,801,073

Construction Commitments

The government has active construction projects as of June 30, 2022. The projects include funded water system improvements, housing repairs, and stream debris removal. As June 30, 2022, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Housing Rehab	\$ 258,062	\$ 184,039
Building Improvements	203,033	466,415
Water System Improvements	893,492	5,542,463
Stream Debris Removal	317,095	38,646
	<u>\$ 1,671,682</u>	<u>\$ 6,231,563</u>

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 338,834	\$ -	\$ -	\$ 338,834
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	338,834	-	-	338,834
Capital assets being depreciated:				
Buildings	1,872,806	-	-	1,872,806
Equipment and Furniture	279,629	-	-	279,629
Vehicles	75,976	-	-	75,976
Total capital assets being depreciated	2,228,411	-	-	2,228,411
Less accumulated depreciation for:				
Buildings	788,972	57,745	-	846,717
Equipment and Furniture	216,158	21,682	-	237,840
Vehicles	55,717	15,195	-	70,912
Total accumulated depreciation	1,060,847	\$ 94,622	\$ -	1,155,469
Total capital assets being depreciated	1,167,564			1,072,942
Capital assets, net	\$ 1,506,398			\$ 1,411,776

BEAUFORT COUNTY, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS

**Right to Use Leased Assets**

The County has recorded several right to use leased assets. The assets are right to use assets for leased land, equipment, and buildings. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

**Governmental Activities**

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Right to use assets				
Leased equipment	\$ -	\$ 355,141	\$ -	\$ 355,141
Total right to use assets	<u>-</u>	<u>355,141</u>	<u>-</u>	<u>355,141</u>
Less accumulated amortization for:				
Leased equipment	-	139,995	-	139,995
Total accumulated amortization	<u>-</u>	<u>139,995</u>	<u>-</u>	<u>139,995</u>
Right to use assets, net	<u>\$ -</u>	<u>\$ 215,146</u>	<u>\$ -</u>	<u>\$ 215,146</u>

**Business-Type Activities**

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Right to use assets				
Leased land	\$ -	\$ 3,367	\$ -	\$ 3,367
Leased building	-	16,357	-	16,357
Total right to use assets	<u>-</u>	<u>19,724</u>	<u>-</u>	<u>19,724</u>
Less accumulated amortization for:				
Leased land	-	1,188	-	1,188
Leased building	-	6,543	-	6,543
Total accumulated amortization	<u>-</u>	<u>7,731</u>	<u>-</u>	<u>7,731</u>
Right to use assets, net	<u>\$ -</u>	<u>\$ 11,993</u>	<u>\$ -</u>	<u>\$ 11,993</u>

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2022, were as follows :

	<u>Vendors</u>	<u>Salaries</u>	<u>Total</u>
Governmental Activities:			
General	\$ 1,602,217	\$ 1,151,976	\$ 2,754,193
Other Governmental	1,424,637	-	1,424,637
Total Governmental Activities	<u>\$ 3,026,854</u>	<u>\$ 1,151,976</u>	<u>\$ 4,178,830</u>
Business-Type Activities			
Water Districts	\$ 239,788	\$ 72,187	\$ 311,975
Solid Waste	287,744	2,563	290,307
Total Business-Type Activities	<u>\$ 527,532</u>	<u>\$ 74,750</u>	<u>\$ 602,282</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The County is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2022, was 12.04% of compensation for law enforcement officers and 11.4% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,063,756 for the year ended June 30, 2022.

*Refunds of Contributions* – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2022, the County reported a liability of \$3,893,494 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the County’s proportion was .2539% (measured as of June 30, 2021), which was a decrease of .0034% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022, the County recognized pension expense of \$1,607,284. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,238,660	\$ -
Changes of assumptions	2,446,108	-
Net difference between projected and actual earnings on pension plan investments	-	5,562,633
Changes in proportion and differences between County Contributions and proportionate share of contributions	14,146	212,596
County contributions subsequent to the measurement date	<u>2,063,756</u>	<u>-</u>
Total	<u>\$ 5,762,670</u>	<u>\$ 5,775,229</u>

\$2,063,756 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2023	\$ 250,267
2024	(207,159)
2025	(417,223)
2026	(1,702,200)
2027	-
Thereafter	-
Total	<u>\$ (2,076,315)</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.25% to 8.25%, which includes a 3.25% inflation and productivity factor
Investment Rate of	6.5 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

BEAUFORT COUNTY, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS

The actuarial assumptions used in the December 31, 2020 valuations were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Credit	7%	6.0%
Inflation Protection	6%	4.0%
	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease <u>(5.50%)</u>	Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
County's proportionate share of the net pension liability (asset)	\$ 15,114,218	\$ 3,893,494	\$ (5,340,511)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	4
Active plan members	<u>58</u>
Total	<u><u>62</u></u>

A separate report was not issued for the plan.

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. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3 *Actuarial Assumptions*

The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent including inflation and productivity factor
Discount rate	2.25 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2019.

4 *Contributions*

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$66,122 as benefits came due for the reporting period.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2022, the County reported a total pension liability of \$2,246,511. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$283,161.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 374,510	\$ 35,269
Changes of assumptions	437,537	76,979
County contributions subsequent to the measurement date	28,501	-
Total	\$ 840,548	\$ 112,248

\$28,501 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 144,747
2024	141,024
2025	149,437
2026	151,249
2027	98,463
Thereafter	14,879
Total	699,799

*Sensitivity of the County's total pension liability to changes in the discount rate.* The following presents the County's total pension liability calculated using the discount rate of 2.25 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
County's proportionate share of the net pension liability (asset)	\$ 2,468,355	\$ 2,246,511	\$ 2,044,763

**Schedule of Changes in Total Pension Liability  
 Law Enforcement Officers' Special Separation Allowance**

	<b>2022</b>
Beginning balance	\$ 1,988,388
Service Cost	136,310
Interest on the total pension liability	37,738
Differences between expected and actual experience	218,951
Changes in assumptions or other inputs	(68,754)
Benefit payments	(66,122)
Ending balance of the total pension liability	\$ 2,246,511

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 1.93 percent at December 31, 2020 (measurement date) to 2.25 percent at December 31, 2021 (measurement date).

*Changes in Benefit Terms.* Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

c. Supplemental Retirement Income Plan for Law Enforcement Officers and Non-Law Enforcement Employees

*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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981- 5454.

*Funding Policy.* 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, 2022 were \$196,123 which consisted of \$139,028 from the County and \$57,095 from the law enforcement officers.

The County also elected to contribute an amount equal to one percent of each general employee's salary; however, if the employee contributes one percent, the County will contribute an amount equal to two percent of each general employee's salary. All amounts contributed are vested immediately. Also, the general employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$600,424 which consisted of \$282,855 from the County and \$317,569 from the general employees.

d. Registers of Deeds' Supplemental Pension Fund

*Plan Description.* Beaufort County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

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*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary’s required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$4,683 for the year ended June 30, 2022.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2022, the County reported an asset of \$72,646 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension asset was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension asset was based on the County’s share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2021, the County’s proportion was .3781%, which was a decrease of .00261% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of \$8,844. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 775	\$ 881
Changes of assumptions	5,297	-
Net difference between projected and actual earnings on pension plan	-	223
Changes in proportion and differences between County Contributions and proportionate share of contributions	6,231	-
County contributions subsequent to the measurement date	4,683	-
Total	<u>\$ 16,986</u>	<u>\$ 1,104</u>

\$4,683 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2023	\$ 6,503
2024	3,173
2025	(170)
2026	1,693
2027	-
Thereafter	-
Total	<u>\$ 11,199</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.5 to 8.25 percent, including inflation and productivity factor
Investment Rate of Return	3.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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The actuarial assumptions used in the December 31, 2020 valuations were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2022 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County’s proportionate share of the net pension asset to changes in the discount rate.* The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (57,703)	\$ 72,646	\$ (85,203)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

e. Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020. The total pension liability for LEOSSA was measured as of June 30, 2021, with an actuarial valuation date of December 31, 2020.

The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of the Net Pension Liability (Asset)	\$ 3,893,494	\$ (72,646)	\$ -	\$ 3,820,848
Proportionate of the Net Pension Liability (Asset)	0.2539%	0.3781%	n/a	
Total Pension Liability	-	-	1,988,388	1,988,388
Pension Expense	1,607,284	8,844	283,161	1,899,289

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	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	1,238,660	775	374,510	1,613,945
Changes of assumptions	2,446,108	5,297	437,537	2,888,942
Net difference between project and actual earnings on plan investments	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	14,146	6,231	-	20,377
Benefit payments and administrative costs paid subsequent to the measurement date	2,063,756	4,683	28,501	2,096,940
<b><u>Deferred Inflows of Resources</u></b>				
Difference between expected and actual experience	-	881	35,269	36,150
Changes of assumptions	-	-	76,979	76,979
Net difference between projected and actual earnings on plan investments	5,562,633	223	-	5,562,856
Changes in proportion and differences between contributions and proportionate share of contributions	212,596	-	-	212,596

e. **Other Postemployment Benefits**

**Healthcare Benefits**

*Plan Description.* Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Board of Commissioners has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Benefits Provided.* This plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System). The County provides these benefits according to the following guidelines: a) The County pays the cost of premiums for the State Health Plan for employees who have 1) 20 years of service with Beaufort County, and are 60 years old, or 2) 30 years of service at any age at the same rate as active, current employees. Coverage ends at age 65 or when Medicare begins. The cost for the employee's share of the premiums, if any, will be determined on an annual basis. Service time credit with the County will be calculated based on actual service time and any sick leave time that is on a balance with the County at the time of retirement. The health insurance provision of this article shall apply to County Commissioners. The County pays the full cost of coverage for these benefits through private insurers. Also the County's retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

	<u>General Employees</u>
Retirees and dependents receiving benefits	14
Active Plan members	365
Total	<u>379</u>

**Total OPEB Liability**

The County's total OPEB liability of \$4,636,294 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation	
General employees	3.25% - 8.41%
Law enforcement officers	3.25% - 7.90%
Municipal bond index	2.16%
Healthcare trends (Pre-Medicare)	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2020</b>	\$ 4,290,985
<b>Changes for the year</b>	
Service Cost	344,959
Interest	101,001
Difference between expected and actual experience	(2,693)
Changes in assumptions or other inputs	34,296
Benefit payments and implicit subsidy credit	(132,254)
<b>Net changes</b>	<u>345,309</u>
<b>Balance at June 30, 2021</b>	<u>\$ 4,636,294</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	<u>1% Decrease (1.16%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB Liability	\$ 5,197,562	\$ 4,636,294	\$ 4,140,494

*Sensitivity of the total OPEB liability to changes in the healthcare cost trends.* The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentagepoint higher than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 3,950,816	\$ 4,636,294	\$ 5,475,225

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the County recognized OPEB expense of \$578,394. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 528,212	\$ 259,381
Changes of assumptions	572,186	60,589
Benefit payments and administrative costs made subsequent to the measurement date	109,102	-
Total	<u>\$ 1,209,500</u>	<u>\$ 319,970</u>

\$109,102 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 157,868
2024	157,868
2025	157,868
2026	169,904
2027	86,465
Thereafter	50,455
Total	<u>\$ 780,428</u>

f. Other Employment Benefits

The County has elected to provide death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

3. Closure and Post closure Care Costs - Beaufort County Landfill Facility

State and Federal laws 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 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$29,128 reported as landfill post-closure liability at June 30, 2022, represents a cumulative amount reported to that date. These amounts are based on what it would cost to perform all post-closure 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.

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4. Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources at year-end is comprised of the following:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Pensions - difference between expected and actual experience		
LGERS	\$ 1,238,660	\$ -
Register of Deeds	775	881
LEOSSA	374,510	35,269
OPEB	528,212	259,381
Changes of Assumptions		
LGERS	2,446,108	-
LEOSSA	437,537	76,979
OPEB	572,186	60,589
Pensions - difference between projected and actual investment		
LGERS	-	5,562,635
Register of Deeds	-	223
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	14,146	212,595
Register of Deeds	6,231	-
Contributions to pension plan in current fiscal year		
LGERS	2,063,756	-
Register of Deeds	4,683	-
Benefit payments/administration costs paid subsequent to the measurement date		
LEOSSA	28,501	-
OPEB	109,102	-
Deferred Charges on Refunding	409,457	-
Prepaid taxes (General)	-	35,062
Leases (General)		592,597
Total Government-wide statements	<u>8,239,161</u>	<u>6,836,211</u>
Prepaid taxes (General)	-	35,062
Leases (General)		592,597
Taxes receivable, net (General)	-	1,208,549
Taxes receivable, net (Special Revenue)	-	178,472
Total Fund Statements	<u>\$ -</u>	<u>\$ 2,014,680</u>

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing governmental risk 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 \$96,448,606 for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$750,000 up to a \$2 million limit for liability coverage, \$500,000 of aggregate annual losses in excess of \$500,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$750,000 for workers' compensation. The pool is reinsured through commercial carrier for individual losses in excess of \$3,000,000.

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The North Carolina State Health Plan provides the County's health insurance and the dental insurance is provided by Delta Dental.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County also is eligible to but has not purchased commercial flood insurance for another \$3,500,000 of coverage per structure.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance, the Tax Collector, and the Register of Deeds are each individually bonded for \$50,000 each. The Sheriff is individually bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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

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; injury 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. In accordance with G.S. 15B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000 secured by a corporate surety. Also, in accordance with G.S. 15B-803(b), each store manager is bonded in the amount of \$50,000 secured by a corporate surety.

6. Contingent Liabilities

At June 30, 2022, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

a. Lease Liabilities

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

General Fund

On 07/01/2021, Beaufort County, NC entered into a 39 month lease as Lessee for the use of Equipments - Cameras. An initial lease liability was recorded in the amount of \$177,191. As of 06/30/2022, the value of the lease liability is \$117,913. Beaufort County is required to make annual fixed payments of \$59,600. The lease has an interest rate of 0.7270%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$177,191 with accumulated amortization of \$54,520 is included with Equipment on the Lease Class activities found in the Right to Use Asset Schedule.

On 07/01/2021, Beaufort County, NC entered into a 27 month lease as Lessee for the use of Digital Meter - Social Service Dept. An initial lease liability was recorded in the amount of \$10,588. As of 06/30/2022, the value of the lease liability is \$5,891. Beaufort County is required to make quarterly fixed payments of \$1,182.72. The lease has an interest rate of 0.5140%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$10,588 with accumulated amortization of \$4,614 is included with Equipment on the Lease Class activities found in the Right to Use Asset Schedule.

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On 07/01/2021, Beaufort County, NC entered into a 20 month lease as Lessee for the use of Digital Meter - Administrative Dept. An initial lease liability was recorded in the amount of \$5,507. As of 06/30/2022, the value of the lease liability is \$1,840. Beaufort County is required to make quarterly fixed payments of \$921.87. The lease has an interest rate of 0.5140%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$5,507 with accumulated amortization of \$3,157 is included with Equipment on the Lease Class activities found in the Right to Use Asset Schedule.

On 07/01/2021, Beaufort County, NC entered into a 25 month lease as Lessee for the use of Physio LifePak - EMS. An initial lease liability was recorded in the amount of \$158,256. As of 06/30/2022, the value of the lease liability is \$105,248. Beaufort County is required to make annual fixed payments of \$53,030. The lease has an interest rate of 0.5140%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$158,256 with accumulated amortization of \$74,963 is included with Equipment on the Lease Class activities found in the Right to Use Asset Schedule.

On 07/01/2021, Beaufort County, NC entered into a 15 month lease as Lessee for the use of Xerox Copier - Cooperative Extension Dept. An initial lease liability was recorded in the amount of \$3,600. As of 06/30/2022, the value of the lease liability is \$721. Beaufort County is required to make monthly fixed payments of \$241. The lease has an interest rate of 0.3870%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$3,600 with accumulated amortization of \$2,740 is included with Equipment on the Lease Class activities found in the Right to Use Asset Schedule.

Enterprise Funds

On 07/01/2021, Beaufort County, NC entered into a 30 month lease as Lessee for the use of State Road 1921. An initial lease liability was recorded in the amount of \$16,357. As of 06/30/2022, the value of the lease liability is \$8,181. Beaufort County is required to make annual fixed payments of \$8,240. The lease has an interest rate of 0.7270%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$16,357 with accumulated amortization of \$6,543 is included with Buildings on the Lease Class activities found in the Right to Use Asset Schedule.

On 07/01/2021, Beaufort County, NC entered into a 34 month lease as Lessee for the use of Road No. 1114. An initial lease liability was recorded in the amount of \$3,367. As of 06/30/2022, the value of the lease liability is \$1,688. Beaufort County is required to make annual fixed payments of \$1,700. The lease has an interest rate of 0.7270%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$3,367 with accumulated amortization of \$1,188 is included with Land on the Lease Class activities found in the Right to Use Asset Schedule.. Beaufort County has 1 extension option(s), each for 36 months. The Lessor had a termination period of 1 month as of the lease commencement.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 118,503	\$ 1,423	\$ 9,869	\$ 72
2024	113,110	703	-	-
Total	\$ 231,613	\$ 2,126	\$ 9,869	\$ 72

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b. Installment Purchases

Serviced by the General Fund:

On June 10, 2021, the County refinanced the Allied Health Building loan of \$2,669,249 through a direct placement agreement. The note is secured with collateral of the building. The payments will be made in monthly payments for 144 payments of \$21,011 including interest at 2.13% monthly. The note contains provisions that in an event of default the lender (a) may declare all unpaid principal components of the installment payments and the accrued interest thereon, immediately due and payable; (b) proceed by appropriate court action to enforce performance by the County of the applicable covenants of this contract or the Deed of Trust to recover for the breach thereof; and (c) avail itself of all available remedies under the Deed of Trust, including foreclosure on the mortgaged property and recovery of legal fees and other expenses, and of all other remedies available at law or in equity. \$ 2,470,558

On March 18, 2016, the County refinanced their loan on the purchase of energy and HVAC upgrades, in the amount of \$1,929,000 through a direct placement agreement. The note is secured with collateral of the system. The payments will be made in monthly payments for 129 payments including interest at 2.132% annually. The note contains provisions that in an event of default the lender (a) may declare all installment payments payable by the County pursuant to the agreement and other amounts payable by the County to the end of the term to be due (b) the lender may enter the premises where the equipment is located and take possession of the equipment and sell or lease the equipment for the account of the County to the extent permitted by applicable law (c) proceed by appropriate court action to enforce performance by the County of the applicable covenants of the agreement or to recover for the contract breach (d) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State of North Carolina and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition costs, toward the balance due under the agreement, and, thereafter, shall pay any remaining proceeds to County (e) require the County to deliver the equipment, at the County's sole expense, to any location within the State of North Carolina designated by the lender, and take possession of any proceeds of the equipment (f) take whatever action at law or in equity that is necessary or desirable to enforce its rights under the agreement or as a secured party in any or all of the equipment subject to the agreement. 870,000

On October 10, 2014, the County entered into a direct placement installment purchase agreement for the purchase of the building located at 117 West Third Street. The note is secured by a Deed of Trust. The payments will be made in monthly payments of \$1,670.57 for 180 payments including interest at 4.00% annually. The note contains provisions that an event of default could (a) allow holder without further notice, declare the remainder of the principal sum, together with all interest accrued and the prepayment premium, if any, at once, due and payable and (b) the holder may employ an attorney to enforce the holder's rights and remedies and the maker, principal, surety, guarantor, and endorsers of the note agree to pay to the holder reasonable attorneys fees not exceeding a sum equal to 15% of the outstanding balance owing on the note, plus all other reasonable expenses incurred by the holder in exercising any of the holder's right and remedies upon default. 126,982

Total serviced by the General Fund \$ 3,467,540

BEAUFORT COUNTY, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS

Installment Purchases (continued)

Serviced by the Water Districts:

Beaufort County Water Districts has entered into a direct placement loan agreement with Bank of America to finance the Advanced Metering Infrastructure Project. The total amount financed is \$4,500,000. The agreement requires monthly installments of \$25,000 plus interest for 180 months. The interest rate is 3.3644%. The loan is secured with collateral of the system. The note contains provisions that in an event of default the lender (a) may declare all installment payments payable by the County pursuant to the agreement and other amounts payable by the County to the end of the term to be due (b) the lender may enter the premises where the equipment is located and take possession of the equipment and sell or lease the equipment for the account of the County to the extent permitted by applicable law (c) proceed by appropriate court action to enforce performance by the County of the applicable covenants of the agreement or to recover for the contract breach (d) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State of North Carolina and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition costs, toward the balance due under the agreement, and, thereafter, shall pay any remaining proceeds to County (e) require the County to deliver the equipment, at the County's sole expense, to any location within the State of North Carolina designated by the lender, and take possession of any proceeds of the equipment (f) take whatever action at law or in equity that is necessary or desirable to enforce its rights under the agreement or as a secured party in any or all of the equipment subject to the agreement.

	3,350,000
Total serviced by the enterprise funds	\$ 3,350,000

For Beaufort County, the future minimum payments of these installment purchases as of June 30, 2022, including \$997,053 of interest, are:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 411,646	\$ 72,186	\$ 300,000	\$ 108,081
2024	426,607	62,949	300,000	97,988
2025	441,686	53,201	300,000	87,895
2026	456,888	43,618	300,000	77,802
2027	267,218	35,045	300,000	67,709
2028-2032	1,214,248	93,188	1,500,000	187,145
2033-2037	249,247	2,886	350,000	7,360
Total	\$ 3,467,540	\$ 363,073	\$ 3,350,000	\$ 633,980

c. Water Bonds

In August 2012, the Water Districts (blended component units of the County) issued general obligation debt totaling \$36,005,000. The County then issued Limited Obligation Bonds in an amount sufficient to purchase all of the Districts' GO debt. The Districts and the County assign their rights to a third-party trustee what receives the debt payments from the Districts and uses those funds to make debt service payments on the Limited Obligation Bonds. These bonds were refunded and are now recorded as LOBS Refunding Bonds, Series 2021.

BEAUFORT COUNTY, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS

In June 2021, the Water Districts (blended component units of the County) refunded previously issued general obligation debt totaling \$31,410,000. The Districts and the County assign their rights to a third-party trustee that receives the debt payments from the Districts and uses those funds to make debt service payments on the Limited Obligation Bonds. The balance of these bonds at June 30, 2022 was \$29,585,000.

Due to the nature of this transaction and considering that the Districts are blended component units of the County, both the current and non-current portions of the GO debt have been reclassified to a “Due to County Water Fund” in the Districts and an equal and opposite “Due from Water Districts” in the Water Fund.

d. Limited Obligation Bonds

The Water Fund is responsible for accounting for the limited obligation bonds which should be accounted for as limited obligations in the Water Department.

The minimum payments for the limited obligation bonds as of June 30, 2022, in the business-type activities are as follows:

Year Ending June 30	Business-type Activities	
	Limited Obligation Bonds	
	Principal	Interest
2023	\$ 1,845,000	\$ 596,255
2024	1,845,000	588,691
2025	1,825,000	575,960
2026	1,820,000	556,433
2027	1,795,000	533,319
2027-2032	9,065,000	2,169,200
2033-2037	8,050,000	1,124,052
2038-2042	3,340,000	212,290
Total	<u>\$ 29,585,000</u>	<u>\$ 6,356,200</u>

e. General Obligation Indebtedness

General obligation bonds were issued to finance the construction of public schools and are reported as long-term debt in the General Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due. In the event of a default, the County agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the County under this Agreement.

The County’s general obligation bonds payable at June 30, 2022 are comprised of the following individual issues:

\$7,067,000 Refunding Series 2021A (Taxable), dated June 1, 2021, principal payments due annually, and interest payments due in semiannual installments; principal payments ranging from \$67,000 to \$1,252,000 beginning in 2022, interest at 1.48%. In conjunction with the issuance of the Taxable General Obligation Refunding Bond, Series 2021A (“2021A Taxable GO Bond”) on June 1, 2021, the County entered into a Bond Purchase Agreement Concerning Rate Adjustment and Bond Exchange (the “Agreement”). The Agreement provides the County with an option to exchange the 2021A Taxable GO Bond for a General Obligation Tax Exempt Refunding Bond, Series 2022 (“2022 Tax Exempt GO Bond”). The 2022 Tax Exempt GO Bond will have a rate of 1.170%. The County has the option to exercise the Agreement on any date on or after January 1, 2022.	\$ 7,000,000
\$2,740,000 Refunding Series 2021B (Tax-Exempt), dated June 1, 2021; principal payments due annually, and interest payments due in semiannual installments; principal payments ranging from \$427,000 to \$487,000 beginning in 2022, interest at 1.23%.	<u>2,253,000</u>
Total General Obligation Bonds	<u>\$ 9,253,000</u>

BEAUFORT COUNTY, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS

General Obligation Indebtedness (continued)

Annual debt service requirements to maturity for the County’s general obligation bonds are as follows:

Year Ending June 30	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2023	\$ 1,726,000	\$ 119,132
2024	1,681,000	95,090
2025	1,638,000	71,671
2026	1,589,000	34,306
2027	1,541,000	26,824
2028-2032	1,078,000	7,977
Total	<u>\$ 9,253,000</u>	<u>\$ 355,000</u>

f. Direct Borrowing- State Revolving Loans

Serviced by the Water District:

Beaufort County Water District I has entered into a direct borrowing agreement with the North Carolina Department of Environment, Health, and Natural Resources for water system improvements. The total amount financed is \$1,100,000. The agreement requires equal annual installments of \$55,000 for 20 years. The interest rate is 0%. The loan is secured with collateral of the system. The note contains provisions that an event of default could require the County to repay the note in whole and have further commitment of funds withdrawn. \$ 715,000

Beaufort County Water District VI has entered into a direct borrowing loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for water system improvements. The total amount financed is \$1,100,000. The agreement requires equal annual installments of \$55,000 for 20 years. The interest rate is 0%. The loan is secured with collateral of the system. The note contains provisions that an event of default could require the County to repay the note in whole and have further commitment of funds withdrawn. 715,000

Beaufort County Water District IV has entered into a direct borrowing loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for water system improvements. The total amount financed is \$137,753. The agreement requires equal annual installments of \$6,888 for 20 years. The interest rate is 0%. The loan is secured with collateral of the system. The note contains provisions that an event of default could require the County to repay the note in whole and have further commitment of funds withdrawn. This is a drawdown loan, so more will be requested in future loans. 137,376

Beaufort County Water District I has entered into a direct borrowing loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for water system improvements. The total amount financed is \$80,580. The agreement requires equal annual installments of \$4,029 for 20 years. The interest rate is 0%. The loan is secured with collateral of the system. The note contains provisions that an event of default could require the County to repay the note in whole and have further commitment of funds withdrawn. This is a drawdown loan, so more will be requested in future loans. 81,391

BEAUFORT COUNTY, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS

Direct Borrowing- State Revolving Loans (continued)

Beaufort County Water District V has entered into a direct borrowing loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for water system improvements. The total amount financed is \$82,814. The agreement requires equal annual installments of \$4,121 for 20 years. The interest rate is 0%. The loan is secured with collateral of the system. The note contains provisions that an event of default could require the County to repay the note in whole and have further commitment of funds withdrawn. This is a drawdown loan, so more will be requested in future loans. 82,814

Beaufort County Water District I has entered into a direct borrowing loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for water system improvements. The total amount financed is \$138,856. The agreement requires equal annual installments of \$37,500 for 20 years. The interest rate is 0%. The loan is secured with collateral of the system. The note contains provisions that an event of default could require the County to repay the note in whole and have further commitment of funds withdrawn. This is a drawdown loan, so more will be requested in future loans. 138,856

Beaufort County Water District V has entered into a direct borrowing loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for water system improvements. The total amount financed is \$448,661. The agreement requires equal annual installments of \$24,225 for 20 years. The interest rate is 0%. The loan is secured with collateral of the system. The note contains provisions that an event of default could require the County to repay the note in whole and have further commitment of funds withdrawn. This is a drawdown loan, so more will be requested in future loans. 448,661

Beaufort County Water District V has entered into a direct borrowing loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for water system improvements. The total amount financed is \$38,404. The agreement requires equal annual installments of \$33,666 for 20 years. The interest rate is 0%. The loan is secured with collateral of the system. The note contains provisions that an event of default could require the County to repay the note in whole and have further commitment of funds withdrawn. This is a drawdown loan, so more will be requested in future loans. 38,404

Beaufort County Water District V has entered into a direct borrowing loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for water system improvements. The total amount financed is \$6,901. The agreement requires equal annual installments of \$5,097 for 20 years. The interest rate is 0%. The loan is secured with collateral of the system. The note contains provisions that an event of default could require the County to repay the note in whole and have further commitment of funds withdrawn. This is a drawdown loan, so more will be requested in future loans. 6,901

Total serviced by enterprise funds \$ 2,364,403

For Beaufort County, the future minimum payments of the State Revolving Loans as of June 30, 2021 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2023	\$ 225,526	\$ -
2024	193,305	-
2025	186,763	-
2026	175,619	-
2027	149,263	-
2028-2032	746,313	-
2033-2037	526,313	-
2038-2042	156,784	-
Total	<u>\$ 2,359,886</u>	<u>\$ -</u>

BEAUFORT COUNTY, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS

At June 30, 2022, Beaufort County had a legal debt margin of \$477,755,418.

g. Refunding

On May 6, 2021, the County issued \$31,410,000 of taxable limited obligation refunding bonds to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust to be used for all future debt service payments of \$31,215,000 of water limited obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$195,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$3,185,192, and resulted in an economic gain of \$2,530,470.

On June 1, 2021, the County issued \$7,067,000 of general obligation refunding bonds (taxable) and \$2,740,000 general obligation refunding bonds (tax-exempt) to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust to be used for all future debt service payments of \$4,680,000 for Refunded 2012 bonds, \$2,712,000 for Refunded 2015 bonds, and \$2,122,000 of Refunded 2017 bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$293,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 7 years by \$360,825, and resulted in an economic gain of \$316,223.

h. Long-Term Obligation Activity:

The following is a summary of changes in the County’s long-term obligations for the fiscal year ended June 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 10,977,000	\$ -	\$ 1,724,000	\$ 9,253,000	\$ 1,726,000
Direct Placement Installment Purchase	3,865,805	-	398,265	3,467,540	411,646
Lease Liabilities	-	355,141	123,528	231,613	118,503
Compensated Absences	1,633,826	15,814	-	1,649,640	412,410
Net Pension Liability (LGRS)	8,450,847	-	4,774,940	3,675,907	-
Total Pension Liability (LEOSSA)	1,988,388	258,123	-	2,246,511	-
Total OPEB Liability	3,028,932	243,748	-	3,272,680	-
Landfill post-closure care	43,693	-	14,565	29,128	14,565
<b>Total</b>	<b>\$ 29,988,491</b>	<b>\$ 872,826</b>	<b>\$ 7,035,298</b>	<b>\$ 23,826,019</b>	<b>\$ 2,683,124</b>
<b>Business-type Activities:</b>					
Limited Obligation Bonds	\$ 31,410,000	\$ -	\$ 1,825,000	\$ 29,585,000	\$ 1,845,000
Direct Placement Installment Purchase	3,650,000	-	304,556	3,345,444	300,000
Direct Borrowing - Revolving Loan	1,840,751	648,690	125,038	2,364,403	225,526
Lease Liabilities	-	19,725	9,856	9,869	9,869
Compensated Absences	109,674	8,360	-	118,034	29,509
Net Pension Liability (LGRS)	500,228	-	282,641	217,587	-
Total OPEB Liability	1,262,053	101,561	-	1,363,614	-
<b>Total</b>	<b>\$ 38,772,706</b>	<b>\$ 778,336</b>	<b>\$ 2,547,091</b>	<b>\$ 37,003,951</b>	<b>\$ 2,409,904</b>

Compensated absences for governmental activities typically have been liquidated in the General Fund and are accounted for on a FIFO basis, assuming that the employees are taking leave time as it is earned. Total Pension Liability has been liquidated in the General Fund. Net OPEB Liability has been liquidated in the General Fund and Water Districts.

BEAUFORT COUNTY, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2022 consist of the following:

Due to the Healthcare Reserve Fund from the General Fund for capital project funding. On May 1, 2018, the Healthcare Reserve Fund advanced the General Fund \$3,500,000 to be used for capital improvements to County buildings. The funds will be repaid in monthly payments of \$30,961.65 for 120 payments including interest at 1.197% annually.	\$ 2,092,372
Due to the General Fund from the NC Housing Finance Fund for the advancement of grant expenditures.	19,175
Due to the General Fund from the Stream Debris Removal Fund for the advancement of grant expenditures.	214,677
Due to the General Fund from the Voting System Capital Project Fund for the advancement of project expenditures.	<u>21,152</u>
Total Interfund balances	<u><u>\$ 2,347,376</u></u>

Transfers to/from other funds at June 30, 2022, consist of the following:

Transfer from the General Fund to the Revaluation Fund for the Octennial revaluation savings contribution.	\$ 162,050
Transfer from the General Fund to the Economic Development Fund for grant matches and Committee of 100 Payment.	45,000
Transfer from the General Fund to the Capital Reserve Fund for future capital expenses.	55,000
Transfer from the General Fund to the E-911 Fund to cover ineligible expenses.	9,950
Transfer from the General Fund to the Facility Improvements Capital Project Fund to provide funds for facility improvements.	575,000
Transfer from the General Fund to the Revaluation Project Fund for the Octennial revaluation project expenses.	218,415
Transfer from the Revaluation Fund to the Revaluation Project Fund for the Octennial revaluation project expenses.	824,858
Transfer from the General Fund to the Economic Development Initiatives Fund Initiatives offered to other governments.	450,000
Transfer from the General Fund to the NC Housing Finance Grant Fund to provide grant the local grant match for the project.	10,000
Transfer from the General Fund to the Capital Project Fund to provide resources for future capital expenditures.	5,128,034
Transfer from the General Fund to the Wright's Creek PARTF Grant Fund to provide the local match for the project funded per the grant agreement.	249,895
Transfer from the ARPA Fund to the Capital Project Fund to transfer funds that were budgeted from the ARPA Funds received by the County.	398,966

BEAUFORT COUNTY, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS

Transfers (continued)

Transfer from the ARPA Fund to the Water Capital Project Fund to transfer funds that were budgeted from the ARPA Funds received by the County.	1,609,000
Transfer from the Voting System Capital Project Fund to the Capital Reserve Fund to return funds advanced for the project that were not used.	1,154
Transfer from the Jail Locking System Improvement Fund to the General Fund to return funds advanced for the project that were not used.	<u>257,336</u>
Total Transfers	<u><u>\$ 9,994,658</u></u>

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 24,373,034	\$ 59,813,066
add: deferred charges (capital related)	118,939	-
Total capital assets and related deferred charges	<u>24,491,973</u>	<u>59,813,066</u>
Total debt, gross	12,952,153	35,304,716
less: debt related to assets not owned by the County	(10,123,000)	-
less: capital related unspent debt issuances	-	-
Total capital debt	<u>2,829,153</u>	<u>35,304,716</u>
Net investment in capital assets	<u>\$ 21,662,820</u>	<u>\$ 24,508,350</u>

E. Fund Balance

Beaufort County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, and county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Director has the authority to deviate from this policy if it's in the best interest of the County.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriations based on the County's policy.

Total Fund Balance - General Fund	<u>\$ 39,716,228</u>
Less:	
Nonspendable (Prepays)	32
Stabilization by State Statute	7,479,946
Restricted - Other	650,462
Tax Revaluation	-
Broadband project	500,000
Other Commitments	1,610,000
Appropriated fund balance (subsequent year's budget)	-
Remaining Fund Balance	<u><u>\$ 29,475,788</u></u>

BEAUFORT COUNTY, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS

Beaufort County has adopted a minimum fund balance policy for the General Fund which instructs management to strive to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 35% of budgeted expenditures. The following calculation shows fund balance available after deducting the required 35% working capital.

Total Fund Balance - General Fund	\$ 39,716,228
Less:	
Nonspendable (Prepays)	32
Stabilization by State Statute	7,479,946
Restricted - Other	650,462
Tax Revaluation	-
Broadband project	500,000
Other Commitments	1,610,000
Appropriated fund balance (subsequent year's budget)	-
Working Capital / Fund Balance Policy	23,851,503
Remaining Fund Balance	<u>\$ 5,624,285</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

General Fund	\$ 682,505
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NOTE IV: Joint Ventures

The County participates in a joint venture to operate BHM Regional Library (“the Library”) with three other local governments. Beaufort County appoints three members to the nine-member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library’s continued existence depends on the participating governments’ continued funding. None of the participating governments has any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2022. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$224,352 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library’s offices at 158 North Market Street, Washington, North Carolina 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 (the “Community College”). Each of the three participants appoints five members of the 15-member Board of Trustees of the Community College. The President of the Community College’s student government serves as an ex officio non-voting member on the Board of Trustees. The Community College is included as a component unit of the State. The County has the basic support for the Community College’s capital needs. 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 responsibility for the Community College because of the statutory responsibility to provide funding for the Community College’s facilities. The County contributed \$2,794,143 and \$706,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2022. 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, 2022. Complete financial statements for the Community College may be obtained from the Community College’s administrative offices at 5337 US Hwy 264 East, Washington, NC 27889.

BEAUFORT COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS

Joint Ventures (continued)

The County, in conjunction with nine other counties, participates in the Trillium Local Management Entity for local mental health services. The County Commissioners appoint two members to the 20-member Board of Trillium. Trillium, a multi-County LME, is a separate and distinct subdivision charged by the State law with the responsibility of providing for drug and mental health prevention, treatment, and rehabilitation services. The County contributed \$157,000 to Trillium during the fiscal year ended June 30, 2022. Complete financial statements for Trillium can be obtained from the administrative offices at P.O. Box 1636, New Bern, North Carolina 28563.

NOTE V: Jointly Governed Organization

The County, in conjunction with four other counties and 39 municipalities, established the Mid-East Commission (the "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 Council's governing board. The County paid membership fees of \$15,402 to the Council during the fiscal year ended June 30, 2022.

NOTE VI: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonable estimated as events associated with the pandemic continue to develop.

NOTE VII: Major Taxpayer

Beaufort County had property tax revenue from one taxpayer in 2022 of \$6,503,214. The payment represents 16.96% of the County's total assessed property valuation.

NOTE VIII: Subsequent Events

In preparing the financial statements, the County has evaluated subsequent events and transactions for potential recognition or disclosure through November 14, 2022 the date these financial statements were available to be issued.

## REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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- ~ Schedule of County's Proportionate Share of Net Pension Liability (LGERS)
- ~ Schedule of County Contributions (LGERS)
- ~ Schedule of County's Proportionate Share of Net Pension Asset (ROD)
- ~ Schedule of County Contributions (ROD)
- ~ Schedule of Changes in the Total Pension Liability (LEOSSA)
- ~ Schedule of Total Pension Liability as a Percentage of Covered Payroll (LEOSSA)
- ~ Schedule of Changes in the Total OPEB Liability and Related Ratios

**BEAUFORT COUNTY**  
**Schedule of Proportionate Share of Net Pension Liability (Asset)**  
**Local Government Employees' Retirement System**  
**Last Nine Fiscal Years\***

<b>Local Government Employees' Retirement System</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
County's proportion of the net pension liability (asset) (%)	0.25388%	0.25049%	0.26228%	0.26328%	0.26581%
County's proportion of the net pension liability (asset) (\$)	\$ 3,893,494	\$ 8,951,075	\$ 7,162,662	\$ 6,245,902	\$ 4,060,841
County's covered payroll	\$ 17,794,545	\$ 16,341,089	\$ 16,359,660	\$ 15,948,696	\$ 15,530,189
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.88%	54.78%	43.78%	39.16%	26.15%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	
County's proportion of the net pension liability (asset) (%)	0.23587%	0.23326%	0.22809%	0.21770%	
County's proportion of the net pension liability (asset) (\$)	\$ 5,005,953	\$ 1,046,857	\$ (1,345,151)	\$ 2,624,121	
County's covered payroll	\$ 13,577,675	\$ 12,908,791	\$ 12,497,637	\$ 12,497,637	
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.87%	8.11%	-10.76%	21.00%	
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%	

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**BEAUFORT COUNTY**  
**Schedule of County Contributions**  
**Local Government Employees' Retirement System**  
**Last Nine Fiscal Years**

<b>Local Government Employees' Retirement System</b>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,063,756	\$ 1,834,378	\$ 1,491,379	\$ 1,295,704	\$ 1,210,872
Contributions in relation to the contractually required contribution	2,063,756	1,834,378	1,491,379	1,295,704	1,210,872
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 17,947,004	\$ 17,794,545	\$ 16,341,089	\$ 16,359,660	\$ 15,948,696
Contributions as a percentage of covered payroll	11.50%	10.31%	9.13%	7.92%	7.59%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Contractually required contribution	\$ 1,125,797	\$ 922,308	\$ 891,406	\$ 864,942	
Contributions in relation to the contractually required contribution	1,125,797	922,308	891,406	864,942	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 15,530,189	\$ 13,577,675	\$ 12,908,791	\$ 12,497,637	
Contributions as a percentage of covered payroll	7.25%	6.79%	6.91%	6.92%	

**BEAUFORT COUNTY**  
**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)**  
**Register of Deeds' Supplemental Pension Fund**  
**Last Nine Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's proportionate share of the net pension liability (asset) %	0.37811%	0.40425%	0.40493%	0.45899%	0.45220%
County's proportionate share of the net pension liability (asset) \$	\$ (72,646)	\$ (92,646)	\$ (79,941)	\$ (76,023)	\$ (72,140)
Plan fiduciary net position as a percentage of the total pension liability	156.53%	173.62%	164.11%	153.31%	153.77%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
County's proportionate share of the net pension liability (asset) %	0.44989%	0.42409%	0.45133%	0.45909%	
County's proportionate share of the net pension liability (asset) \$	\$ (77,843)	\$ (104,661)	\$ (102,287)	\$ (98,062)	
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%	

\* The amounts presented for the fiscal year were determined as of June 30.

**BEAUFORT COUNTY**  
**Schedule of County Contributions**  
**Register of Deeds' Supplemental Pension Fund**  
**Last Nine Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's required contribution	\$ 4,683	\$ 4,538	\$ 3,871	\$ 5,623	\$ 3,928
Contributions in relation to contractually required contribution	<u>4,683</u>	<u>4,538</u>	<u>3,871</u>	<u>5,623</u>	<u>3,928</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
County's required contribution	\$ 3,955	\$ 3,675	\$ 3,054	\$ 3,685	
Contributions in relation to contractually required contribution	<u>3,955</u>	<u>3,675</u>	<u>3,054</u>	<u>3,685</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**BEAFORT COUNTY**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Six Fiscal Years**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Beginning Balance	\$ 1,988,388	\$ 1,094,799	\$ 1,063,302
Service Cost	136,310	78,440	65,548
Interest on the total pension liability	37,738	34,594	37,333
Change in benefit terms	-	-	-
Differences between expected and actuarial experience in the measurement of the total pension liability	218,951	270,541	(34,230)
Changes of assumptions and other inputs	(68,754)	577,287	38,179
Benefit payments	(66,122)	(67,273)	(75,333)
Other changes	-	-	-
Ending balance of total pension liability	<u>\$ 2,246,511</u>	<u>\$ 1,988,388</u>	<u>\$ 1,094,799</u>
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning Balance	\$ 1,118,105	\$ 1,039,037	\$ 1,053,938
Service Cost	69,370	64,512	70,240
Interest on the total pension liability	34,142	38,653	35,963
Change in benefit terms	-	-	-
Differences between expected and actuarial experience in the measurement of the total pension liability	(35,476)	(26,200)	-
Changes of assumptions and other inputs	(47,506)	77,436	(27,968)
Benefit payments	(75,333)	(75,333)	(93,136)
Other changes	-	-	-
Ending balance of total pension liability	<u>\$ 1,063,302</u>	<u>\$ 1,118,105</u>	<u>\$ 1,039,037</u>

The amounts presented for each fiscal year were determined as of the prior Decem

**BEAUFORT COUNTY**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Six Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 2,246,511	\$ 1,988,388	\$ 1,094,799
Covered-employee payroll	3,367,536	3,046,316	2,784,246
Total pension liability as a percentage of covered-employee payroll	66.71%	65.27%	39.32%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,063,302	\$ 1,118,105	\$ 1,039,037
Covered-employee payroll	2,680,824	2,765,059	2,750,952
Total pension liability as a percentage of covered-employee payroll	39.66%	40.44%	37.77%

Notes to the schedules:

Beaufort County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

**BEAUFORT COUNTY**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Last Five Fiscal Years**

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service Cost	\$ 344,959	\$ 261,795	\$ 242,634	\$ 170,916	\$ 185,026
Interest on the total OPEB liability	101,001	139,446	129,368	77,264	64,960
Change in benefit terms	-	-	-	-	-
Differences between expected and actuarial experience in the measurement of the total pension liability	(2,693)	(337,169)	(976)	1,007,887	16,801
Changes of assumptions and other inputs	34,296	569,573	156,060	18,405	(153,229)
Benefit payments	(132,254)	(128,969)	(131,624)	(107,011)	(95,881)
<b>Net change in total OPEB liability</b>	345,309	504,676	395,462	1,167,461	17,677
<b>Total OPEB liability - beginning</b>	4,290,985	3,786,309	3,390,847	2,223,386	2,205,709
<b>Total OPEB liability - ending</b>	<u>\$ 4,636,294</u>	<u>\$ 4,290,985</u>	<u>\$ 3,786,309</u>	<u>\$ 3,390,847</u>	<u>\$ 2,223,386</u>
<b>Covered-employee payroll</b>	\$ 15,829,569	\$ 15,829,569	\$ 14,536,223	\$ 13,520,354	\$ 13,520,354
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	29.29%	27.11%	26.05%	25.08%	16.44%

**Notes to Schedule**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%

## **GENERAL FUND**

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The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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**Beaufort County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	2022 Budget	2022 Actual	Variance Positive (Negative)
<b>Revenues</b>			
Ad valorem Taxes:			
Current year	\$ 37,424,457	\$ 38,386,759	
Panalties and interest	236,600	254,317	
Total	<u>37,661,057</u>	<u>38,641,076</u>	<u>980,019</u>
Local Option Sales Taxes:			
Local option sales tax	11,270,473	12,809,401	
Total	<u>11,270,473</u>	<u>12,809,401</u>	<u>1,538,928</u>
Other Taxes and Licenses:			
Documentary stamps	195,000	320,601	
Beer and wine licenses	2,800	4,575	
Rental vehicles receipt tax	30,000	37,044	
Total	<u>227,800</u>	<u>362,220</u>	<u>134,420</u>
Unrestricted Intergovernmental Revenues			
Beer and wine tax	148,000	124,231	
Medicaid hold harmless	-	183,012	
Other	339,000	45,377	
Total	<u>487,000</u>	<u>352,620</u>	<u>(134,380)</u>
Restricted Intergovernmental Revenues			
State and Federal grants	12,735,218	12,710,174	
ABC distributions/tax	175,000	163,672	
Total	<u>12,910,218</u>	<u>12,873,846</u>	<u>(36,372)</u>
Permits and Fees			
Building permits and inspection fees	107,050	153,280	
Register of Deeds	200,000	236,234	
Other permits and fees	63,100	85,766	
Total	<u>370,150</u>	<u>475,280</u>	<u>105,130</u>
Sales and Services			
Attorney fees/tax administration	36,000	62,149	
Animal control fees	22,000	27,039	
Tax collection fees	115,000	116,973	
Sheriff fees	72,000	67,975	
Gun storage fees	1,000	2,154	
State prisoner's reimbursement	8,500	35,425	
Environmental health	74,000	113,010	
Vending and phones	18,000	29,009	
Health and immunizations	309,270	190,594	
Emergency medical transport fees	455,300	1,013,397	
Rescue fees	847,800	895,018	
Share of service fee	14,032	7,070	
Rent	253,176	251,319	
Cable franchise fee	95,000	97,995	
NC Health Choice	10,000	-	
Administrative Charges	328,760	328,760	
Total	<u>2,659,838</u>	<u>3,237,887</u>	<u>578,049</u>

(continued)

**Beaufort County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

Exhibit B-1  
(continued)

	2022 Budget	2022 Actual	Variance Positive (Negative)
Investment Earnings	75,000	96,476	
Total	<u>75,000</u>	<u>96,476</u>	<u>21,476</u>
Miscellaneous			
Proceeds from sales of assets/insurance claims	70,000	121,463	
Donations	10,000	15,555	
Miscellaneous	30,500	17,075	
Total	<u>110,500</u>	<u>154,093</u>	<u>43,593</u>
Total Revenues	<u>65,772,036</u>	<u>69,002,899</u>	<u>3,230,863</u>
<b>Expenditures</b>			
General Government:			
Governing Body	370,588	357,070	
County Manager	508,594	494,927	
Finance	692,647	681,569	
Human Resources	253,591	249,536	
Nondepartmental	842,069	757,005	
Tax Administration	1,233,505	1,133,268	
Tax Collector	662,562	629,697	
Register of Deeds	427,059	417,141	
Elections	387,791	306,546	
Public Buildings	1,638,246	1,383,546	
Court Facilities	275,450	286,027	
Total General Government	<u>7,292,102</u>	<u>6,696,332</u>	<u>595,770</u>
Public safety:			
Sheriff	3,470,981	3,187,791	
Jail	1,565,421	1,390,034	
Emergency Communications	1,392,868	1,129,760	
Emergency Management	421,713	419,777	
Fire Protection	173,134	131,075	
Ambulance/rescue services	22,500	22,500	
Animal Control	452,057	442,351	
Emergency Medical Services	1,464,497	1,411,222	
Medical Examiner	40,000	33,300	
Total Public Safety	<u>9,003,171</u>	<u>8,167,810</u>	<u>835,361</u>
Economic and Physical Development:			
Planning	311,018	310,382	
Economic Development	314,798	296,416	
Cooperative Extension	296,090	274,810	
Soil/Water Conservation	173,459	165,875	
Total Economic and Physical Develop	<u>1,095,365</u>	<u>1,047,483</u>	<u>47,882</u>

(continued)

**Beaufort County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

Exhibit B-1  
(continued)

	2022 Budget	2022 Actual	Variance Positive (Negative)
<b>Human services:</b>			
Administration - general	324,363	344,402	
AIDS control / STD	259,114	252,566	
TB Program	64,305	60,699	
Immunization	1,116,816	832,196	
Health Promotion	490,997	394,342	
Child Health	884,770	660,683	
Maternal Health	362,698	350,636	
WIC - administration	355,454	313,992	
Environmental Health	750,515	723,698	
Family Planning	389,317	343,497	
Jail Health	252,837	240,715	
Healthy Living	184,386	183,468	
Other Health Programs	370,538	360,900	
Total	5,806,110	5,061,794	744,316
<b>Mental Health and Transportation:</b>			
General Appropriation	157,000	157,000	
Alcohol Rehabilitation	20,000	16,715	
Beaufort County Development Center	55,000	55,000	
NC Elderly Handicapped Transportation/Other	81,868	87,846	
Passages Counseling Services	50,000	18,038	
Total	363,868	334,599	29,269
<b>Social Services</b>			
Administration	8,381,304	7,745,612	
State In-Home Aging Services	516,838	378,140	
Medical Assistance	110,000	60,372	
Energy Assistance	1,637,414	1,342,451	
County Provided Assistance	621,652	428,848	
Transportation	302,570	279,081	
Child Support Enforcement	891,600	839,830	
Aid to the Blind Program	11,468	218	
Foster Care	1,357,227	1,227,753	
Work First Program	88,400	55,443	
Total	13,918,473	12,357,748	1,560,725
<b>Other Human Services</b>			
Veterans Services	71,751	70,491	
Youth Services	247,454	245,827	
Total	319,205	316,318	2,887
<b>Total Human Services</b>	20,407,656	18,070,459	2,337,197

(continued)

**Beaufort County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

Exhibit B-1  
(continued)

	2022 Budget	2022 Actual	Variance Positive (Negative)
Cultural and recreational:			
Recreation	55,070	55,070	
Library and Museum	227,352	226,352	
Special Appropriation	165,500	156,500	
Total Cultural and Recreational	<u>447,922</u>	<u>437,922</u>	<u>10,000</u>
Education:			
Public School			
Current Expense	14,587,140	14,587,140	
Capital Outlay	1,660,668	1,115,695	
SRO Funding	508,600	345,349	
Community College			
Current Expense	2,794,143	2,794,143	
Capital Outlay	706,000	706,000	
Total Education	<u>20,256,551</u>	<u>19,548,327</u>	<u>708,224</u>
Debt service:			
Principal	2,467,523	2,122,265	
Interest and fees	283,468	271,491	
Total debt service	<u>2,750,991</u>	<u>2,393,756</u>	<u>357,235</u>
Total Expenditures	<u>61,253,758</u>	<u>56,362,089</u>	<u>4,891,669</u>
<b>Revenue over (under) expenditures</b>	<u>4,518,278</u>	<u>12,640,810</u>	<u>8,122,532</u>
<b>Other financing sources (uses):</b>			
Lease liabilities issued	-	355,141	355,141
Transfers (to) from other funds:			
Revaluation Fund	(162,050)	(162,050)	-
Revaluation Project Fund	(218,415)	(218,415)	-
Capital Project - Capital Reserve	(55,000)	(55,000)	-
Economic Development Initiatives Fund	(450,000)	(450,000)	-
Wright's Creek PARTF Grant Fund	(249,895)	(249,895)	-
NCHFA Urgent Repair Program Fund	(10,000)	(10,000)	-
Jail Locking System Improvement Fund	-	257,336	257,336
Capital Project - Facility Improvements Project Fund	(575,000)	(575,000)	-
Capital Project Fund	(5,128,034)	(5,128,034)	-
Special Revenue - Economic Development Fund	(45,000)	(45,000)	-
Special Revenue - Emergency Telephone	-	(9,950)	(9,950)
Appropriated Fund Balance	2,375,116	-	(2,375,116)
Total other financing sources (uses)	<u>(4,518,278)</u>	<u>(6,290,867)</u>	<u>(1,772,589)</u>
Net change in fund balance	<u>\$ -</u>	6,349,943	<u>\$ 6,349,943</u>
Fund balance, beginning of year		<u>33,366,285</u>	
Fund balance, end of year		<u>\$ 39,716,228</u>	

**Beaufort County, North Carolina**  
**Revaluation Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	2022 Budget	2022 Actual	Variance Positive (Negative)
Revenue			
Investment Earnings	\$ -	\$ 737	\$ 737
Total Revenue	<u>-</u>	<u>737</u>	<u>737</u>
Other financing sources (uses):			
Transfer in - General Fund	162,050	162,050	-
Transfer in - Revaluation Project Fund	-	-	-
Transfer out - Revaluation Project	(1,148,667)	(824,858)	323,809
To fund balance for future reval	(162,050)	-	162,050
Appropriated fund balance	1,148,667	-	(1,148,667)
Total other financing sources (uses)	<u>-</u>	<u>(662,808)</u>	<u>(662,808)</u>
Net change in fund balance	<u>\$ -</u>	<u>(662,071)</u>	<u>\$ (662,071)</u>
Fund balance, beginning		<u>662,071</u>	
Fund balance, ending		<u>\$ -</u>	

## OTHER MAJOR GOVERNMENTAL FUNDS

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The County reports the following major governmental funds:

*ARP Grant Fund* – The County received funds to assist in the prevention and treatment of COVID 19. These funds are maintained in a separate fund and will be spent over several years.

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**Beaufort County, North Carolina**  
**Coronavirus State Local Fiscal Recover Funds CFR 21.027 (ARPA Funds)**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental					
American Rescue Plan	\$ 9,128,034	\$ -	\$ 7,136,000	\$ 7,136,000	\$ (1,992,034)
Total revenues	<u>9,128,034</u>	<u>-</u>	<u>7,136,000</u>	<u>7,136,000</u>	<u>(1,992,034)</u>
Expenditures:					
Public Safety					
Salaries and Benefits	5,128,034	-	5,128,034	5,128,034	-
American Rescue Plan Expense	1,992,034	-	-	-	1,992,034
Total expenditures	<u>7,120,068</u>	<u>-</u>	<u>5,128,034</u>	<u>5,128,034</u>	<u>1,992,034</u>
Revenues over (under) expenditures	<u>2,007,966</u>	<u>-</u>	<u>2,007,966</u>	<u>2,007,966</u>	<u>-</u>
Other financing sources:					
Transfer to Capital Project Fund	(398,966)	-	(398,966)	(398,966)	-
Transfer to Water Capital Project Fund	(1,609,000)	-	(1,609,000)	(1,609,000)	-
Total other financing sources	<u>(2,007,966)</u>	<u>-</u>	<u>(2,007,966)</u>	<u>(2,007,966)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, end			<u>\$ -</u>		

## NON-MAJOR GOVERNMENTAL FUNDS

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Non-Major Governmental Funds are Special Revenue Funds and Capital Projects Funds

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**Beaufort County, North Carolina**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2022**

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 6,217,654	\$ 6,757,783	\$ 12,975,437
Restricted cash	118,243	-	118,243
Taxes receivable (net)	178,472	-	178,472
Accounts receivable (net)	473,795	236,630	710,425
Due from other funds	2,092,372	-	2,092,372
Total assets	<u>\$ 9,080,536</u>	<u>\$ 6,994,413</u>	<u>\$ 16,074,949</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,418,932	\$ 5,705	\$ 1,424,637
Due to other funds	19,175	235,829	255,004
Unearned revenues	118,243	-	118,243
Total liabilities	<u>1,556,350</u>	<u>241,534</u>	<u>1,797,884</u>
DEFERRED INFLOWS OF RESOURCES	<u>178,472</u>	<u>-</u>	<u>178,472</u>
Fund balances:			
Nonspendable			
Advance to General Fund	2,092,372	-	2,092,372
Restricted:			
Stabilization by State Statute	106,445	236,630	343,075
Economic Development	698,866	-	698,866
Human Services	2,830,323	-	2,830,323
Public Safety	653,871	-	653,871
Cultural and Recreational	-	249,597	249,597
Committed	1,043,273	6,502,481	7,545,754
Unassigned	(79,436)	(235,829)	(315,265)
Total fund balances	<u>7,345,714</u>	<u>6,752,879</u>	<u>14,098,593</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,080,536</u>	<u>\$ 6,994,413</u>	<u>\$ 16,074,949</u>

**Beaufort County, North Carolina**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ 3,957,747	\$ -	\$ 3,957,747
Restricted intergovernmental	1,109,201	317,312	1,426,513
Sales and services	1,843,703	-	1,843,703
Other	40,968	-	40,968
Investment Earnings	3,551	55	3,606
Total revenues	<u>6,955,170</u>	<u>317,367</u>	<u>7,272,537</u>
<b>Expenditures:</b>			
Current:			
General government	-	328,465	328,465
Public safety	5,913,403	22,450	5,935,853
Health and human services	641,966	-	641,966
Economic and physical development	219,221	442,651	661,872
Cultural and recreational	-	298	298
Total Expenditures	<u>6,774,590</u>	<u>793,864</u>	<u>7,568,454</u>
Revenues over (under) expenditures	<u>180,580</u>	<u>(476,497)</u>	<u>(295,917)</u>
<b>Other financing sources (uses):</b>			
Transfers in (out)	<u>1,558,223</u>	<u>6,149,559</u>	<u>7,707,782</u>
Total other financing sources (uses)	<u>1,558,223</u>	<u>6,149,559</u>	<u>7,707,782</u>
Net change in fund balance	1,738,803	5,673,062	7,411,865
Fund balances, beginning	<u>5,606,911</u>	<u>1,079,817</u>	<u>6,686,728</u>
Fund balances, ending	<u>\$ 7,345,714</u>	<u>\$ 6,752,879</u>	<u>\$ 14,098,593</u>

## SPECIAL REVENUE FUNDS

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Special Revenue Funds are used to account for governmental activities that are not part of the General Fund and are not capital projects.

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**Beaufort County, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

Exhibit C-3

	HCCBG Aging	Economic Development	Fire and Rescue Tax Districs	Emergency Telephone System	State and Federal Seizures	Healthcare Reserve Fund
<b>ASSETS</b>						
Cash and investments	\$ 29,067	\$ 120,665	\$ 405,844	\$ 544,834	\$ 82,920	\$ 2,648,598
Restricted Cash	-	-	-	-	-	-
Taxes receivable (net)	-	-	178,472	-	-	-
Accounts receivable (net)	196	-	-	22,185	2,377	-
Due from other funds	-	-	-	-	-	2,092,372
Total assets	<u>\$ 29,263</u>	<u>\$ 120,665</u>	<u>\$ 584,316</u>	<u>\$ 567,019</u>	<u>\$ 85,297</u>	<u>\$ 4,740,970</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 405,844	\$ 13,716	\$ 8,834	\$ -
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>405,844</u>	<u>13,716</u>	<u>8,834</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>-</u>	<u>-</u>	<u>178,472</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Advance to General Fund	-	-	-	-	-	2,092,372
<b>Restricted:</b>						
Stabilization by State Statute	196	-	-	22,185	2,377	-
Economic Development	-	120,665	-	-	-	-
Human Services	29,067	-	-	-	-	2,648,598
Public Safety	-	-	-	531,118	74,086	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>29,263</u>	<u>120,665</u>	<u>-</u>	<u>553,303</u>	<u>76,463</u>	<u>4,740,970</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,263</u>	<u>\$ 120,665</u>	<u>\$ 584,316</u>	<u>\$ 567,019</u>	<u>\$ 85,297</u>	<u>\$ 4,740,970</u>

(continued)

**Beaufort County, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

Exhibit C-3  
(continued)

	One NC Grant	NC Housing Finance Grant	Economic Development Initiatives	Representative Payee Fund	4H Fund	Cooperative Extension Fund
<b>ASSETS</b>						
Cash and investments	\$ 4,283	\$ -	\$ 463,775	\$ 152,658	\$ 32,612	\$ 38,384
Restricted Cash	-	-	-	-	-	-
Taxes receivable (net)	-	-	-	-	-	-
Accounts receivable (net)	-	79,436	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 4,283</u>	<u>\$ 79,436</u>	<u>\$ 463,775</u>	<u>\$ 152,658</u>	<u>\$ 32,612</u>	<u>\$ 38,384</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 60,261	\$ -	\$ -	\$ 590	\$ 44
Due to other funds	-	19,175	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>79,436</u>	<u>-</u>	<u>-</u>	<u>590</u>	<u>44</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable:						
Advance to General Fund	-	-	-	-	-	-
Restricted:						
Stabilization by State Statute	-	79,436	-	-	-	-
Economic Development	4,283	-	463,775	-	32,022	38,340
Human Services	-	-	-	152,658	-	-
Public Safety	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Unassigned	-	(79,436)	-	-	-	-
Total fund balances	<u>4,283</u>	<u>-</u>	<u>463,775</u>	<u>152,658</u>	<u>32,022</u>	<u>38,340</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,283</u>	<u>\$ 79,436</u>	<u>\$ 463,775</u>	<u>\$ 152,658</u>	<u>\$ 32,612</u>	<u>\$ 38,384</u>

(continued)

**Beaufort County, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

Exhibit C-3  
(continued)

	EMS Billing & Collections Fund	CDBG - River Breeze Fund	ADFPTF - USDA Grant Fund	ADFPTF - Grant Fund	Revaluation Project Fund	NC Housing Finance Urgent Repair Grant	NC Public Safety Grant	Opioid Settlement Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>									
Cash and investments	\$ 526,690	\$ -	\$ -	\$ -	\$ 1,043,273	\$ 39,781	\$ 84,270	\$ -	\$ 6,217,654
Restricted Cash	-	-	-	-	-	-	-	118,243	118,243
Taxes receivable (net)	-	-	-	-	-	-	-	-	178,472
Accounts receivable (net)	367,350	-	-	-	-	-	2,251	-	473,795
Due from other funds	-	-	-	-	-	-	-	-	2,092,372
Total assets	<u>\$ 894,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,043,273</u>	<u>\$ 39,781</u>	<u>\$ 86,521</u>	<u>\$ 118,243</u>	<u>\$ 9,080,536</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable and accrued liabilities	\$ 894,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,603	\$ -	\$ 1,418,932
Due to other funds	-	-	-	-	-	-	-	-	19,175
Unearned revenues	-	-	-	-	-	-	-	118,243	118,243
Total liabilities	<u>894,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,603</u>	<u>118,243</u>	<u>1,556,350</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,472</u>
<b>Fund Balances:</b>									
<b>Nonspendable:</b>									
Advance to General Fund	-	-	-	-	-	-	-	-	2,092,372
<b>Restricted:</b>									
Stabilization by State Statute	-	-	-	-	-	-	2,251	-	106,445
Economic Development	-	-	-	-	-	39,781	-	-	698,866
Human Services	-	-	-	-	-	-	-	-	2,830,323
Public Safety	-	-	-	-	-	-	48,667	-	653,871
Committed	-	-	-	-	1,043,273	-	-	-	1,043,273
Unassigned	-	-	-	-	-	-	-	-	(79,436)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,043,273</u>	<u>39,781</u>	<u>50,918</u>	<u>-</u>	<u>7,345,714</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 894,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,043,273</u>	<u>\$ 39,781</u>	<u>\$ 86,521</u>	<u>\$ 118,243</u>	<u>\$ 9,080,536</u>

**Beaufort County, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

	HCCBG Aging	Economic Development	Fire and Rescue Tax Districts	Emergency Telephone System	State and Federal Seizures	Healthcare Reserve Fund
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ 3,957,747	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	197,604	18,213	-
Sales and Services	-	-	-	-	-	-
Other	1,234	1,000	-	437	10,965	27,282
Investment Earnings	34	-	-	559	98	2,856
Total revenues	<u>1,268</u>	<u>1,000</u>	<u>3,957,747</u>	<u>198,600</u>	<u>29,276</u>	<u>30,138</u>
Expenditures:						
General government	-	-	-	-	-	-
Public safety	-	-	3,957,747	128,040	44,645	-
Health and human services	3,464	-	-	-	-	-
Economic and physical development	-	14,551	-	-	-	-
Total expenditures	<u>3,464</u>	<u>14,551</u>	<u>3,957,747</u>	<u>128,040</u>	<u>44,645</u>	<u>-</u>
Revenues over (under) expenditures	(2,196)	(13,551)	-	70,560	(15,369)	30,138
Other financing sources (uses):						
Transfers in (out)	-	45,000	-	9,950	-	-
Total other financing sources (uses)	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>9,950</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,196)	31,449	-	80,510	(15,369)	30,138
Fund balances, beginning	<u>31,459</u>	<u>89,216</u>	<u>-</u>	<u>472,793</u>	<u>91,832</u>	<u>4,710,832</u>
Fund balances, ending	<u>\$ 29,263</u>	<u>\$ 120,665</u>	<u>\$ -</u>	<u>\$ 553,303</u>	<u>\$ 76,463</u>	<u>\$ 4,740,970</u>

(continued)

**Beaufort County, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

	One NC Grant	NC Housing Finance Grant	Economic Development Initiatives	Representative Payee Fund	4H Fund	Cooperative Extension Fund
<b>Revenues:</b>						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	-	90,888	-	648,226	-	20,000
Sales and Services	-	-	-	-	59,056	35,028
Other	-	-	-	-	-	50
Investment Earnings	-	-	-	-	-	4
Total revenues	<u>-</u>	<u>90,888</u>	<u>-</u>	<u>648,226</u>	<u>59,056</u>	<u>55,082</u>
<b>Expenditures:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and human services	-	-	-	638,502	-	-
Economic and physical development	-	90,888	2,500	-	52,447	38,616
Total expenditures	<u>-</u>	<u>90,888</u>	<u>2,500</u>	<u>638,502</u>	<u>52,447</u>	<u>38,616</u>
Revenues over (under) expenditures	-	-	(2,500)	9,724	6,609	16,466
<b>Other financing sources (uses):</b>						
Transfers in (out)	-	-	450,000	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	447,500	9,724	6,609	16,466
Fund balances, beginning	4,283	-	16,275	142,934	25,413	21,874
Fund balances, ending	<u>\$ 4,283</u>	<u>\$ -</u>	<u>\$ 463,775</u>	<u>\$ 152,658</u>	<u>\$ 32,022</u>	<u>\$ 38,340</u>

(continued)

**Beaufort County, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

	EMS Billing & Collections Fund	CDBG - River Breeze Fund	ADFPTF - USDA Grant Fund	ADFPTF - Grant Fund	Revaluation Project Fund	NC Housing Finance Urgent Repair Grant	NC Public Safety Grant	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,957,747
Restricted intergovernmental	-	-	-	-	-	50,000	84,270	1,109,201
Sales and Services	1,749,619	-	-	-	-	-	-	1,843,703
Other	-	-	-	-	-	-	-	40,968
Investment Earnings	-	-	-	-	-	-	-	3,551
Total revenues	<u>1,749,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>84,270</u>	<u>6,955,170</u>
<b>Expenditures:</b>								
General government	-	-	-	-	-	-	-	-
Public safety	1,749,619	-	-	-	-	-	33,352	5,913,403
Health and human services	-	-	-	-	-	-	-	641,966
Economic and physical development	-	-	-	-	-	20,219	-	219,221
Total expenditures	<u>1,749,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,219</u>	<u>33,352</u>	<u>6,774,590</u>
Revenues over (under) expenditures	-	-	-	-	-	29,781	50,918	180,580
<b>Other financing sources (uses):</b>								
Transfers in (out)	-	-	-	-	1,043,273	10,000	-	1,558,223
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,043,273</u>	<u>10,000</u>	<u>-</u>	<u>1,558,223</u>
Net change in fund balances	-	-	-	-	1,043,273	39,781	50,918	1,738,803
Fund balances, beginning	-	-	-	-	-	-	-	5,606,911
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,043,273</u>	<u>\$ 39,781</u>	<u>\$ 50,918</u>	<u>\$ 7,345,714</u>

**Beaufort County, North Carolina**  
**HCCBG Aging Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Other Income	\$ 3,250	\$ 1,234	\$ (2,016)
Investment Earnings	-	34	34
Total revenues	<u>3,250</u>	<u>1,268</u>	<u>(1,982)</u>
<b>Expenditures:</b>			
Health and Human Services	15,917	3,464	12,453
Total expenditures	<u>15,917</u>	<u>3,464</u>	<u>12,453</u>
Revenues over (under) expenditures	<u>(12,667)</u>	<u>(2,196)</u>	<u>10,471</u>
<b>Other Financing Sources (Uses)</b>			
Transfer in - General Fund	-	-	-
Fund Balance Appropriated	12,667	-	(12,667)
Total other financing sources (uses)	<u>12,667</u>	<u>-</u>	<u>(12,667)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,196)</u>	<u>\$ (2,196)</u>
Fund balance, beginning		<u>31,459</u>	
Fund balance, ending		<u>\$ 29,263</u>	

**Beaufort County, North Carolina**  
**Economic Development Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Duke Energy	\$ -	\$ 1,000	\$ 1,000
Total revenues	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Expenditures:			
Economic and physical development	45,000	14,551	30,449
Total expenditures	<u>45,000</u>	<u>14,551</u>	<u>30,449</u>
Revenues over (under) expenditures	<u>(45,000)</u>	<u>(13,551)</u>	<u>31,449</u>
Other Financing Sources (Uses)			
Transfer in - General Fund	45,000	45,000	-
Total other financing sources (uses)	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	31,449	<u>\$ 31,449</u>
Fund balance, beginning		<u>89,216</u>	
Fund balance, ending		<u>\$ 120,665</u>	

**Beaufort County, North Carolina**  
**Fire and Rescue Tax District Funds**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem tax	\$ 3,736,621	\$ 3,957,747	\$ 221,126
Total revenues	<u>3,736,621</u>	<u>3,957,747</u>	<u>221,126</u>
Expenditures:			
Public safety expenditures	3,736,621	3,957,747	(221,126)
Total expenditures	<u>3,736,621</u>	<u>3,957,747</u>	<u>(221,126)</u>
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

**Beaufort County, North Carolina**  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 209,672	\$ 197,604	\$ (12,068)
Investment Earnings	-	559	559
Miscellaneous Income	-	437	437
Total revenues	<u>209,672</u>	<u>198,600</u>	<u>(11,509)</u>
Expenditures:			
Public Safety :			
Implemental functions	54,094	32,802	21,292
Telephone	81,680	40,664	41,016
Software maintenance	36,000	20,990	15,010
Hardware maintenance	15,247	12,805	2,442
Training	13,522	13,154	368
Capital outlay	7,644	7,625	19
Other expenses	1,485	-	1,485
Total expenditures	<u>209,672</u>	<u>128,040</u>	<u>81,632</u>
Revenues over (under) expenditures	<u>-</u>	<u>70,560</u>	<u>70,123</u>
Other financing sources (uses):			
Transfers In	-	9,950	9,950
Total other financing sources (uses)	<u>-</u>	<u>9,950</u>	<u>9,950</u>
Net change in fund balance	<u>\$ -</u>	80,510	<u>\$ 80,073</u>
Fund balance, beginning		<u>472,793</u>	
Fund balance, ending		<u>\$ 553,303</u>	

**Beaufort County, North Carolina**  
**State and Federal Seizures Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Restricted intergovernmental	\$ 40,000	\$ 18,213	\$ (21,787)
Miscellaneous	4,000	10,965	6,965
Investment Earnings	-	98	98
Total revenues	<u>44,000</u>	<u>29,276</u>	<u>(14,724)</u>
<b>Expenditures:</b>			
Public safety expenditures	<u>72,726</u>	<u>44,645</u>	<u>28,081</u>
Total expenditures	<u>72,726</u>	<u>44,645</u>	<u>28,081</u>
Revenues over (under) expenditures	<u>(28,726)</u>	<u>(15,369)</u>	<u>13,357</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>28,726</u>	-	<u>(28,726)</u>
Total other financing sources (uses)	<u>28,726</u>	-	<u>(28,726)</u>
Net change in fund balance	<u>\$ -</u>	<u>(15,369)</u>	<u>\$ (15,369)</u>
Fund balance, beginning		<u>91,832</u>	
Fund balance, ending		<u>\$ 76,463</u>	

**Beaufort County, North Carolina**  
**Healthcare Reserve Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Principal payments received	\$ 344,258	\$ 344,258	\$ -
Interest payment received	27,282	27,282	-
Investment Earnings	-	2,856	2,856
Total Revenues	<u>371,540</u>	<u>374,396</u>	<u>2,856</u>
<b>Expenditures:</b>			
Economic and physical development	371,540	-	371,540
Total Expenditures	<u>371,540</u>	<u>-</u>	<u>371,540</u>
Revenues over (under) expenditures	<u>-</u>	<u>374,396</u>	<u>374,396</u>
<b>Other financing sources (uses):</b>			
Transfer to General Fund	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	374,396	<u>\$ 374,396</u>
<b>Reconciling Item</b>			
Principal paid on intergovernment loan		(344,258)	
Fund balance, beginning		<u>4,710,832</u>	
Fund balance, ending		<u>\$ 4,740,970</u>	

**Beaufort County, North Carolina**  
**One NC Grant Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental - One NC Grant	\$ 50,000	\$ 25,000	\$ -	\$ 25,000	\$ (25,000)
City contributions	8,100	4,050	-	4,050	(4,050)
Total revenues	<u>58,100</u>	<u>29,050</u>	<u>-</u>	<u>29,050</u>	<u>(29,050)</u>
Expenditures:					
Economic and physical development	66,667	33,334	-	33,334	33,333
Total expenditures	<u>66,667</u>	<u>33,334</u>	<u>-</u>	<u>33,334</u>	<u>33,333</u>
Revenues over (under) expenditures	<u>(8,567)</u>	<u>(4,284)</u>	<u>-</u>	<u>(4,284)</u>	<u>4,283</u>
Other financing sources:					
Transfer (to) from other funds	8,567	8,567	-	8,567	-
Total other financing sources	<u>8,567</u>	<u>8,567</u>	<u>-</u>	<u>8,567</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,283</u>	<u>-</u>	<u>\$ 4,283</u>	<u>\$ 4,283</u>
Fund balance, beginning			<u>4,283</u>		
Fund balance, end			<u>\$ 4,283</u>		

**Beaufort County, North Carolina**  
**NC Housing Finance Grant**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Housing Finance Agency Grant	\$ 702,945	\$ 146,955	\$ 90,888	\$ 237,843	\$ (465,102)
Total revenues	<u>702,945</u>	<u>146,955</u>	<u>90,888</u>	<u>237,843</u>	<u>(465,102)</u>
Expenditures					
Economic and physical development	702,945	146,955	90,888	237,843	465,102
Total expenditures	<u>702,945</u>	<u>146,955</u>	<u>90,888</u>	<u>237,843</u>	<u>465,102</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, end			<u>\$ -</u>		

**Beaufort County, North Carolina**  
**Economic Development Initiatives**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 16,275	\$ 16,275	\$ -	\$ 16,275	\$ -
Total revenues	<u>16,275</u>	<u>16,275</u>	<u>-</u>	<u>16,275</u>	<u>-</u>
Expenditures					
Economic and physical development Initiatives	16,275	-	2,500	2,500	13,775
Town of Aurora Loan	450,000	-	-	-	450,000
Total expenditures	<u>466,275</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>463,775</u>
Revenue over (under) expenditures	(450,000)	16,275	(2,500)	13,775	463,775
Other Financing Sources (Uses)					
Transfer from General Fund	450,000	-	450,000	450,000	-
Total Other Financing Sources (Uses)	<u>450,000</u>	<u>-</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 16,275</u>	447,500	<u>\$ 463,775</u>	<u>\$ 463,775</u>
Fund balance, beginning			<u>16,275</u>		
Fund balance, end			<u>\$ 463,775</u>		

**Beaufort County, North Carolina**  
**Representative Payee Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 149,452	\$ 648,226	\$ 498,774
Expenditures:			
Human services			
Payments made for the benefit of beneficiaries	149,452	638,502	(489,050)
Other Financing Sources(Uses):			
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	9,724	\$ 9,724
Fund balance, beginning, as previously reported		142,934	
Fund balance, ending		\$ 152,658	

**Beaufort County, North Carolina**  
**4H Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Sales and Services:			
Livestock Show and Sale	\$ 20,000	\$ 46,782	\$ 26,782
Summer Campting	5,000	8,125	3,125
4H Clubs	3,723	3,839	116
4H Programming	5,000	-	(5,000)
4H Travel	-	310	310
Total Revenues	<u>33,723</u>	<u>59,056</u>	<u>25,333</u>
<b>Expenditures:</b>			
Economic and Physical Development			
Livestock Show and Sale	20,000	42,545	(22,545)
Summer Campting	5,000	9,274	(4,274)
4H Clubs	3,723	586	3,137
4H Programming	5,000	-	5,000
4H Travel	-	42	(42)
Total Expenditures	<u>33,723</u>	<u>52,447</u>	<u>(18,724)</u>
Net change in fund balance	<u>\$ -</u>	6,609	<u>\$ 6,609</u>
Fund balance, beginning		<u>25,413</u>	
Fund balance, ending		<u>\$ 32,022</u>	

**Beaufort County, North Carolina**  
**Cooperative Extension Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Restricted Intergovernmental	\$ -	\$ 20,000	\$ 20,000
Sales and Services:			
Agriculture Programming	25,298	24,817	(481)
Horticulture Programming	5,000	-	(5,000)
Master Gardeners	3,500	5,190	1,690
Family & Consumer Scient Programs	4,000	5,021	1,021
Investment Earnings	-	4	4
Miscellaneous Income	-	50	50
Total Revenues	<u>37,798</u>	<u>55,082</u>	<u>17,284</u>
<b>Expenditures:</b>			
Economic and Physical Development			
Agriculture Programming	25,298	27,116	(1,818)
Horticulture Programming	5,000	349	4,651
Master Gardeners	3,500	4,179	(679)
Family & Consumer Sciene Programs	4,000	6,478	(2,478)
Miscellaneous Funds Expense	-	494	(494)
Total Expenditures	<u>37,798</u>	<u>38,616</u>	<u>(818)</u>
Net change in fund balance	<u>\$ -</u>	16,466	<u>\$ 16,466</u>
Fund balance, beginning		<u>21,874</u>	
Fund balance, ending		<u>\$ 38,340</u>	

**Beaufort County, North Carolina**  
**EMS Billing and Collections Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Sales and Services:			
EMS Revenues	\$ 1,646,529	\$ 1,749,619	\$ 103,090
Restricted Intergovernmental:			
Medicaid Cost Settlement	-	-	-
Total Revenues	<u>1,646,529</u>	<u>1,749,619</u>	<u>103,090</u>
Expenditures:			
Public Safety			
Emergency Medical Service	2,146,529	1,749,619	396,910
Medicaid Cost Settlement	(500,000)	-	(500,000)
Total Expenditures	<u>1,646,529</u>	<u>1,749,619</u>	<u>(103,090)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

**Beaufort County, North Carolina**  
**CDBG - River Breeze Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental					
CDBG Grant	\$ 400,000	\$ -	\$ -	\$ -	\$ (400,000)
Total revenues	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
Expenditures:					
Economic and physical development					
Grant Administration	25,000	-	-	-	25,000
Building Improvements	5,000	-	-	-	5,000
Grant Preparation	400,000	-	-	-	400,000
Total expenditures	<u>430,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,000</u>
Revenues over (under) expenditures	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>
Other financing sources:					
Transfer (to) from other funds	30,000	-	-	-	30,000
Total other financing sources	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, end			<u>\$ -</u>		

**Beaufort County, North Carolina**  
**ADFPTF - USDA Grant**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental					
ADFPTF Grant	\$ 22,750	\$ -	\$ -	\$ -	\$ (22,750)
USDA Revenue	15,340	-	-	-	(15,340)
Land Owner Contributions	11,870	-	-	-	(11,870)
Total revenues	<u>49,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,960)</u>
Expenditures:					
Economic and physical development					
Easement Purchase	30,620	-	-	-	30,620
Professional services	19,340	-	-	-	19,340
Total expenditures	<u>49,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,960</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:					
Transfer (to) from other funds	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, end			<u>\$ -</u>		

**Beaufort County, North Carolina**  
**Agricultural Development Farmland Preservation Trust Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental					
ADFPTF Grant	\$ 133,601	\$ -	\$ -	\$ -	\$(133,601)
Total revenues	<u>133,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(133,601)</u>
Expenditures:					
Economic and physical development					
ADFPTF Expenses	133,601	-	-	-	133,601
Total expenditures	<u>133,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,601</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:					
Transfer (to) from other funds	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, end			<u>\$ -</u>		

**Beaufort County, North Carolina**  
**Revaluation Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
General Government					
Contract - Revaluation	\$ 1,241,082	\$ -	\$ -	\$ -	\$ 1,241,082
Other Operating Expenses	101,000	-	-	-	101,000
Equipment Purchase	25,000	-	-	-	25,000
Total expenditures	<u>1,367,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,367,082</u>
Revenues over (under) expenditures	<u>(1,367,082)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,367,082</u>
Other financing sources:					
Transfer from General Fund	218,415	-	218,415	218,415	-
Transfer from Revaluation Fund	1,148,667	-	824,858	824,858	(323,809)
Total other financing sources	<u>1,367,082</u>	<u>-</u>	<u>1,043,273</u>	<u>1,043,273</u>	<u>(323,809)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,043,273	<u>\$ 1,043,273</u>	<u>\$ 1,043,273</u>
Fund balance, beginning			<u>-</u>		
Fund balance, end			<u>\$ 1,043,273</u>		

**Beaufort County, North Carolina**  
**NC Housing Finance Agency Urgent Repair Program Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
NCHFA Urgent Repair Grant	\$ 100,000	\$ -	\$ 50,000	\$ 50,000	\$ (50,000)
Total revenues	<u>100,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>(50,000)</u>
<b>Expenditures:</b>					
Economic and Physical Development					
NCHFA Urgent Repair Expenses	110,000	-	20,219	20,219	89,781
Total expenditures	<u>110,000</u>	<u>-</u>	<u>20,219</u>	<u>20,219</u>	<u>89,781</u>
Revenues over (under) expenditures	<u>(10,000)</u>	<u>-</u>	<u>29,781</u>	<u>29,781</u>	<u>39,781</u>
<b>Other financing sources:</b>					
Transfer from General Fund	10,000	-	10,000	10,000	-
Total other financing sources	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	39,781	<u>\$ 39,781</u>	<u>\$ 39,781</u>
Fund balance, beginning			<u>-</u>		
Fund balance, end			<u>\$ 39,781</u>		

**Beaufort County, North Carolina**  
**NC Department of Public Safety (Beaufort Co 2021-2023)**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
NCDPS Grant	\$ 84,270	\$ -	\$ 84,270	\$ 84,270	\$ -
Total revenues	<u>84,270</u>	<u>-</u>	<u>84,270</u>	<u>84,270</u>	<u>-</u>
<b>Expenditures:</b>					
Public Safety					
Capital outlay	84,270	-	33,352	33,352	50,918
Total expenditures	<u>84,270</u>	<u>-</u>	<u>33,352</u>	<u>33,352</u>	<u>50,918</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>50,918</u>	<u>50,918</u>	<u>50,918</u>
<b>Other financing sources:</b>					
Transfer from General Fund	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	50,918	<u>\$ 50,918</u>	<u>\$ 50,918</u>
Fund balance, beginning			<u>-</u>		
Fund balance, end			<u>\$ 50,918</u>		

## CAPITAL PROJECTS FUND

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

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**Beaufort County, North Carolina**  
**Non-Major Capital Projects Fund**  
**Combining Balance Sheets**  
**June 30, 2022**

Exhibit D-1

	Capital Improvements	Stream Debris Removal	Jail Locking System Improvements	Capital Reserve Fund	Facility Improvements Project Fund
<b>ASSETS</b>					
Cash and Investments	\$ 2,477	\$ -	\$ -	\$ 56,172	\$ 940,739
Accounts receivable (net)	-	214,895	-	-	583
Total assets	<u>\$ 2,477</u>	<u>\$ 214,895</u>	<u>\$ -</u>	<u>\$ 56,172</u>	<u>\$ 941,322</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 5,407
Due to other funds	-	214,677	-	-	-
Total liabilities	<u>-</u>	<u>214,677</u>	<u>-</u>	<u>-</u>	<u>5,407</u>
Fund balances:					
Restricted:					
Stabilization by State Statue	-	214,895	-	-	583
General Government	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-
Committed	2,477	-	-	56,172	935,332
Unassigned	-	(214,677)	-	-	-
Total fund balances	<u>2,477</u>	<u>218</u>	<u>-</u>	<u>56,172</u>	<u>935,915</u>
Total liabilities and fund balances	<u>\$ 2,477</u>	<u>\$ 214,895</u>	<u>\$ -</u>	<u>\$ 56,172</u>	<u>\$ 941,322</u>

(continued)

**Beaufort County, North Carolina**  
**Non-Major Capital Projects Fund**  
**Combining Balance Sheets**  
**June 30, 2022**

Exhibit D-1  
(continued)

	Capital Project Fund	Voting System Project Fund	Wright's Creek PARTF Project Fund	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>				
Cash and Investments	\$ 5,508,500	\$ -	\$ 249,895	\$ 6,757,783
Accounts receivable (net)	-	21,152	-	236,630
Total assets	<u>\$ 5,508,500</u>	<u>\$ 21,152</u>	<u>\$ 249,895</u>	<u>\$ 6,994,413</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 298	\$ 5,705
Due to other funds	-	21,152	-	235,829
Total liabilities	<u>-</u>	<u>21,152</u>	<u>298</u>	<u>241,534</u>
Fund balances:				
Restricted:				
Stabilization by State Statue	-	21,152	-	236,630
General Government	-	-	-	-
Economic and Physical Development	-	-	-	-
Public Safety	-	-	-	-
Cultural and Recreational	-	-	249,597	249,597
Committed	5,508,500	-	-	6,502,481
Unassigned	-	(21,152)	-	(235,829)
Total fund balances	<u>5,508,500</u>	<u>-</u>	<u>249,597</u>	<u>6,752,879</u>
Total liabilities and fund balances	<u>\$ 5,508,500</u>	<u>\$ 21,152</u>	<u>\$ 249,895</u>	<u>\$ 6,994,413</u>

**Beaufort County, North Carolina  
Non-Major Capital Projects Fund**

Exhibit D-2

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
June 30, 2022**

	<u>Capital Improvements</u>	<u>Stream Debris Removal</u>	<u>Jail Locking System Improvements</u>	<u>Capital Reserve Fund</u>	<u>Facility Improvements Project Fund</u>
<b>Revenues:</b>					
Restricted intergovernmental	\$ -	\$ 317,312	\$ -	\$ -	\$ -
Investment earnings	-	-	-	55	-
Other	-	-	-	-	-
Total revenues	<u>-</u>	<u>317,312</u>	<u>-</u>	<u>55</u>	<u>-</u>
<b>Expenditures:</b>					
General government	-	-	-	-	-
Public Safety	-	-	3,950	-	-
Economic and physical	1,654	317,094	-	-	123,903
Cultural and Recreational	-	-	-	-	-
Total expenditures	<u>1,654</u>	<u>317,094</u>	<u>3,950</u>	<u>-</u>	<u>123,903</u>
Revenues over (under) expenditures	(1,654)	218	(3,950)	55	(123,903)
<b>Other financing sources (uses):</b>					
Transfers in (out)	-	-	(257,336)	56,154	575,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(257,336)</u>	<u>56,154</u>	<u>575,000</u>
Net change in fund balances	(1,654)	218	(261,286)	56,209	451,097
Fund balances, beginning	<u>4,131</u>	<u>-</u>	<u>261,286</u>	<u>(37)</u>	<u>484,818</u>
Fund balances, ending	<u>\$ 2,477</u>	<u>\$ 218</u>	<u>\$ -</u>	<u>\$ 56,172</u>	<u>\$ 935,915</u>

(continued)

**Beaufort County, North Carolina  
Non-Major Capital Projects Fund**

Exhibit D-2  
(continued)

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
June 30, 2022**

	Capital Project Fund	Voting System Project Fund	Wright's Creek PARTF Project Fund	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 317,312
Investment earnings	-	-	-	55
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,367</u>
<b>Expenditures:</b>				
General government	-	328,465	-	328,465
Public Safety	18,500	-	-	22,450
Economic and physical	-	-	-	442,651
Cultural and Recreational	-	-	298	298
Total expenditures	<u>18,500</u>	<u>328,465</u>	<u>298</u>	<u>793,864</u>
Revenues over (under) expenditures	(18,500)	(328,465)	(298)	(476,497)
<b>Other financing sources (uses):</b>				
Transfers in (out)	<u>5,527,000</u>	<u>(1,154)</u>	<u>249,895</u>	<u>6,149,559</u>
Total other financing sources (uses)	<u>5,527,000</u>	<u>(1,154)</u>	<u>249,895</u>	<u>6,149,559</u>
Net change in fund balances	5,508,500	(329,619)	249,597	5,673,062
Fund balances, beginning	<u>-</u>	<u>329,619</u>	<u>-</u>	<u>1,079,817</u>
Fund balances, ending	<u>\$ 5,508,500</u>	<u>\$ -</u>	<u>\$ 249,597</u>	<u>\$ 6,752,879</u>

**Beaufort County, North Carolina**  
**Capital Improvements Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
Project expenses	\$ 3,152,372	\$ -	\$ 1,654	\$ 1,654	\$ 3,150,718
Total expenditures	<u>3,152,372</u>	<u>-</u>	<u>1,654</u>	<u>1,654</u>	<u>3,150,718</u>
Revenues over (under) expenditures	<u>(3,152,372)</u>	<u>-</u>	<u>(1,654)</u>	<u>(1,654)</u>	<u>3,150,718</u>
Other financing sources (uses):					
Transfers (to)/from other funds	3,152,372	4,131	-	4,131	(3,148,241)
Total other financing sources (uses)	<u>3,152,372</u>	<u>4,131</u>	<u>-</u>	<u>4,131</u>	<u>(3,148,241)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,131</u>	<u>(1,654)</u>	<u>\$ 2,477</u>	<u>\$ 2,477</u>
Fund balance, beginning			<u>4,131</u>		
Fund balance, end			<u>\$ 2,477</u>		

**Beaufort County, North Carolina**  
**Stream Debris Removal Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
NC Department of Agriculture - 17175404	\$ 311,909	\$ 276,262	\$ 24,575	\$ 300,837	\$ (11,072)
Storm Debris Removal - 190914057	334,554	35,400	292,737	328,137	(6,417)
Total revenues	<u>646,463</u>	<u>311,662</u>	<u>317,312</u>	<u>628,974</u>	<u>(17,489)</u>
Expenditures					
Economic and physical development					
Stream debris removal - 17175404	311,909	276,262	24,575	300,837	11,072
Stream debris removal - 190914057	334,554	35,400	292,519	327,919	6,635
Total expenditures	<u>646,463</u>	<u>311,662</u>	<u>317,094</u>	<u>628,756</u>	<u>17,707</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	218	<u>\$ 218</u>	<u>\$ 218</u>
Fund balance, beginning			-		
Fund balance, end			<u>\$ 218</u>		

**Beaufort County, North Carolina**  
**Jail Locking System Improvements**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Actual			Closed Project	Variance Positive (Negative)
		Prior Years	Current Year	Total to Date		
<b>Revenues:</b>						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenue	-	256	-	256	(256)	256
Total revenues	-	256	-	256	(256)	256
<b>Expenditures</b>						
Public Safety						
Permit Prep Fees	25,000	-	-	-	-	25,000
Capital Improvement	798,000	767,225	3,950	771,175	(771,175)	26,825
Safekeeping Capacity	1,415,710	1,292,755	-	1,292,755	(1,292,755)	122,955
Contingency	82,300	-	-	-	-	82,300
Total expenditures	2,321,010	2,059,980	3,950	2,063,930	(2,063,930)	257,080
<b>Other Financing Sources (Uses)</b>						
Transfer from (to) General Fund	2,321,010	2,321,010	(257,336)	2,063,674	(2,063,674)	(257,336)
Total Other Financing Sources (Uses)	2,321,010	2,321,010	(257,336)	2,063,674	(2,063,674)	(257,336)
Net change in fund balance	\$ -	\$ 261,286	(261,286)	\$ -	\$ -	\$ -
Fund balance, beginning			261,286			
Fund balance, end			\$ -			

**Beaufort County, North Carolina**  
**Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 55	\$ 55
Total revenues	<u>-</u>	<u>55</u>	<u>55</u>
Expenditures			
Economic and physical development			
Capital outlay	55,000	-	55,000
Total expenditures	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Revenues over (under) expenditures	<u>(55,000)</u>	<u>55</u>	<u>55,055</u>
Other Financing Source (Uses)			
Transfer from General Fund	55,000	55,000	-
Transfer from Voting System Capital Project Fund	-	1,154	1,154
Total other financing source (uses)	<u>55,000</u>	<u>56,154</u>	<u>1,154</u>
Net change in fund balance	<u>\$ -</u>	56,209	<u>\$ 56,209</u>
Fund balance, beginning		<u>(37)</u>	
Fund balance, end		<u>\$ 56,172</u>	

**Beaufort County, North Carolina**  
**Facility Improvements Capital Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Project		
<b>Revenues:</b>						
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Economic and Physical Development						
Courthouse Capital Improvement	663,650	548,507	97,624	-	646,131	17,519
ADA Improvements	86,878	4,965	-	-	4,965	81,913
Courthouse	-	2,040	2,182	-	4,222	(4,222)
CH Annex / BHM	-	1,010	-	(1,010)	-	-
Old Jail	-	1,010	-	(1,010)	-	-
Oakland Building	-	1,010	-	(1,010)	-	-
Administration Building	-	1,010	-	(1,010)	-	-
Seaboard Building	-	1,010	-	(1,010)	-	-
Tideland Mental Health	-	1,010	-	(1,010)	-	-
EOC	-	1,010	-	(1,010)	-	-
Immediate Repairs and Int Upfit	70,122	45,457	-	-	45,457	24,665
Farm Services Building	-	4,656	-	-	4,656	(4,656)
Tideland Building Improvements	46,987	46,987	-	(46,987)	-	46,987
Financial Services Center Improvements	102,300	5,500	-	-	5,500	96,800
Card Access	55,000	-	19,645	-	19,645	35,355
Courthouse Improvement	180,063	-	4,402	-	4,402	175,661
CH Annex Window Replacement	80,500	-	50	-	50	80,450
Tideland - Outpatient Roof	189,500	-	-	-	-	189,500
BCSO - Interior Improvements	150,000	-	-	-	-	150,000
Maintenance Shop - Exterior	65,000	-	-	-	-	65,000
Francisco Window Replacement	35,000	-	-	-	-	35,000
Total expenditures	<u>1,725,000</u>	<u>665,182</u>	<u>123,903</u>	<u>(54,057)</u>	<u>735,028</u>	<u>989,972</u>
Revenues over (under) expenditures	<u>(1,725,000)</u>	<u>(665,182)</u>	<u>(123,903)</u>	<u>54,057</u>	<u>(735,028)</u>	<u>989,972</u>
<b>Other Financing Source (Uses)</b>						
Transfer from General Fund	<u>1,725,000</u>	<u>1,150,000</u>	<u>575,000</u>	<u>-</u>	<u>1,725,000</u>	<u>-</u>
Total other financing source (uses)	<u>1,725,000</u>	<u>1,150,000</u>	<u>575,000</u>	<u>-</u>	<u>1,725,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 484,818</u>	<u>451,097</u>	<u>\$ 54,057</u>	<u>\$ 989,972</u>	<u>\$ 989,972</u>
Fund balance, beginning			<u>484,818</u>			
Fund balance, end			<u>\$ 935,915</u>			

**Beaufort County, North Carolina**  
**Capital Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Expenditures					
Capital Outlay					
Jail Improvements	\$ 27,000	\$ -	\$ 18,500	\$ 18,500	\$ 8,500
Contracted Services - Broadband	4,000,000	-	-	-	4,000,000
Capital Outlay - Multi-Purpose Building	1,500,000	-	-	-	1,500,000
Total expenditures	<u>5,527,000</u>	<u>-</u>	<u>18,500</u>	<u>18,500</u>	<u>5,508,500</u>
Other Financing Sources (Uses)					
Transfer from General Fund	5,128,034	-	5,128,034	5,128,034	-
Transfer from ARP Fund	398,966	-	398,966	398,966	-
Total Other Financing Sources (Uses)	<u>5,527,000</u>	<u>-</u>	<u>5,527,000</u>	<u>5,527,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,508,500</u>	<u>\$ 5,508,500</u>	<u>\$5,508,500</u>
Fund balance, beginning			<u>-</u>		
Fund balance, end			<u>\$5,508,500</u>		

**Beaufort County, North Carolina**  
**Voting System Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental					
HAVA Grant	\$ 54,619	\$ 54,619	\$ -	\$ 54,619	\$ -
Total revenues	<u>54,619</u>	<u>54,619</u>	<u>-</u>	<u>54,619</u>	<u>-</u>
Expenditures					
General Government					
Capital Outlay	329,619	-	328,465	328,465	1,154
Total expenditures	<u>329,619</u>	<u>-</u>	<u>328,465</u>	<u>328,465</u>	<u>1,154</u>
Other Financing Sources (Uses)					
Transfer from (to) Capital Reserve	275,000	275,000	(1,154)	273,846	(1,154)
Total Other Financing Sources (Uses)	<u>275,000</u>	<u>275,000</u>	<u>(1,154)</u>	<u>273,846</u>	<u>(1,154)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 329,619</u>	<u>(329,619)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>329,619</u>		
Fund balance, end			<u>\$ -</u>		

**Beaufort County, North Carolina**  
**Wrights Creek PARTF Grant Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental					
PARTF - Wrights Creek Phase II	\$ 249,895	\$ -	\$ -	\$ -	\$ (249,895)
Total revenues	<u>249,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(249,895)</u>
Expenditures					
Cultural and Recreational					
Planning and Design	43,460	-	298	298	43,162
Erosion Control	280,000	-	-	-	280,000
Canoe/Kayak Launch	28,000	-	-	-	28,000
Walking Path	65,000	-	-	-	65,000
Fishing Pier	22,300	-	-	-	22,300
Picnic Shelters	20,000	-	-	-	20,000
Site Amenities	4,300	-	-	-	4,300
Parking / Access Path	15,000	-	-	-	15,000
Contingency	21,730	-	-	-	21,730
Total expenditures	<u>499,790</u>	<u>-</u>	<u>298</u>	<u>298</u>	<u>499,492</u>
Other Financing Sources (Uses)					
Transfer from General Fund	249,895	-	249,895	249,895	-
Total Other Financing Sources (Uses)	<u>249,895</u>	<u>-</u>	<u>249,895</u>	<u>249,895</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	249,597	<u>\$ 249,597</u>	<u>\$ 249,597</u>
Fund balance, beginning			<u>-</u>		
Fund balance, end			<u>\$ 249,597</u>		

## ENTERPRISE FUND

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Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and 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.

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**Beaufort County, North Carolina**  
**Solid Waste Fund**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non GAAP)**  
**For The Year Ended June 30, 2022**

	2022 <u>Budget</u>	2022 <u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Solid waste fees	\$ 3,911,000	\$ 3,899,022	\$
Scrap tire disposal fees	66,200	90,070	
White goods disposal fees	21,500	23,508	
Solid waste disposal fees	32,000	31,405	
Interest/tax collections	43,000	49,807	
Miscellaneous	-	80	
Total operating revenues	<u>4,073,700</u>	<u>4,093,892</u>	<u>20,192</u>
Nonoperating Revenues:			
Rent	8,233	-	
Investment Earnings	1,800	3,383	
Total nonoperating revenues	<u>10,033</u>	<u>3,383</u>	<u>(6,650)</u>
Expenditures:			
Administration:			
Salaries and Employee Benefits	46,332	49,845	
Computer Support	4,000	2,000	
Contract Services	81,312	38,237	
Insurance and Bonds	796	796	
Other Expenses	13,853	1,177	
Telephone	7,800	7,144	
Administrative Cost to General Fund	88,544	88,544	
Total	<u>242,637</u>	<u>187,743</u>	<u>54,894</u>
Solid waste fees and expenses			
Landfill	1,359,454	1,298,826	
Transfer station	1,551,480	1,500,130	
Convenience	589,695	536,445	
Disposal fees	234,000	224,237	
Maintenance	186,000	130,068	
Utilities	5,700	2,854	
Capital Outlay	-	19,724	
Total	<u>3,926,329</u>	<u>3,712,284</u>	<u>214,045</u>
Budgetary appropriations:			
Debt Service	<u>9,940</u>	<u>9,940</u>	<u>-</u>
Total Expenditures	<u>4,178,906</u>	<u>3,909,967</u>	<u>268,939</u>
Revenues over (under) Expenditures	<u>(95,173)</u>	<u>187,308</u>	<u>282,481</u>

(continued)

**Beaufort County, North Carolina**  
**Solid Waste Fund**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non GAAP)**  
**For The Year Ended June 30, 2022**

	<u>2022</u> Budget	<u>2022</u> Actual	Variance Positive (Negative)
Other Financing Sources (Uses):			
Lease liability issued	-	19,724	19,724
Transfer out - Solid Waste project	(167,676)	(167,676)	-
Appropriated Fund Balance	<u>262,849</u>	<u>-</u>	<u>(262,849)</u>
Total Other Financing Sources (Uses)	<u>95,173</u>	<u>(147,952)</u>	<u>(243,125)</u>
Revenues and other financing sources (uses) over expenditures	\$ <u>-</u>	\$ 39,356	\$ <u>39,356</u>

**Reconciliation form budgetary basis (modified)  
accrual to full accrual:**

Depreciation	(827)
Lease Liability	(19,724)
Right to Use Assets	19,724
Principal Payments - Lease Liability	9,856
Amortization - Right to Use Assets	(7,731)
Transfers from other funds (E-1a)	<u>167,676</u>
Total Reconciling Items	<u>168,974</u>
Change in net position	\$ <u>208,330</u>

**Beaufort County, North Carolina**  
**Solid Waste Convenience Sites Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures					
Convenience Site Rehab / Repair	\$ 167,676	\$ -	\$ -	\$ -	\$ 167,676
Total expenditures	<u>167,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,676</u>
Revenues over (under) expenditures	<u>(167,676)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,676</u>
Other Financing Source (Uses)					
Transfer from Solid Waste Fund	167,676	-	167,676	167,676	-
Total other financing source (uses)	<u>167,676</u>	<u>-</u>	<u>167,676</u>	<u>167,676</u>	<u>-</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,676</u>	<u>\$ 167,676</u>	<u>\$ 167,676</u>

**Beaufort County, North Carolina**  
**Water District Fund - Consolidated**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non GAAP)**  
**For The Year Ended June 30, 2022**

Exhibit E-2

	2022 Budget	2022 Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
Water Sales	\$ 7,560,000	\$ 7,996,890	\$
Tap on fees	190,000	247,242	
Miscellaneous	248,000	236,715	
Total operating revenues	<u>7,998,000</u>	<u>8,480,847</u>	<u>482,847</u>
<b>Nonoperating revenues:</b>			
Interest Earned on Investments	13,000	18,506	
Total Nonoperating Revenues	<u>13,000</u>	<u>18,506</u>	<u>5,506</u>
<b>Total Revenues</b>	<u>8,011,000</u>	<u>8,499,353</u>	<u>488,353</u>
<b>Expenditures:</b>			
<b>Administration:</b>			
Supplies	3,500	3,362	
Telephone	47,000	44,387	
Travel	92,000	96,880	
Utilities	211,250	210,238	
Computer support	122,047	86,846	
Other administration expenses	185,945	173,475	
Total	<u>661,742</u>	<u>615,188</u>	<u>46,554</u>
<b>Water treatment and distribution</b>			
Salaries and employee benefits	1,709,328	1,529,508	
Water purchase	907,000	821,061	
Supplies	419,740	377,398	
Maintenance	399,161	303,632	
Hurricane Matthew expenses	-	-	
Other expenses	557,640	319,869	
Administrative Cost to General Fund	240,216	240,216	
Total	<u>4,233,085</u>	<u>3,591,684</u>	<u>641,401</u>
<b>Budgetary appropriations:</b>			
Capital outlay	315,215	180,512	
Contingency	22,366	-	
Principal payment on long term debt	2,347,778	2,254,594	
Interest, fees, and amortization	761,887	699,343	
Total	<u>3,447,246</u>	<u>3,134,449</u>	<u>312,797</u>
<b>Total Expenditures</b>	<u>8,342,073</u>	<u>7,341,321</u>	<u>1,000,752</u>
<b>Revenues over (under) Expenditures</b>	<u>(331,073)</u>	<u>1,158,032</u>	<u>1,489,105</u>

(continued)

**Beaufort County, North Carolina**  
**Water District Fund - Consolidated**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non GAAP)**  
**For The Year Ended June 30, 2022**

Exhibit E-2  
(continued)

	2022 Budget	2022 Actual	Variance Positive (Negative)
Other Financing Sources (Uses):			
Transfers out - Projects	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Fund Balance Appropriated	331,073	-	(331,073)
Revenues and other financing sources (uses) over expenditures	\$ -	\$ 1,158,032	\$ 1,158,032
<b>Reconciliation form budgetary basis (modified) accrual to full accrual:</b>			
Revenues over Expenditures and other financing sources		\$ 1,158,032	
Depreciation		(2,238,809)	
Amortization		(15,290)	
Debt principal		2,254,594	
Capital outlay		151,538	
Increase (decrease) in deferred outflows of resources - pension		47,162	
(Increase) decrease in net pension liability		282,641	
(Increase) decrease in deferred inflows of resources - pension		(304,294)	
Increase (decrease) in deferred outflows of resources - OPEB		(45,339)	
(Increase) decrease in total OPEB liability		(101,561)	
(Increase) decrease in deferred inflows of resources - OPEB		16,669	
(Increase) decrease in accrued vacation payable		(8,360)	
Capital contributions (Project Funds)		525,762	
Investment Earnings (Project Funds)		73	
Transfers In (Out) (Project Funds)		1,609,000	
Total reconciling items		2,173,786	
Change in net position		\$ 3,331,818	

**Beaufort County, North Carolina**  
**CL2 Conversion Project - Water District I**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0090	\$ 401,100	\$100,670	\$ 14,520	\$ 115,190	\$ (285,910)
Total revenues	<u>401,100</u>	<u>100,670</u>	<u>14,520</u>	<u>115,190</u>	<u>(285,910)</u>
Expenditures					
Construction - Contract No. 1	350,000	130,500	6,051	136,551	213,449
Planning and engineering prior to construction	42,300	12,960	-	12,960	29,340
Technical services during construction	92,700	21,701	13,308	35,009	57,691
Administration	14,000	10,954	-	10,954	3,046
Land purchase	1,000	-	-	-	1,000
Contingency	26,110	-	-	-	26,110
Other	8,690	5,135	-	5,135	3,555
Total expenditures	<u>534,800</u>	<u>181,250</u>	<u>19,359</u>	<u>200,609</u>	<u>334,191</u>
Revenues over (under) expenditures	<u>(133,700)</u>	<u>(80,580)</u>	<u>(4,839)</u>	<u>(85,419)</u>	<u>48,281</u>
Other Financing Source (Uses)					
DWSRF Revolving Loan	133,700	80,580	4,840	85,420	(48,280)
Total other financing source (uses)	<u>133,700</u>	<u>80,580</u>	<u>4,840</u>	<u>85,420</u>	<u>(48,280)</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>

**Beaufort County, North Carolina**  
**Gaylord Booster Pump Station 53 - Water District V**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0010	\$ 1,453,500	\$ 1,139,386	\$ 206,597	\$ 1,345,983	\$ (107,517)
Sales tax refunds	15,000	-	-	-	(15,000)
Total revenues	<u>1,468,500</u>	<u>1,139,386</u>	<u>206,597</u>	<u>1,345,983</u>	<u>(122,517)</u>
<b>Expenditures</b>					
Construction - Contract No. 1	1,704,000	1,351,263	309,174	1,660,437	43,563
Planning and engineering prior to construction	136,700	116,235	-	116,235	20,465
Technical services during construction	138,582	93,951	11,778	105,729	32,853
Administration	7,405	1,239	-	1,239	6,166
Closing fees	31,493	31,493	-	31,493	-
Contingency	41,313	-	-	-	41,313
Total expenditures	<u>2,059,493</u>	<u>1,594,181</u>	<u>320,952</u>	<u>1,915,133</u>	<u>144,360</u>
Revenues over (under) expenditures	<u>(590,993)</u>	<u>(454,795)</u>	<u>(114,355)</u>	<u>(569,150)</u>	<u>21,843</u>
<b>Other Financing Source (Uses)</b>					
DWSRF Revolving Loan	484,500	7,808	440,853	448,661	(35,839)
Transfers In	106,493	106,493	-	106,493	-
Total other financing source (uses)	<u>590,993</u>	<u>114,301</u>	<u>440,853</u>	<u>555,154</u>	<u>(35,839)</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (340,494)</u>	<u>\$ 326,498</u>	<u>\$ (13,996)</u>	<u>\$ (13,996)</u>

**Beaufort County, North Carolina**  
**Southside Water Treatment Plant Expansion - Water District I**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0019	\$ 2,250,000	\$ 193,924	\$ 222,675	\$416,599	\$ (1,833,401)
Sales tax refund	30,000	-	-	-	(30,000)
Total revenues	<u>2,280,000</u>	<u>193,924</u>	<u>222,675</u>	<u>416,599</u>	<u>(1,863,401)</u>
<b>Expenditures</b>					
Construction - Contract No. 1	1,108,191	-	224,601	224,601	883,590
Construction - Contract No. 2	1,346,205	-	74,637	74,637	1,271,568
Planning and engineering prior to construction	212,840	208,465	-	208,465	4,375
Technical services during construction	302,140	376	68,789	69,165	232,975
Administration	6,000	974	-	974	5,026
Closing fees	48,750	48,750	-	48,750	-
Contingency	54,624	-	-	-	54,624
Total expenditures	<u>3,078,750</u>	<u>258,565</u>	<u>368,027</u>	<u>626,592</u>	<u>2,452,158</u>
Revenues over (under) expenditures	<u>(798,750)</u>	<u>(64,641)</u>	<u>(145,352)</u>	<u>(209,993)</u>	<u>588,757</u>
<b>Other Financing Source (Uses)</b>					
DWSRF Revolving Loan	750,000	6,587	132,269	138,856	(611,144)
Transfers from Other Funds	48,750	48,750	-	48,750	-
Total other financing source (uses)	<u>798,750</u>	<u>55,337</u>	<u>132,269</u>	<u>187,606</u>	<u>(611,144)</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (9,304)</u>	<u>\$ (13,083)</u>	<u>\$ (22,387)</u>	<u>\$ (22,387)</u>

**Beaufort County, North Carolina**  
**CL2 Conversion Project - Water District IV**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0091	\$ 733,500	\$ 183,565	\$ 19,539	\$ 203,104	\$ (530,396)
Total revenues	<u>733,500</u>	<u>183,565</u>	<u>19,539</u>	<u>203,104</u>	<u>(530,396)</u>
Expenditures					
Construction - Contract No. 1	700,000	260,978	-	260,978	439,022
Planning and engineering prior to construction	76,600	25,920	3,306	29,226	47,374
Technical services during construction	116,600	14,648	22,744	37,392	79,208
Administration	14,000	10,960	-	10,960	3,040
Land purchase	1,000	-	-	-	1,000
Contingency	53,818	-	-	-	53,818
Other	15,982	8,812	-	8,812	7,170
Total expenditures	<u>978,000</u>	<u>321,318</u>	<u>26,050</u>	<u>347,368</u>	<u>630,632</u>
Revenues over (under) expenditures	<u>(244,500)</u>	<u>(137,753)</u>	<u>(6,511)</u>	<u>(144,264)</u>	<u>100,236</u>
Other Financing Source (Uses)					
DWSRF Revolving Loan	244,500	137,753	6,511	144,264	(100,236)
Total other financing source (uses)	<u>244,500</u>	<u>137,753</u>	<u>6,511</u>	<u>144,264</u>	<u>(100,236)</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Beaufort County, North Carolina**  
**CL2 Conversion Project- Water District V**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0085	\$ 401,100	\$ 98,868	\$ 13,554	\$ 112,422	\$ (288,678)
Total revenues	<u>401,100</u>	<u>98,868</u>	<u>13,554</u>	<u>112,422</u>	<u>(288,678)</u>
Expenditures					
Construction - Contract No. 1	350,000	138,102	-	138,102	211,898
Planning and engineering prior to construction	42,300	13,608	-	13,608	28,692
Technical services during construction	93,700	13,348	18,071	31,419	62,281
Administration	13,000	10,955	-	10,955	2,045
Land purchase	1,000	-	-	-	1,000
Contingency	26,110	-	-	-	26,110
Other	8,690	5,273	-	5,273	3,417
Total expenditures	<u>534,800</u>	<u>181,286</u>	<u>18,071</u>	<u>199,357</u>	<u>335,443</u>
Revenues over (under) expenditures	<u>(133,700)</u>	<u>(82,418)</u>	<u>(4,517)</u>	<u>(86,935)</u>	<u>46,765</u>
Other Financing Source (Uses)					
DWSRF Revolving Loan	133,700	82,418	4,517	86,935	(46,765)
Total other financing source (uses)	<u>133,700</u>	<u>82,418</u>	<u>4,517</u>	<u>86,935</u>	<u>(46,765)</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Beaufort County, North Carolina**  
**CL2 Conversion Project - Water District VI**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0093	\$ 1,115,000	\$ 5,347	\$ 33,057	\$ 38,404	\$ (1,076,596)
Total revenues	<u>1,115,000</u>	<u>5,347</u>	<u>33,057</u>	<u>38,404</u>	<u>(1,076,596)</u>
Expenditures					
Construction - Contract No. 1	1,650,000	-	-	-	1,650,000
Planning and engineering prior to construction	159,200	-	66,112	66,112	93,088
Technical services during construction	242,800	-	-	-	242,800
Administration	13,100	10,695	-	10,695	2,405
Land purchase	1,000	-	-	-	1,000
Contingency	124,875	-	-	-	124,875
Other	39,025	-	23,161	23,161	15,864
Total expenditures	<u>2,230,000</u>	<u>10,695</u>	<u>89,273</u>	<u>99,968</u>	<u>2,130,032</u>
Revenues over (under) expenditures	<u>(1,115,000)</u>	<u>(5,348)</u>	<u>(56,216)</u>	<u>(61,564)</u>	<u>1,053,436</u>
Other Financing Source (Uses)					
DWSRF Revolving Loan	<u>1,115,000</u>	<u>5,000</u>	<u>33,404</u>	<u>38,404</u>	<u>(1,076,596)</u>
Total other financing source (uses)	<u>1,115,000</u>	<u>5,000</u>	<u>33,404</u>	<u>38,404</u>	<u>(1,076,596)</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (348)</u>	<u>\$ (22,812)</u>	<u>\$ (23,160)</u>	<u>\$ (23,160)</u>

**Beaufort County, North Carolina**  
**CL2 Conversion Project - Water District VII**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0089	\$ 504,000	\$ 8,025	\$ 12,679	\$ 20,704	\$ (483,296)
Total revenues	<u>504,000</u>	<u>8,025</u>	<u>12,679</u>	<u>20,704</u>	<u>(483,296)</u>
Expenditures					
Construction - Contract No. 1	450,000	-	-	-	450,000
Planning and engineering prior to construction	52,500	-	16,905	16,905	35,595
Technical services during construction	110,600	-	-	-	110,600
Administration	13,000	10,700	-	10,700	2,300
Land purchase	1,000	-	-	-	1,000
Contingency	33,980	-	-	-	33,980
Other	10,920	-	6,520	6,520	4,400
Total expenditures	<u>672,000</u>	<u>10,700</u>	<u>23,425</u>	<u>34,125</u>	<u>637,875</u>
Revenues over (under) expenditures	<u>(168,000)</u>	<u>(2,675)</u>	<u>(10,746)</u>	<u>(13,421)</u>	<u>154,579</u>
Other Financing Source (Uses)					
DWSRF Revolving Loan	168,000	2,500	4,401	6,901	\$ (161,099)
Total other financing source (uses)	<u>168,000</u>	<u>2,500</u>	<u>4,401</u>	<u>6,901</u>	<u>(161,099)</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (175)</u>	<u>\$ (6,345)</u>	<u>\$ (6,520)</u>	<u>\$ (6,520)</u>

**Beaufort County, North Carolina**  
**Advanced Metering Infrastructure Fund - All Water Districts**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Sales tax refunds	\$ 212,558	\$ 152,372	\$ -	\$ 152,372	\$ (60,186)
Investment Earnings	-	86,898	73	86,971	86,971
Miscellaneous Revenue	-	16,519	-	16,519	16,519
Total revenues	<u>212,558</u>	<u>255,789</u>	<u>73</u>	<u>255,862</u>	<u>43,304</u>
<b>Expenditures</b>					
System improvements	4,403,698	4,367,515	-	4,367,515	36,183
Program management	237,985	218,691	3,300	221,991	15,994
Other fees/charges	5,000	1,250	-	1,250	3,750
Contingency	65,875	-	-	-	65,875
Total expenditures	<u>4,712,558</u>	<u>4,587,456</u>	<u>3,300</u>	<u>4,590,756</u>	<u>121,802</u>
Revenues over (under) expenditures	<u>(4,500,000)</u>	<u>(4,331,667)</u>	<u>(3,227)</u>	<u>(4,334,894)</u>	<u>165,106</u>
<b>Other Financing Source (Uses)</b>					
Installment proceeds	4,500,000	4,500,000	-	4,500,000	-
Total other financing source (uses)	<u>4,500,000</u>	<u>4,500,000</u>	<u>-</u>	<u>4,500,000</u>	<u>-</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 168,333</u>	<u>\$ (3,227)</u>	<u>\$ 165,106</u>	<u>\$ 165,106</u>

**Beaufort County, North Carolina**  
**Northside Generator Fund - Phase II - Water Districts I, II, III, IV, and V**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Golden Leaf Foundation Grant	\$ 366,465	\$ 332,060	\$ 25,036	\$ 357,096	\$ (9,369)
Total Revenues	<u>366,465</u>	<u>332,060</u>	<u>25,036</u>	<u>357,096</u>	<u>(9,369)</u>
Expenditures					
Engineering	52,532	43,386	-	43,386	9,146
Construction	313,933	288,674	24,914	313,588	345
Total expenditures	<u>366,465</u>	<u>332,060</u>	<u>24,914</u>	<u>356,974</u>	<u>9,491</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ 122</u>	<u>\$ 122</u>

**Beaufort County, North Carolina**  
**Swan Point Mobile Home Park - Water Districts**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Engineering	\$ 23,030	\$ -	\$ -	\$ -	\$ 23,030
Total expenditures	<u>23,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,030</u>
Revenues over (under) expenditures	<u>(23,030)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,030</u>
Other Financing Source (Uses)					
Transfer from Water Districts	23,030	23,030	-	23,030	-
Total other financing source (uses)	<u>23,030</u>	<u>23,030</u>	<u>-</u>	<u>23,030</u>	<u>-</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 23,030</u>	<u>\$ -</u>	<u>\$ 23,030</u>	<u>\$ 23,030</u>

**Beaufort County, North Carolina**  
**American Rescue Plan Act - Water Projects**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2022**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental					
American Rescue Plan	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Economic and physical development					
Capital Outlay - SCADA	700,000	-	-	-	700,000
Capital Outlay - Swan Point	187,000	-	732	732	186,268
Capital Outlay - Tank Mixers	112,000	-	-	-	112,000
Capital Outlay - Directional Drill	285,000	-	-	-	285,000
Capital Outlay - Line Upgrades	325,000	-	-	-	325,000
Total expenditures	<u>1,609,000</u>	<u>-</u>	<u>732</u>	<u>732</u>	<u>1,608,268</u>
Revenues over (under) expenditures	<u>(1,609,000)</u>	<u>-</u>	<u>(732)</u>	<u>(732)</u>	<u>1,608,268</u>
Other financing sources:					
Transfer (to) from other funds	<u>1,609,000</u>	<u>-</u>	<u>1,609,000</u>	<u>1,609,000</u>	<u>-</u>
Total other financing sources	<u>1,609,000</u>	<u>-</u>	<u>1,609,000</u>	<u>1,609,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,608,268</u>	<u>\$ 1,608,268</u>	<u>\$ 1,608,268</u>

## CUSTODIAL FUNDS

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Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria

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**Beaufort County, North Carolina**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2022**

Exhibit F-1

	<b>Municipal Tax Fund</b>	<b>Drainage Assessment Fund</b>	<b>Jail Inmate Pay Fund</b>	<b>Total Custodial Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 71,657	\$ 138	\$ 13,861	\$ 85,656
Taxes receivable for other governments, net	317,929	5,516	-	323,445
Total assets	<u>389,586</u>	<u>5,654</u>	<u>13,861</u>	<u>409,101</u>
<b>LIABILITIES</b>				
Due to other governments	71,657	138	-	71,795
Total liabilities	<u>71,657</u>	<u>138</u>	<u>-</u>	<u>71,795</u>
<b>NET POSITION</b>				
Restricted for:				
Individuals, organizations, and other	317,929	5,516	13,861	337,306
Total net position	<u>\$ 317,929</u>	<u>\$ 5,516</u>	<u>\$ 13,861</u>	<u>\$ 337,306</u>

**Beaufort County, North Carolina**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the Year Ended June 30, 2022**

Exhibit F-2

	<u>Municipal Tax Fund</u>	<u>Drainage Assessment Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>				
Ad valorem taxes for other governments	\$ 6,409,895	\$ -	\$ -	\$ 6,409,895
Collections on behalf of inmates	-	-	180,201	180,201
Drainage assessments	-	350,645	-	350,645
Total additions	<u>6,409,895</u>	<u>350,645</u>	<u>180,201</u>	<u>6,940,741</u>
<b>DEDUCTIONS</b>				
Tax distributions to other governments	6,468,112	352,055	-	6,820,167
Payments on behalf of inmates	-	-	180,929	180,929
Total deductions	<u>6,468,112</u>	<u>352,055</u>	<u>180,929</u>	<u>7,001,096</u>
Net increase (decrease) in fiduciary net position	(58,217)	(1,410)	(728)	(60,355)
Net position, beginning	<u>376,146</u>	<u>6,926</u>	<u>14,589</u>	<u>397,661</u>
Net position, ending	<u>\$ 317,929</u>	<u>\$ 5,516</u>	<u>\$ 13,861</u>	<u>\$ 337,306</u>

## OTHER SCHEDULES

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This section includes additional information on property taxes.

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**Beaufort County, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2022**

Exhibit G-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2021</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-2022	\$ -	\$ 38,336,529	\$ 37,851,062	\$ 485,467
2020-2021	621,876	-	305,317	316,559
2019-2020	336,984	-	119,677	217,307
2018-2019	215,453	-	54,852	160,601
2017-2018	139,917	-	25,420	114,497
2016-2017	112,468	-	14,544	97,924
2015-2016	89,477	-	8,583	80,894
2014-2015	72,593	-	9,396	63,197
2013-2014	106,444	-	11,320	95,124
2012-2013	121,807	-	10,850	110,957
2011-2012	101,808	-	101,808	-
Totals	<u>\$ 1,918,827</u>	<u>\$ 38,336,529</u>	<u>\$ 38,512,829</u>	<u>\$ 1,742,527</u>
				<u>533,978</u>
				<u>\$ 1,208,549</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund			\$ 38,641,076	
Reconciling items:				
Interest collected				(254,317)
Taxes written off				101,808
Refunds				23,892
Miscellaneous				370
Total Collections and Credits			<u>\$ 38,512,829</u>	

**Beaufort County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - wide Levy**  
**For the Year Ended June 30, 2022**

Exhibit G-2

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current year's rate	\$ 6,118,526,720	0.625	\$ 38,240,792	\$ 34,526,865	\$ 3,713,927
Total	6,118,526,720		38,240,792	34,526,865	3,713,927
Discoveries	15,317,920	0.625	95,737	95,737	-
Totals	<u>\$ 6,133,844,640</u>				
Net levy			38,336,529	34,622,602	3,713,927
Current year's taxes collected			<u>37,851,062</u>	<u>34,137,135</u>	<u>3,713,927</u>
Uncollected taxes at June 30, 2022			\$ <u>485,467</u>	\$ <u>485,467</u>	\$ <u>-</u>
Current levy collection percentage			<u>98.73%</u>	<u>98.60%</u>	<u>100.00%</u>

**Beaufort County, North Carolina  
Ten Largest Taxpayers  
For the Year Ended June 30, 2022**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
PCS Phosphate Company Inc.	Phosphate Mining/Acid Production	\$1,040,514,338	16.96%
Weyerhaeuser Co.	Tree Farm Operation	111,159,336	1.81%
Purified Acid Partnership	Acid Production	58,354,564	0.95%
Wilkinson Solar LLC	Solar Farm	37,016,799	0.60%
Caterpillar Financial Services Corp.	Equipment Leasing	14,875,536	0.24%
FPI Carolinas LLC	Agriculture	14,084,413	0.23%
Iconic Marine Group	Boat Manufacturer	13,305,706	0.22%
Victory Square LLC	Real Estate	12,796,804	0.21%
Gregory Poole Leasing LLC	Equipment Leasing	12,055,890	0.20%
Flanders Filters	Air Filtration Designer/Manufacturer	9,652,205	0.16%

# Compliance Section





*Thompson, Price, Scott, Adams & Co, P.A.*

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

**Independent Auditors' Report**

To the Board of County Commissioners  
Beaufort County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises Beaufort County's basic financial statements, and have issued our report thereon dated November 14, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Beaufort County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beaufort County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Members

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### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beaufort County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters<sup>6</sup> that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 14, 2022



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**Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Board of County Commissioners  
Beaufort County, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Beaufort County, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Beaufort County's major federal programs for the year ended June 30, 2022. 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.

In our opinion, the Beaufort County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Beaufort County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Beaufort County's compliance with the compliance requirements referred to above.

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### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Beaufort County federal programs.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Beaufort County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Beaufort County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Beaufort County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Beaufort County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Beaufort County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2022-001, 2022-002, 2022-003, 2022-004] to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Beaufort County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Beaufort County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Beaufort County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Beaufort County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 14, 2022



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**Report On Compliance With Requirements Applicable To Each Major State  
Program And Internal Control Over Compliance In Accordance With  
OMB Uniform Guidance and the State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Board of County Commissioners  
Beaufort County, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Beaufort County, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Beaufort County's major State programs for the year ended June 30, 2022. 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.

In our opinion, Beaufort County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Beaufort County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Beaufort County's compliance with the compliance requirements referred to above.

Members

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### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Beaufort County State programs.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Beaufort County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Beaufort County's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Beaufort County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Beaufort County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Beaufort County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2022-001, 2022-002, 2022-003, 2022-004] to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Beaufort County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Beaufort County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Beaufort County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Beaufort County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Thompson, Price, Scott, Adams & Co., P.A.*

---

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 14, 2022

**Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

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**Section I. Summary of Auditors' Results**

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Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? \_\_\_yes   no
- Significant Deficiency(s) identified \_\_\_yes   none reported

Noncompliance material to financial statements noted \_\_\_yes   no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? \_\_\_yes   no
- Significant Deficiency(s) identified   yes \_\_\_none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   yes \_\_\_no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
21.027	Coronavirus State and Local Fiscal Recovery Fund:
93.563	Child Support Enforcement
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs   \$ 750,000

Auditee qualified as low-risk auditee?   yes \_\_\_no

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? \_\_\_yes   no

**Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

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**Section I. Summary of Auditors' Results (continued)**

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• Significant Deficiency(s) identified   X   yes    none reported

Type of auditors' report issued on compliance for major State programs: Unmodified

Identification of major State programs:

Program Name  
Medical Assistance Program  
Connect NC Bond Grant and Loan  
Public School Building Capital Fund - Lottery Proceeds

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**Section II. Financial Statement Findings**

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None Reported.

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**Section III. Federal Award Findings and Questioned Costs**

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**US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA# 93.778

**Finding: 2022-001                      Inaccurate Information Entry**

SIGNIFICANT DEFICENCY

Eligibility

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.
Condition:	There were 6 errors discovered during our procedures that inaccurate information was entered when determining eligibility.
Questioned Costs:	There was no known affect to eligibility and there were no known questioned costs.
Context:	We examined 60 of a total of 592,659 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2021-001.

**Beaufort County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

---

**Section III. Federal Award Findings and Questioned Costs (Continued)**

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Cause: Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Views of responsible officials and planned corrective actions: The County agrees with the finding.

**US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA# 93.778

**Finding: 2022-002                      Inaccurate Resources Entry**

**SIGNIFICANT DEFICENCY**

Eligibility

Criteria: In accordance with Medicaid Manual MA-2230, Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or noncountable resources and explained within the documentation.

Condition: There were 4 errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable.

Questioned Costs: There was no known affect to eligibility and there were no known questioned costs.

Context: We examined 60 of a total of 592,659 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and applicants could have been approved for benefits for which they were not eligible.

**Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

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**Section III. Federal Award Findings and Questioned Costs (Continued)**

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Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2021-003.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding.

**US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA# 93.778

**Finding: 2022-003                      Untimely Review of SSI Termination**

**SIGNIFICANT DEFICENCY**

Eligibility

Criteria:	In accordance with the Medicaid Manual MA-3120, the State sends notification to the County when a participant is no longer eligible under Supplemental Security Income (SSI) determination, the County is required to initiate the ex parte review within 5 workdays of the date the termination appears on the SSI Termination Report, and complete the redetermination within 4 months of the month the case appears on the SSI Termination Report and notify the recipient about applicant's ongoing eligibility for Medicaid.
Condition:	There were 1 applicants/beneficiaries not reviewed timely and determined to be eligible for Medicaid when the SSI benefits were terminated.
Questioned Costs:	There was no known affect to eligibility and there were no known questioned costs.
Context:	We examined 60 of a total of 592,659 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	The County did not initiate ex parte review timely, therefore, no eligibility review was completed in the required time period. The lack of follow up and certification lead to applicants receiving Medicaid benefits for which they were not eligible.

**Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

---

**Section III. Federal Award Findings and Questioned Costs (Continued)**

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Cause:	Ineffective communication between departments within the Department of Social Services. One area within DSS received State communications that applicants would no longer be eligible for SSI benefits and the County needed to conduct an application process. This information was not shared with other departments in DSS from which the recipient was also receiving benefits.
Recommendation:	Any State communications related to applicants' benefits received by any DSS department should be shared with all areas from which the participant receives benefits. State files should be reviewed internally to ensure all actions have been properly closed and the corrective action has been taken. Workers should be retrained on what process needs to be followed when State communications are received.
Views of responsible officials and planned corrective actions:	The County agrees with the finding.

**US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA# 93.778

**Finding: 2022-004                      Inadequate Request for Information**

**SIGNIFICANT DEFICIENCY**

Eligibility

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. Electronic matches are required at applications and redeterminations.
Condition:	There were 7 errors discovered during our procedures that inadequate information was requested at applications and/or redeterminations.
Questioned Costs:	There was no known affect to eligibility and there were no known questioned costs.
Context:	We examined 60 of a total of 592,659 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and applicants could have been approved for benefits for which they were not eligible.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2021-004.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

**Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

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**Section III. Federal Award Findings and Questioned Costs (Continued)**

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Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
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Views of responsible officials and planned corrective actions:	The County agrees with the finding.
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**Section IV. State Award Findings and Questioned Costs**

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Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA # 93.778

SIGNIFICANT DEFICENCY: Finding 2022-001, 2022-002, 2022-003 and 2022-004 also apply to State requirements and State Awards.

**BOARD OF COMMISSIONERS**  
Frankie Waters, Chairman  
Jerry E. Langley, Vice Chairman  
Ed Booth  
Stan Deatherage  
John Rebholz  
Hood Richardson  
Randy Walker



**COUNTY OFFICIALS**  
Brian M. Alligood, County Manager  
Katie Mosher, Clerk to the Board  
Anita Radcliffe, Finance Director  
David Francisco, County Attorney

**BEAUFORT COUNTY  
NORTH CAROLINA  
Corrective Action Plan  
For the Year Ended June 30, 2022**

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**Section II - Financial Statement Findings**

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None Reported.

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**Section III - Federal Award Findings and Question Costs**

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**Finding 2022-001**

Name of contact person: Amy Alligood, Income Maintenance Administrator

Corrective Action: Supervisors will be second partying records internally to ensure accuracy of cases. Applications will be reviewed and recertifications will be monitored on a rotation basis. Findings from second party reviews will be reviewed with the worker to monitor a pattern for errors and will review policy guidelines to ensure the worker is knowledgeable of policy requirements. Training will be provided to ensure all files have accurate information entry to include correct household composition and correct income calculations. Supervisors will provide training to ensure workers are aware of proper documentation required to support eligibility decisions. Checklists have been established to include errors cited during audit. Checklists are to be completed at applications and recertifications.

Proposed completion date: Training will be provided the week of November 7, 2022, to review findings and corrective action items. Trainings will continue every week to review policy changes, NCF AST updates as well as common errors that may be found during second party reviews. There were six ( 6) technical errors cited with a review date from a prior fiscal year.

**Finding 2022-002**

Name of contact person: Amy Alligood, Income Maintenance Administrator

Corrective Action: Supervisors will be second partying records internally to ensure accuracy of cases. Applications will be reviewed and recertifications will be monitored on a rotation basis. Findings from second party reviews will be reviewed with the worker to monitor a pattern for errors and will review policy guidelines to ensure worker is knowledgeable of policy requirements. Training will also be provided to ensure all files include online verifications, documentation of resources of income, and ensuring those amounts match information entered into NCF AST. Supervisors will provide training to ensure workers are aware of proper documentation required to support eligibility decisions. Checklists have been established to include errors cited during audit. Checklists are to be completed at applications and recertifications.

**BOARD OF COMMISSIONERS**  
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Jerry E. Langley, Vice Chairman  
Ed Booth  
Stan Deatherage  
John Rebholz  
Hood Richardson  
Randy Walker



**COUNTY OFFICIALS**  
Brian M. Alligood, County Manager  
Katie Mosher, Clerk to the Board  
Anita Radcliffe, Finance Director  
David Francisco, County Attorney

**BEAUFORT COUNTY  
NORTH CAROLINA  
Corrective Action Plan  
For the Year Ended June 30, 2022**

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**Section III - Federal Award Findings and Question Costs (continued)**

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Proposed completion date: Training will be provided the week of November 7, 2022, to review findings and corrective action items. Trainings will continue every week to review policy changes, NCF AST updates as well as common errors that may be found during second party reviews. There were four (4) technical errors cited with a review date from a prior fiscal year.

**Finding 2022-003**

Name of contact person: Amy Alligood, Income Maintenance Administrator

Corrective Action: Staff will be trained on state communications as it relates to applicants' benefits and the importance of sharing information with all areas which the participant receives benefits. Currently the lead worker manages the notifications received to ensure timely processing of SSI terminations. Agency processes have been reviewed to monitor SSI terminations to prevent recertifications from becoming overdue.

Proposed completion date: Training will be provided the week of November 7, 2022, to review findings and corrective action items. State communications will continue to be monitored. One (1) technical error cited for an untimely SSI Exparte Review was for a prior fiscal year.

**Finding 2022-004**

Name of contact person: Amy Alligood, Income Maintenance Administrator

Corrective Action: Supervisors will be second partying records internally to ensure accuracy of cases. Applications will be reviewed and recertifications will be monitored on a rotation basis. Findings from second party reviews will be reviewed with the worker to monitor a pattern for errors and will review policy guidelines to ensure worker is knowledgeable of policy requirements. Training will also be provided to ensure all files include online verifications, work number searches, register of deeds search, documented resources of income, and ensure those amounts agree to information entered in NCF AST. Supervisors will provide training to ensure workers are aware of proper documentation required to support eligibility decisions.

Proposed completion date: Training will be provided the week of November 7, 2022, to review findings and corrective action items. Trainings will continue every week to review policy changes, NCF AST updates as well as common errors that may be found during second party reviews. There were four (4) technical errors cited with a review date from a prior fiscal year.

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**BEAUFORT COUNTY  
NORTH CAROLINA  
Corrective Action Plan  
For the Year Ended June 30, 2022**

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**Section IV - State Award Findings and Question Costs**

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Corrective Actions for Finding 2022-001, 2022-002, 2022-003 and 2022-004 also apply to State Award Findings.

**Beaufort County, North Carolina**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2022**

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Finding: 2021-001

Status: This finding is not corrected, repeated as 2022-001.

Finding: 2021-002

Status: Corrected.

Finding: 2021-003

Status: This finding is not corrected, repeated as 2022-002.

Finding: 2021-004

Status: This finding is not corrected, repeated as 2022-004.

**Beaufort County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2022**

Grantor/Pass-through Grantor/Program title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
<b><u>FEDERAL AWARDS</u></b>						
<b><u>U.S. Department of Agriculture</u></b>						
Passed through N. C. Department of Health and Human Services Division of Public Health						
Special Supplemental Nutrition Program for Women, Infants, & Children						
	10.557		\$ 300,201	\$ -	\$ -	\$ -
Passed through N.C. Department of Health and Human Services Division of Social Services Administration:						
State Administrative Matching Grants						
for Supplemental Nutrition Assist. Program						
	10.561		536,971	-	-	536,971
	10.561		53,172	-	-	-
	10.561		19,529	-	-	-
			<u>609,672</u>	-	-	<u>536,971</u>
			<u>909,873</u>	-	-	<u>536,971</u>
<b><u>U.S. Department of Defense</u></b>						
Passed-through N.C. Department of Public Safety						
National Guard Military Operations and Maintenance (O&M) Projects						
	12.401		87	87	-	-
			<u>87</u>	<u>87</u>	-	-
<b><u>U.S. Department of Treasury</u></b>						
Coronavirus State and Local Fiscal Recovery Funds						
	21.027		5,147,266	-	-	-
			<u>5,147,266</u>	-	-	-
<b><u>U. S. Department of Housing and Urban Development</u></b>						
Passed-through NC Housing Finance Agency						
Essential Single Family Rehabilitation Loan Pool						
	14.239		90,888	-	-	-
			<u>90,888</u>	-	-	-
<b><u>U.S. Department of Health and Human Services</u></b>						
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health:						
Public Health Emergency Preparedness						
	93.069		34,719	-	-	-
Affordable Care Act (ACA) Personal Responsibility Education Program						
	93.092		109,017	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs						
	93.116		50	-	-	-
Family Planning Services						
	93.217		39,130	-	-	-
Immunization Cooperation Agreements						
	93.268		14,202	-	-	-
	93.268		84,555	-	-	-
			<u>98,757</u>	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)						
	93.323		350,380	-	-	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response						
	93.354		22,247	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations						
	93.898		26,000	-	-	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants						
	93.977		100	-	-	-
Preventive Health and Health Services Block Grant						
	93.991		30,607	-	-	-
Maternal and Child Health Services Block Grant						
	93.994		90,286	16,119	-	-

**Beaufort County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2022**

Grantor/Pass-through Grantor/Program title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Temporary Assistance for Needy Families (TANF) Cluster						
Division of Social Services						
TANF - Work First	93.558		1,107,022	-	-	571,685
Division of Public Health						
TANF - Work First	93.558		8,195	-	-	-
Total TANF Cluster			1,115,217	-	-	571,685
Family Preservation	93.556		43,949	-	-	-
Foster Care and Adoption Cluster:						
Foster Care - Title IV-E	93.658		568,589	107,284	-	346,990
Adoption Assistance	93.659		5,799	-	-	5,799
Foster Care	N/A		61,621	-	-	-
Total Foster Care and Adoption Cluster			636,009	107,284	-	352,789
Child Support Enforcement	93.563		582,664	-	-	300,160
Low-Income Home Energy Assistance						
Administration	93.568		44,331	-	-	-
Energy Assistance Payments	93.568		711,061	-	-	-
Crisis Intervention Program	93.568		183,102	-	-	-
LIEAP ARPA	93.568		414,063	-	-	-
LIEAP ARPA ADM	93.568		56,134	-	-	-
LIHWAP ADM	93.568		10,757	-	-	-
LIHWAP CAA	93.568		46,984	-	-	-
Total Low-Income Home Energy Assistance			1,466,432	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program						
Permanency Planning - Families for Kids	93.645		14,997	-	-	4,999
Total Stephanie Tubbs Jones Child Welfare Services Program						
Chafee Foster Care Independence Program	93.674		10,823	2,706	-	-
SSBG - Other Service and Training	93.667		264,467	-	-	88,155
Division of Aging and Adult Services:						
Division of Social Services						
SSBG - In Home Service	93.667		10,608	-	-	1,515
CPS TANF to SSBG	93.667		39,243	-	-	-
Total Social Service Block Grant			314,318	-	-	89,670
Division of Child Development and Early Education						
Subsidized Child Care						
<u>Child Care Development Fund Cluster:</u>						
Division of Social Services						
Childcare Development Mandatory and						
Match Fund - Administration	93.596		141,039	-	-	-
Total Subsidized Child Care			141,039	-	-	-
Passed through Mid-East Commission						
Division of Aging and Adult Services						
<u>Aging Cluster:</u>						
Special Programs for the Aging - Title III B						
Grants for Supportive Services and Senior Centers	93.044		162,274	8,541	-	-
COVID-19 Special Programs for the Aging - Title III B	93.044		7,722	-	-	-
Special Programs for the Aging - Title III C						
Nutrition Services	93.045		56,179	-	-	-
Total Aging Cluster			226,175	8,541	-	-

**Beaufort County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2022**

Grantor/Pass-through Grantor/Program title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Medical Assistance Program	93.778		1,559,077	2,425	-	704,160
State Children's Insurance Program - N.C. Health Choice	93.767		14,526	1,229	-	2,036
Total U.S. Department of Health and Human Services			6,926,519	138,304	-	2,025,499
<b>U.S. Department of Homeland Security</b>						
Passed through N.C. Department of Public Safety						
Division of Emergency Management:						
Disaster Grants - Public Assistance	97.036		68,938	22,979	-	-
COVID-19 Disaster Grants - Public Assistance	97.036		51,087	-	-	-
Emergency Management Performance Grant	97.042		32,124	-	-	-
Homeland Security Grant Program	97.067		16,242	-	-	-
Total U.S. Department of Homeland Security			168,391	22,979	-	-
Total Federal Awards			\$ 13,243,024	\$ 161,370	\$ -	\$ 2,562,470
<b>STATE AWARDS</b>						
<b>N.C. Department of Health and Human Services</b>						
Division of Public Health						
Food and Lodging Fees			\$ -	\$ 12,221	\$ -	\$ -
PH Capacity Building			-	84,054	-	-
General Communicable Disease Control			-	2,684	-	-
Healthy Community Activities			-	3,747	-	-
Child Health			-	844	-	-
HIV/STD State			-	43,712	-	-
Breast and Cervical Cancer Program			-	13,650	-	-
School Nurse Funding Initiative			-	250,000	-	-
Healthy Beginnings			-	78,988	-	-
Family Planning - State			-	41,440	-	-
Maternal Health (HMHC)			-	22,304	-	-
Women's Health Service Fund			-	7,681	-	-
TB Control			-	25,721	-	-
Total Division of Public Health			-	587,046	-	-
Division of Social Services:						
State Child Welfare/CPS/CS LD			-	32,553	-	-
County Funded Programs			-	-	-	1,462,939
Emergency Assist Private			-	2,051	-	-
Non-Allocating County Cost			-	-	-	449,285
WRK FRT NON REIMBURSABLE			-	-	-	(2,004)
Extended FC/MAX NON IV-E			-	8,103	-	-
Extended FC>20 Stipend			-	-	-	-
F/C at Risk Maxmization			-	11,109	-	3,941
IV-B EFT CHAF INDEP LIV			-	39,298	-	-
SFHF Maximization			-	85,056	-	76,849
State Foster Home			-	115,866	-	99,420
Total Division of Social Services			-	294,036	-	2,090,430
Passed-Through the Mid-East Commission						
Division of Aging and Adult Services:						
State Appropriation - Access			-	17,495	-	-
State Appropriation - In-Home Services			-	262,889	-	-
State Appropriation - Home Delivered Meals			-	5,152	-	-
Total Division of Aging			-	285,536	-	-
Total N.C. Department of Health and Human Services			-	1,166,618	-	2,090,430

**Beaufort County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2022**

Grantor/Pass-through Grantor/Program title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
<u>N.C. Department of Public Safety</u>						
Juvenile Crime Prevention Programs			-	159,026	-	-
Division of Emergency Management						
Criminal Justice Partnership Program			-	18,038	-	-
Sheriff Assistance Fund			-	33,352	-	-
Harzard Mitigation			-	5,495	-	-
Total Agency N.C. Department of Public Safety			-	215,911	-	-
<u>N.C. Department of Transportation</u>						
ROAP Cluster						
		DPT-16CL				
ROAP - RGP		36228.22.10.1		85,331		
		DPT-16CL				
ROAP - EDTAP		36220.10.10.1		74,106		
		DPT-16CL				
ROAP - EMPLOYMENT		36236.11.9.1		13,740		
Total ROAP Cluster			-	173,177	-	-
Total N.C. Department of Transportation			-	173,177	-	-
<u>N.C. Department of Agriculture and Consumer Services</u>						
Spay Neuter Program			-	14,427	-	-
Soil and Water Grant			-	31,013	-	-
		17175404				
Stream Debris Removal		190914057	-	317,094	-	-
Total N.C. Department of Agriculture and Consumer Services			-	362,534	-	-
<u>N.C. Department of Environment Quality</u>						
Division of Waste Management						
Scrap Tire Fund - SWMGT			-	15,605	-	-
Division of Water Infrastructure						
Connect NC Bond H-SRP-D-17-0090 Grant		DEQ-30	-	14,520	-	-
Connect NC Bond H-SRP-D-17-0010 Grant		DEQ-30	-	206,597	-	-
Connect NC Bond H-SRP-D-17-0019 Grant		DEQ-30	-	222,675	-	-
Connect NC Bond H-SRP-D-17-0091 Grant		DEQ-30	-	19,539	-	-
Connect NC Bond H-SRP-D-17-0085 Grant		DEQ-30	-	13,554	-	-
Connect NC Bond H-SRP-D-17-0093 Grant		DEQ-30	-	44,636	-	-
Connect NC Bond H-SRP-D-17-0089 Grant		DEQ-30	-	12,679	-	-
Total Connect NC Bond Grant			-	534,200	-	-
Connect NC Bond H-SRP-D-17-0090 Loan		DEQ-30	-	81,391	-	-
Connect NC Bond H-SRP-D-17-0010 Loan		DEQ-30	-	448,661	-	-
Connect NC Bond H-SRP-D-17-0019 Loan		DEQ-30	-	138,856	-	-
Connect NC Bond H-SRP-D-17-0091 Loan		DEQ-30	-	137,376	-	-
Connect NC Bond H-SRP-D-17-0085 Loan		DEQ-30	-	82,814	-	-
Connect NC Bond H-SRP-D-17-0093 Loan		DEQ-30	-	38,404	-	-
Connect NC Bond H-SRP-D-17-0089 Loan		DEQ-30	-	6,901	-	-
Total Connect NC Bond Loan			-	934,403	-	-
Total Connect NC Bond			-	1,468,603	-	-
Total N.C. Department of Enviroment Quality			-	1,484,208	-	-
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds			-	487,000	-	-
Total N.C. Department of Public Instruction			-	487,000	-	-
<u>N.C. Department of Administration</u>						
Veteran Services			-	2,109	-	-
Total N.C. Department of Public Instruction			-	2,109	-	-
<u>N.C. Housing Finance Agency</u>						
Urgent Repair Program			-	20,219	-	-
Total N.C. Department of Public Instruction			-	20,219	-	-
Total State Assistance			\$ -	\$ 3,911,776	\$ -	\$ 2,090,430
Total Assistance Federal and State Assistance			\$ 13,243,024	\$ 4,073,146	\$ -	\$ 4,652,900

**Beaufort County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2022**

Grantor/Pass-through Grantor/Program title	Federal	State/ Pass-through	Federal	State	Provided	Local
	Assistance Listing No.	Grantor's Number	Expenditures	Expenditures	to Subrecipients	Expenditures

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Beaufort County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Beaufort County, it is not intended to and does not present the financial position, changes in net position or cash flows of Beaufort County.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

Beaufort County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4: Loans Outstanding**

Beaufort County had the following loan balances outstanding at June 30, 2022 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Current year grant expenditures, loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2022 consist of:

<u>Program Title</u>	<u>AL#</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Connect NC Bond H-SRP-D-17-0090	N/A	H-SRP-D-17-0090	\$ 81,391
Connect NC Bond H-SRP-D-17-0010	N/A	H-SRP-D-17-0010	\$ 448,661
Connect NC Bond H-SRP-D-17-0019	N/A	H-SRP-D-17-0019	\$ 138,856
Connect NC Bond H-SRP-D-17-0091	N/A	H-SRP-D-17-0091	\$ 137,376
Connect NC Bond H-SRP-D-17-0085	N/A	H-SRP-D-17-0085	\$ 82,814
Connect NC Bond H-SRP-D-17-0093	N/A	H-SRP-D-17-0093	\$ 38,404
Connect NC Bond H-SRP-D-17-0089	N/A	H-SRP-D-17-0089	\$ 6,901

**Note 5: Cluster of Programs**

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

**Note 6: Benefit Payments Issued by the State**

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

<u>Program Title</u>	<u>AL No.</u>	<u>Federal</u>	<u>State</u>
Food and Nutrition Services	10.551	\$ 28,841,981	\$ -
Special Supplemental Nutrition Program for Women Infant and Children	10.557	966,059	-
IV-E Adopt & Vendor	93.659	919,912	175,415
TANF Payments & Penalties	93.558	253,209	-
Children's Health Insurance Program	93.767	576,555	129,048
Medical Assistance Program	93.778	85,025,491	32,471,926
CWS Adopt, Vendor, Guard	N/A	-	202,425
SC/SA Domiciliary Care	N/A	-	397,714