

Beaufort County, North Carolina

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

June 30, 1995

Beaufort County, North Carolina
TABLE OF CONTENTS
 June 30, 1995

<u>EXHIBIT</u>	<u>PAGE</u>
FINANCIAL SECTION	5
INDEPENDENT AUDITOR'S REPORT	6-7
GENERAL PURPOSE FINANCIAL STATEMENTS	8
1 Combined Balance Sheet - All Fund Types and Account Groups and Discretely Presented Component Units	9-10
2 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	11
3 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds	12-13
4 Combined Statement of Revenues, Expenses and Changes in Retained Earnings -Proprietary Fund and Discretely Presented Component Units	14-15
5 Combined Statement of Cash Flows - Proprietary Fund and Discretely Presented Component Units	16-17
Notes to General Purpose Financial Statements	18-52
SUPPLEMENTARY INFORMATION	53
REQUIRED SUPPLEMENTAL FINANCIAL DATA	54
Law Enforcement Officers' Special Allowance - Required Supplementary Information	
A-1 Analysis of Funding Progress	55
A-2 Revenues by Source and Expenses by Type	56
INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	57
General Fund:	58
B-1 Comparative Balance Sheet	59
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	60-65
C-1 Special Revenue Funds:	66
Combining Balance Sheet - All Special Revenue Funds	67-68
C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balance - All Special Revenue Funds	69-70
C-3 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Revaluation Fund	71

Beaufort County, North Carolina
TABLE OF CONTENTS
 June 30, 1995

		<u>PAGE</u>
C-4	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Washington Administrative Unit Fund	72
C-5	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Richland Fire/Rescue District Fund	73
C-6	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Bunyan Fire District Fund	74
C-7	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Chocowinity Fire District Fund	75
C-8	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Northside Fire District Fund	76
C-9	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Beaufort County Buildings Capital Reserve Fund	77
C-10	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Broad Creek Dredging Capital Reserve Fund	78
C-11	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Arbitrage Reserve Fund	79
C-12	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - CDBG-1992	80
	Capital Projects Fund:	81
D-1	Combining Balance Sheet	82
D-2	Combining Statement of Revenue, Expenditures, and Changes in Fund Balance	83
D-3	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - DSS Building	84
D-4	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - BCCC	85
D-5	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Tideland Mental Health Center Expansion	86
	Enterprise Fund:	87
E-1	Combining Balance Sheet	88
E-2	Combining Statement of Revenues, Expenses and Changes in Retained Earnings	89
E-3	Combining Statement of Cash Flows	90-91

Beaufort County, North Carolina
TABLE OF CONTENTS
 June 30, 1995

	<u>PAGE</u>
E-4 Statement of Revenues and Expenditures - Budget and Actual (NON-GAAP) - Water District II	92-93
E-5 Statement of Revenues, Expenditures - Budget and Actual (NON-GAAP) - Water District III	94-95
E-6 Statement of Revenues and Expenditures - Budget and Actual (NON-GAAP) - Water District IV	96
E-7 Statement of Revenues and Expenditures - Budget and Actual - Capital Project Fund - Water District II	97
E-8 Statement of Revenues and Expenditures - Budget and Actual - Capital Project Fund - Water District III	98
Agency Funds:	99
F-1 Combining Balance Sheet	100
F-2 Combining Statement of Changes in Assets and Liabilities	101
OTHER SCHEDULES	102
G-1 Schedule of Ad Valorem Taxes Receivable	103
G-2 Summary of Current Tax Levy	104
G-3 Schedule of Transfers	105
G-4 Schedule of Cash and Investment Balances	106
COMPLIANCE SECTION	107
Compliance Report Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	108-109
Single Audit Report on Compliance with Specific Requirements applicable to Major and Certain Nonmajor Federal and State Financial Assistance Programs	110-111
Single Audit Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Program	112-113
Schedule of Findings and Questioned Costs	114
Report on the Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance With Government Auditing Standards	115-118
Single Audit Report on the Internal Control Structure Used in Administering Federal and State Financial Assistance Program	119-122
Schedule of Federal and State Financial Assistance	123-126

FINANCIAL SECTION



Independent Auditor's Report

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

We have audited the accompanying general purpose financial statements of Beaufort County, North Carolina as of and for the year then ended, June 30, 1995. These general purpose financial statements are the responsibility of Beaufort County, North Carolina's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Beaufort County ABC Board, Beaufort County Hospital, or Warren Field Airport Commission. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort County ABC Board, Beaufort County Hospital and Warren Field Airport Commission is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Beaufort County, North Carolina, as of June 30, 1995, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 16, 1995 on our consideration of Beaufort County, North Carolina's internal control structure and a report dated November 16, 1995 on its compliance with laws and regulations.

Board of County Commissioners
November 16, 1995
Page 2

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

Pittard Perry & Crone, Inc.

Belhaven, North Carolina
November 16, 1995

GENERAL PURPOSE FINANCIAL STATEMENTS

Beaufort County, North Carolina
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS
 June 30, 1995

	Governmental Fund Types			Proprietary Fund Type
	General	Special Revenue	Capital Projects	Enterprise
ASSETS AND OTHER DEBITS				
Cash and investments	\$ 7,397,251	\$ 549,161	\$ 648,660	\$ 591,028
Receivables (net of allowances)				
Property taxes	1,501,953	72,746	-	-
Accounts	2,844,057	1,679	18,685	121,274
Other	12,756	-	-	-
Due from other funds	402,213	5,835	-	127,477
Due from component units	13,369	-	-	-
Prepaid items	54	-	-	-
Inventory	-	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	-	373,016
Fixed assets, net	-	-	-	8,513,358
Other debits				
Amount to be provided for retirement of long-term debt	-	-	-	-
Total assets and other debits	<u>\$12,171,653</u>	<u>\$ 629,421</u>	<u>\$ 667,345</u>	<u>\$ 9,726,153</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable & accrued liabilities	\$ 1,357,834	\$ 1,362	\$ -	\$ 21,927
Due to primary government	-	-	-	-
Due to other funds	5,971	-	-	529,690
Customer deposits	-	-	-	475
Deferred revenue	1,942,810	78,898	-	-
Notes payable - current	-	-	-	-
Capital leases payable - current	-	-	-	-
General obligation bonds payable - current	-	-	-	-
Compensated absences payable	-	-	-	-
Accrued landfill care	-	-	-	-
General obligation bonds payable - noncurrent	-	-	-	8,769,000
Notes payable - noncurrent	-	-	-	-
Capital leases payable - noncurrent	-	-	-	-
Total liabilities	<u>3,306,615</u>	<u>80,260</u>	<u>-</u>	<u>9,321,092</u>
Equity and other credits				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	405,061
Fund balances				
Reserved				
Reserved for health services	357,797	-	-	-
Reserved by State statute	2,994,693	-	-	-
Unreserved				
Designated for subsequent year's expenditures	1,470,706	-	667,345	-
Undesignated	4,041,842	549,161	-	-
Total equity and other credits	<u>8,865,038</u>	<u>549,161</u>	<u>667,345</u>	<u>405,061</u>
Total liabilities, equity & other credits	<u>\$12,171,653</u>	<u>\$ 629,421</u>	<u>\$ 667,345</u>	<u>\$ 9,726,153</u>

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	Component Units		
	General Fixed Assets	General Long- Term Debt	Primary Government	Beaufort County		Warren
				Hospital	ABC Board	Field Airport Commission
\$ 294,253	\$ -	\$ -	\$ 9,480,353	\$ 1,301,748	\$ 266,588	\$ 192,583
-	-	-	1,574,699	-	-	-
-	-	-	2,985,695	4,202,090	-	2,255
-	-	-	12,756	268,006	133	-
136	-	-	535,661	-	-	-
-	-	-	13,369	-	-	-
-	-	-	54	240,519	671	2,756
-	-	-	-	712,728	338,384	-
-	-	-	373,016	-	-	-
-	12,148,903	-	20,662,261	7,919,861	483,453	1,258,633
-	-	14,863,757	14,863,757	-	-	-
<u>\$ 294,389</u>	<u>\$12,148,903</u>	<u>\$14,863,757</u>	<u>\$50,501,621</u>	<u>\$14,644,952</u>	<u>\$ 1,089,229</u>	<u>\$ 1,456,227</u>
\$ 294,389	\$ -	\$ -	\$ 1,675,512	\$ 1,913,038	\$ 186,777	\$ 1
-	-	-	-	-	13,369	29
-	-	-	535,661	-	-	3,765
-	-	-	475	-	-	50,896
-	-	-	2,021,708	-	-	-
-	-	478,150	478,150	-	-	-
-	-	39,268	39,268	163,292	-	-
-	-	1,000,000	1,000,000	154,560	25,903	-
-	-	347,755	347,755	-	-	-
-	-	439,743	439,743	-	-	-
-	-	10,420,000	19,189,000	-	-	-
-	-	2,054,315	2,054,315	481,938	95,636	-
-	-	84,526	84,526	39,280	-	-
294,389	-	14,863,757	27,866,113	2,752,108	321,685	54,691
-	12,148,903	-	12,148,903	-	-	-
-	-	-	-	-	-	1,485,931
-	-	-	405,061	11,892,844	767,544	<84,395>
-	-	-	357,797	-	-	-
-	-	-	2,994,693	-	-	-
-	-	-	2,138,051	-	-	-
-	-	-	4,591,003	-	-	-
-	12,148,903	-	22,635,508	11,892,844	767,544	1,401,536
<u>\$ 294,389</u>	<u>\$12,148,903</u>	<u>\$14,863,757</u>	<u>\$50,501,621</u>	<u>\$14,644,952</u>	<u>\$ 1,089,229</u>	<u>\$ 1,456,227</u>

The accompanying notes are an integral part of this financial statement

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

For The Fiscal Year Ended June 30, 1995

EXHIBIT 2

	Governmental			Totals
	General	Special	Capital	(Memorandum Only)
	Fund Types	Revenue	Project	Primary
REVENUES	General	Revenue	Project	Government
Ad Valorem taxes	\$13,171,784	\$ 561,589	\$ -	\$13,733,373
Other taxes, licenses & permits	537,366	-	-	537,366
Intergovernmental	7,907,255	167,709	500,000	8,574,964
Local option sales tax	5,187,565	-	-	5,187,565
Sales and services	3,178,323	-	-	3,178,323
Investment earnings	375,680	10,263	25,034	410,977
Miscellaneous	<u>154,303</u>	<u>20,000</u>	<u>-</u>	<u>174,303</u>
Total revenues	30,512,276	759,561	525,034	31,796,871
EXPENDITURES				
General government	2,241,706	47,125	-	2,288,831
Public safety	3,508,225	551,722	-	4,059,947
Environmental protection	3,061,630	-	-	3,061,630
Economic & community development	402,341	206,158	-	608,499
Culture and recreation	168,423	-	-	168,423
Education	8,279,790	9,867	-	8,289,657
Human services	9,881,385	-	-	9,881,385
Transportation	500	-	-	500
Capital projects	-	-	1,170,105	1,170,105
Nondepartmental	81,246	-	-	81,246
Debt service:				
Bond principal	1,000,000	-	-	1,000,000
Lease principal	37,398	-	-	37,398
Note principal	422,848	-	-	422,848
Interest	953,685	-	-	953,685
Fees and commissions	204	-	-	204
Total expenditures	<u>30,039,381</u>	<u>814,872</u>	<u>1,170,105</u>	<u>32,024,358</u>
Revenues over <under> expenditures	472,895	<55,311>	<645,071>	<227,487>
OTHER FINANCING SOURCES <USES>				
Operating transfers from other funds	10,000	176,529	-	186,529
Operating transfers to other funds	<125,000>	-	<61,529>	<186,529>
Proceeds from long-term debt	315,000	-	-	315,000
Operating transfer from component	43,112	-	-	43,112
Operating transfer to component unit	<35,000>	-	-	<35,000>
Total other financing sources <uses>	<u>208,112</u>	<u>176,529</u>	<u><61,529></u>	<u>323,112</u>
Revenues & other sources over <under> expenditures & other uses	681,007	121,218	<706,600>	95,625
FUND BALANCES,				
Beginning year, as originally stated	8,184,031	427,943	<5,586,814>	3,025,160
Prior period adjustment	-	-	6,960,759	6,960,759
Beginning year, as adjusted	<u>8,184,031</u>	<u>427,943</u>	<u>1,373,945</u>	<u>9,985,919</u>
End of year	<u>\$ 8,865,038</u>	<u>\$ 549,161</u>	<u>\$ 667,345</u>	<u>\$10,081,544</u>

The accompanying notes are an integral part of this financial statement

Beaufort County, North Carolina
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
For The Fiscal Year Ended June 30, 1995

	General Fund		Variance Favorable <Unfavorable>
	Budget	Actual	
REVENUES			
Ad valorem taxes	\$12,525,002	\$13,171,784	\$ 646,782
Other taxes, licenses & permits	466,000	537,366	71,366
Intergovernmental	7,236,737	7,907,255	670,518
Sales and services	2,996,620	3,178,323	181,703
Investment earnings	180,000	375,680	195,680
Miscellaneous	164,318	154,303	<10,015>
Local option sales tax	<u>4,699,825</u>	<u>5,187,565</u>	<u>487,740</u>
Total revenue	28,268,502	30,512,276	2,243,774
EXPENDITURES			
General government	2,274,060	2,241,706	32,354
Public safety	3,559,665	3,508,225	51,440
Environmental protection	2,942,525	3,061,630	<119,105>
Economic and community development	413,150	402,341	10,809
Culture and recreation	170,769	168,423	2,346
Education	7,948,351	8,279,790	<331,439>
Human services	9,932,103	9,881,385	50,718
Transportation	500	500	-
Contingency	150,000	-	150,000
Nondepartmental	87,350	81,246	6,104
Debt service:			
Bond principal	1,000,000	1,000,000	-
Lease principal	37,700	37,398	302
Note principal	422,849	422,848	1
Interest	952,495	953,685	<1,190>
Fees and commissions	<u>2,000</u>	<u>204</u>	<u>1,796</u>
Total expenditures	<u>29,893,517</u>	<u>30,039,381</u>	<u><145,864></u>
Revenue over <under> expenditures	<1,625,015>	472,895	2,097,910
OTHER FINANCING SOURCES <USES>			
Operating transfers from <to> other funds	<65,000>	<115,000>	<50,000>
Proceeds of long-term debt	320,000	315,000	<5,000>
Operating transfer from component unit	100,000	43,112	<56,888>
Operating transfer to component unit	<u><35,000></u>	<u><35,000></u>	<u>-</u>
Total other financing sources <uses>	<u>320,000</u>	<u>208,112</u>	<u><111,888></u>
Revenues and other sources over <under> expenditures and other uses	<1,305,015>	681,007	1,986,022
Appropriated fund balance	<u>1,305,015</u>	<u>-</u>	<u><1,305,015></u>
Revenues, other sources & appropriated fund balance over <under> expenditures and other uses	<u>\$ -</u>	681,007	<u>\$ 681,007</u>
FUND BALANCES, beginning of year		<u>8,184,031</u>	
FUND BALANCES, end of year		<u>\$ 8,865,038</u>	

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable <u><Unfavorable></u>
\$ 602,000	\$ 561,589	\$ <40,411>
-	-	-
-	-	-
10,200	10,263	63
-	-	-
<u>612,200</u>	<u>571,852</u>	<u><40,348></u>
436,529	47,125	389,404
542,000	551,722	<9,722>
-	-	-
10,600	-	10,600
-	-	-
60,000	9,867	50,133
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>1,049,129</u>	<u>608,714</u>	<u>440,415</u>
<436,929>	<36,862>	400,067
326,529	176,529	<150,000>
-	-	-
-	-	-
<u>326,529</u>	<u>176,529</u>	<u><150,000></u>
<110,400>	139,667	250,067
<u>110,400</u>	<u>-</u>	<u><110,400></u>
<u>\$ -</u>	139,667	<u>\$ 139,667</u>
	427,943	
	<u>\$ 567,610</u>	

The accompanying notes are an integral part of this financial statement

Beaufort County, North Carolina
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUND AND DISCRETELY PRESENTED COMPONENT UNITS
For The Fiscal Year Ended June 30, 1995

EXHIBIT 4
PAGE 1 OF 2

	Proprietary Fund		Component Unit	
	Type		Beaufort County	
	Enterprise Primary Government	ABC Board	Hospital	Airport
OPERATING REVENUES:				
Charges for service and sales	\$ 400,928	\$ 2,073,456	\$19,659,672	\$ 26,443
Other operating revenue	<u>55,835</u>	<u>9</u>	<u>603,432</u>	<u>-</u>
Total operating revenues	456,763	2,073,465	20,263,104	26,443
OPERATING EXPENSES:				
Depreciation	5,543	38,255	1,041,836	69,425
Water treatment	177,373	-	-	-
Cost of goods sold	-	1,463,415	-	-
Water distribution	210,764	-	-	-
Warehouse expenses	-	13,672	-	-
Administration	<u>24,869</u>	<u>473,153</u>	<u>19,115,186</u>	<u>35,776</u>
Total operating expenses	<u>418,549</u>	<u>1,988,495</u>	<u>20,157,022</u>	<u>105,201</u>
Operating income	38,214	84,970	106,082	<78,758>
NONOPERATING REVENUES <EXPENSES>:				
Intergovernmental revenues	-	-	-	10,648
Interest on investments	6,812	5,593	35,491	5,839
Miscellaneous income	-	-	-	-
Allocated to deferred revenue	-	-	-	<35,000>
Law Enforcement/Alcohol education	-	<41,466>	-	-
Interest expense	-	<5,985>	-	-
Donation	-	-	108,100	-
Professional services	<u>-</u>	<u>-</u>	<u>-</u>	<u><10,648></u>
Total nonoperating revenue <expenses>	<u>6,812</u>	<u><41,858></u>	<u>143,591</u>	<u><29,161></u>
Income before operating transfers	<u>45,026</u>	<u>43,112</u>	<u>249,673</u>	<u><107,919></u>
Operating transfers to primary government	-	<43,112>	-	-
Operating transfers from primary government	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
Total operating transfers	<u>-</u>	<u><43,112></u>	<u>-</u>	<u>35,000</u>
Net income	45,026	-	249,673	<72,919>
Add depreciation on contributed capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,324</u>

Beaufort County, North Carolina
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUND AND DISCRETELY PRESENTED COMPONENT UNITS
 For The Fiscal Year Ended June 30, 1995

EXHIBIT 4
 PAGE 2 OF 2

	<u>Proprietary Fund</u>		<u>Component Unit</u>	
	<u>Type</u>		<u>Beaufort County</u>	
	<u>Enterprise</u>	<u>ABC Board</u>	<u>Hospital</u>	<u>Airport</u>
	<u>Primary Government</u>			
Increase <decrease> in retained earnings	45,026	-	249,673	<30,595>
RETAINED EARNINGS, beginning of year	287,635	767,544	11,579,231	<53,800>
Prior period adjustment	<u>72,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Retained earnings, beginning of year, as restated	360,035	767,544	11,579,231	<53,800>
Add restricted contributions expended in current year	<u>-</u>	<u>-</u>	<u>63,940</u>	<u>-</u>
RETAINED EARNINGS, end of year	<u>\$ 405,061</u>	<u>\$ 767,544</u>	<u>\$11,892,844</u>	<u>\$ <84,395></u>

The accompanying notes are an integral part of this financial statement

Beaufort County, North Carolina
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND AND DISCRETELY PRESENTED COMPONENT UNITS
For The Fiscal Year Ended June 30, 1995

EXHIBIT 5
PAGE 1 OF 2

	Proprietary Fund		Component Units	
	Type		Beaufort County	
	Enterprise Primary Government	ABC Board	Hospital	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 342,001	\$ 2,077,784	\$19,644,034	\$ 28,085
Cash paid for goods and services	-	<1,640,993>	<7,919,614>	<35,874>
Cash paid to employees for services	-	<283,127>	<11,445,673>	-
Other operating revenue	-	-	580,312	-
Net cash provided by <used in> operating activities	342,001	153,664	859,059	<7,789>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Intergovernmental revenues	-	-	-	66,746
Law enforcement/Alcohol education	-	<39,883>	-	-
Operating transfers to/from primary government	-	<50,010>	-	35,000
Gifts and grants	-	-	72,040	-
Net cash provided by <used in> non-capital financing activities	-	<89,893>	72,040	101,746
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	<1,743,179>	<142,771>	<395,265>	<49,695>
Proceeds of long-term borrowing	8,769,000	140,000	-	-
Principal paid on long-term borrowing, including capital lease obligations	<8,769,000>	<18,461>	<332,602>	-
Interest paid on long-term borrowing, including capital lease obligations	-	<5,985>	<51,072>	-
Other nonoperating expenses	-	-	-	<10,648>
Net cash provided by <used in> capital and related financing activities	<1,743,179>	<27,217>	<778,939>	<60,343>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	6,812	5,593	35,491	5,839
Net increase in cash and cash equivalents	<1,394,366>	42,147	187,651	39,453
Cash and cash equivalents at beginning of year	2,358,410	224,441	1,114,097	153,130
Cash and cash equivalents at end of year	\$ 964,044	\$ 266,588	\$ 1,301,748	\$ 192,583

Beaufort County, North Carolina
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND AND DISCRETELY PRESENTED COMPONENT UNITS
For The Fiscal Year Ended June 30, 1995

EXHIBIT 5
PAGE 2 OF 2

	Proprietary Fund		Component Unit	
	Type		Beaufort County	
	Enterprise Primary Government	ABC Board	Hospital	Airport
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 38,214	\$ 84,970	\$ 106,082	\$ <78,758>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	5,543	38,255	1,041,836	69,425
Changes in assets and liabilities:				
Interest paid	-	-	51,072	-
<Increase> decrease in accounts receivable	<112,274>	-	<15,638>	<705>
Decrease <increase> in inventories, prepaid expenses, and other current assets	-	30,439	<143,013>	2,249
<Decrease> Increase in accounts payable and accrued liabilities	8,045	-	<181,280>	-
<Increase> in due to/due from accounts	401,998	-	-	-
Increase in customer deposits	475	-	-	-
Total adjustments	303,787	68,694	752,977	70,969
Net cash provided by <used in> operating activities	\$ 342,001	\$ 153,664	\$ 859,059	\$ <7,789>

The accompanying notes are an integral part of this financial statement

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Beaufort County, North Carolina and its discretely presented component units conform to generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. The three discretely presented component units presented below are reported in a separate column in the County's combined financial statements in order to emphasize that they are legally separate from the County.

Beaufort County Hospital

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

Beaufort County ABC Board

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

Warren Field Airport Commission

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

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

Beaufort County ABC Board
P.O. Box 2552
Washington, NC 27889

Beaufort County Hospital
628 East 12th Street
Washington, NC 27889

Warren Field Airport Commission
P.O. Box 610 Airport Road
Washington, NC 27889

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Water Districts

Water District II - Long Acre West and Water District III - Long Acre East exists to construct a water system and provide water to the county residents in their district, through an enterprise fund and they are separate legal entities from the County. However, the County Board also serves as the Board for both of the Water Districts; therefore, the financial information for the Water Districts has been included in these financial statements.

B. Basis of Presentation - Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. In this report the various funds are grouped into three broad categories and five generic fund types. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds but are a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds.

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

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

General Fund - The general fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and State grants, and various other taxes and licenses. The primary expenditures are for education, human services, public safety, and general government services.

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

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

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation - Fund Accounting (continued)

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

Fiduciary funds account for assets held by the County as an agent for outside parties, including other governments, or on behalf of other funds within the government. Fiduciary funds include the following funds:

Agency Funds - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets that the County holds on behalf of others. The County maintains three agency funds: the Social Services Fund, which accounts for monies deposited with the Social Services Department; the County Home Fund which accounts for monies deposited with the County Home for patient expenditures; and the Fire Districts Fund which accounts for monies deposited with the finance office for individual fire districts.

Proprietary Funds include the following fund type:

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

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

C. Measurement Focus and Basis of Accounting

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

The Proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

operation of these funds are included on the balance sheet. Proprietary fund type fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements for these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Beaufort County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 1993 through February 1994 apply to the fiscal year ended June 30, 1995. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements. Those taxes for vehicles registered from March 1 through the fiscal year-end apply to the fiscal year 1995-96 and are not shown as receivables at June 30, 1995. For those motor vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

as deferred revenues at June 30, 1995 because they are intended to finance the County's operations during the 1995-96 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intangibles taxes, intergovernmental revenues, and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

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

D. Budgetary Data

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

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

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

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

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

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Fund Equity

1. Deposits

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

State statutes authorize the County, the Hospital, the ABC Board, and the Airport to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust, an SEC registered mutual fund. Investments are stated at cost.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

4. Ad valorem taxes receivable

In accordance with state statutes, ad valorem taxes are levied on July 1, the beginning of the fiscal year and are due on September 1; however, interest does not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 1994.

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts, estimated to equal the amount of the accounts written off in prior years.

6. Inventory

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

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

7. Fixed assets

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

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

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

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Fixed assets (continued)

calculated except in extraordinary circumstances. Other proprietary fund assets of the County are depreciated on a class life basis at the following rates:

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

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

	<u>Useful Life</u>
Furniture and equipment	5-10
Leasehold improvements	10

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

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

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

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

8. Long-term debt

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

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Long-term debt (continued)

Included within the General Long-Term Debt Account Group, are the hospital improvement bonds issued by the County. For the hospital improvement bonds issued by the County, the Hospital's revenues are sufficient to cover the debt service requirements on the bonds; however, the taxing power of the County is pledged to make the payments if the Hospital's revenues should be inadequate. The debt service requirements for all of the debt carried in the General Long-Term Debt Account Group are appropriated annually in the General Fund.

9. Fund equity

Reservations or restrictions of equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change. State law [G.S. 159-13(b) (16)] restricts the appropriations of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables which are not offset by deferred revenues.

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

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 1995-1996 budget ordinance.

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

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Revenues, Expenditures and Expenses

1. Other Resources

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

2. Compensated absences

The vacation policies of the County, the Hospital, and the ABC Board provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the County, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the County's governmental funds. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 1995 is recorded in the General Long-term Debt Account Group. For the County's proprietary funds, the Hospital, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

The sick leave policies of the County, the Hospital, and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

G. Total (Memorandum Only) Columns

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

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Comparative Data/Reclassifications

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

NOTE 2 DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Assets

1. Deposits

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

At June 30, 1995, the County's deposits had a carrying amount of \$3,447,067 and a bank balance of \$3,660,791. Of the bank balance, \$495,196 was covered by federal depository insurance and \$56,946 in non-interest bearing deposits and \$3,108,649 in interest bearing deposits were covered by collateral held under the Pooling Method.

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

A. Assets (continued)

1. Deposits (continued)

At June 30, 1995, the carrying amount of deposits for Beaufort County ABC Board was \$263,838 and the bank balance was \$252,551. Of the bank balance, \$8,460 was covered by federal depository insurance and \$244,091 was collateralized under the Pooling Method.

At September 30, 1994, the Hospital's deposits had a balance of \$1,301,748 and a bank balance of \$1,301,748. All of the bank balance was covered by federal depository insurance and collateralization under the Pooling Method.

At June 30, 1995, the Airport's deposits had a carrying amount of \$192,583 and a bank balance of \$193,145 with \$100,000 of the amount being covered by federal depository insurance.

2. Investments

The County's, the Hospital's, and the ABC Board's investments are categorized to give an indication of the level of custodial risk assumed by each of these entities at year-end. In the following tables, Column A includes investments that are insured or registered or for which the securities are held by the County, the Hospital, or the ABC Board or their agents in the entity's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's, the Hospital's, or the ABC Board's name. Column C includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's, the Hospital's, or the ABC Board's name. The County's, the Hospital's, and the ABC Board's investments in the North Carolina Capital Management Trust are exempt from risk categorization because the County, the Hospital, and the ABC Board do not own any identifiable securities in these mutual funds.

At June 30, 1995 the County's investment balances were as follows:

	<u>Categories</u>			<u>Cost Value</u>	<u>Market Value</u>
	<u>A</u>	<u>B</u>	<u>C</u>		
Federal National Mortgage FNMA Strips-Zero Coupon Common Stock	\$500,052 <u>3,764</u> <u>\$503,816</u>	\$ - <u>-</u> <u>\$ -</u>	\$ - <u>-</u> <u>\$ -</u>	\$ 500,052 3,764	\$ 495,824 8,456
North Carolina Capital Management Trust				<u>5,901,730</u>	<u>5,901,730</u>
Total investments				<u>\$6,405,546</u>	<u>\$6,406,010</u>

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1995

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

A. Assets (continued)

2. Investments

At June 30, 1995, the ABC Board had no money in the above type investments.

At September 30, 1994, the Beaufort County Hospital had no money in the above type investments.

At June 30, 1995, Warren Field Commission had no money in the above type investments.

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

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

<u>Year</u> <u>Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
1991	\$ 40,061	\$ 13,120	\$ 53,181
1992	41,945	9,962	51,907
1993	48,116	7,097	55,213
1994	<u>386,582</u>	<u>22,228</u>	<u>408,810</u>
	<u>\$516,704</u>	<u>\$ 52,407</u>	<u>\$569,111</u>

4. Receivables - Allowance For Doubtful Accounts

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

<u>Fund</u>	<u>June 30, 1995</u>
Property taxes receivable	
General fund	\$339,289
Special revenue fund	26,410
Accounts receivable	
General fund	3,048
Enterprise fund	<u>7,302</u>
	<u>\$376,049</u>

The Hospital's accounts receivable are presented net of the allowance for uncollectible accounts of \$2,437,284.

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

A. Assets (continued)

5. Changes in General Fixed Assets

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

	General Fixed Assets July 1, 1994	Additions and Discoveries	Retirements	Transfers	General Fixed Assets June 30, 1995
Land	\$ 576,493	\$ -	\$ -	\$ -	\$ 576,493
Buildings & improvements	6,377,096	-	-	-	6,377,096
Vehicles & equipment	2,897,519	407,889	<202,117>	-	3,103,291
Construction in progress					
DSS building	<u>921,918</u>	<u>1,170,105</u>	<u>-</u>	<u>-</u>	<u>2,092,023</u>
Total	<u>\$10,773,026</u>	<u>\$1,577,994</u>	<u>\$ <202,117></u>	<u>\$ -</u>	<u>\$12,148,903</u>
By Function					
General government	\$ 3,280,766	\$ 98,355	\$ <700>	\$ <1,876>	\$ 3,376,545
Public safety	1,191,897	222,236	<170,042>	1,876	1,245,967
Human services	3,460,072	82,878	<30,150>	-	3,512,800
Environmental protection	1,439,946	2,217	<1,225>	-	1,440,938
Economic and physical development	473,427	2,203	-	-	475,630
Revaluation	5,000	-	-	-	5,000
Construction in progress	<u>921,918</u>	<u>1,170,105</u>	<u>-</u>	<u>-</u>	<u>2,092,023</u>
Total	<u>\$10,773,026</u>	<u>\$1,577,994</u>	<u>\$ <202,117></u>	<u>\$ -</u>	<u>\$12,148,903</u>
Reconciliation of additions:					
Capital outlay expenditures		\$ 407,889			
Capital Projects - construction in progress per Exhibit D-2		<u>1,170,105</u>			
Total		<u>\$1,577,994</u>			

6. Proprietary Fund Fixed Assets

The fixed assets of the Water District II Fund at June 30, 1995 are as follows:

	Fixed Assets	Accumulated Depreciation	Net
Equipment	\$ 28,035	\$ 1,279	\$ 26,756
Vehicles	5,958	1,986	3,972
Construction in progress	<u>4,549,677</u>	<u>-</u>	<u>4,549,677</u>
	<u>\$4,583,670</u>	<u>\$ 3,265</u>	<u>\$4,580,405</u>

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

A. Assets (continued)

6. Proprietary Fund Fixed Assets (continued)

The fixed assets of the Water District III Fund at June 30, 1995 are as follows:

	<u>Fixed Assets</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Equipment	\$ 19,566	\$ 892	\$ 18,674
Vehicles	4,158	1,386	2,772
Construction in progress	<u>3,911,507</u>	-	<u>3,911,507</u>
	<u>\$3,935,231</u>	<u>\$ 2,278</u>	<u>\$3,932,953</u>

The following is a summary of proprietary fund type fixed assets for the ABC Board at June 30, 1995:

Land	\$ 147,594
Buildings	470,054
Furniture and equipment	154,412
Vehicles	<u>19,613</u>
Total	791,673
Less accumulated depreciation	<u><308,220></u>
Fixed assets, net	<u>\$ 483,453</u>

For Beaufort County Hospital, the components of property, plant, and equipment at September 30, 1994 are as follows:

Land and improvements	\$ 368,775
Buildings	8,650,160
Equipment	<u>9,048,713</u>
Total	\$18,067,648
Less accumulated depreciation	<u><10,147,787></u>
Property, plant and equipment, net	<u>\$ 7,919,861</u>

The following is a summary of fixed assets of the Warren Field Airport Commission at June 30, 1995.

Land, parking lot, lights, taxiway and runway	\$ 2,965,339
Building and hangars	303,714
Gas pumps and tanks	59,954
Reforestation	2,730
Furniture, fixtures and equipment	172,665
Construction in progress	<u>33,250</u>
Total	3,537,652
Less accumulated depreciation	<u><2,279,019></u>
Fixed assets, net	<u>\$ 1,258,633</u>

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employee's Retirement System

All permanent full-time employees of both the County and the ABC Board participate in the statewide Local Governmental Employees' Retirement System (System), a multiple-employer, cost-sharing, defined benefit pension plan. The County's payroll for employees covered by the System for the fiscal year ended June 30, 1995 was \$5,077,979; the County's total payroll was \$6,401,111. The ABC Board's payroll for employees covered by the System for the fiscal year ended June 30, 1995 was \$272,460; the ABC Board's total payroll was \$315,288.

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

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

Law enforcement officers may retire with unreduced retirement benefits after completing 30 years of creditable service or after reaching age 55 and completing 5 years of creditable service. Employees retiring under any of these conditions are entitled to annual retirement benefits equal to 1.70 percent of their average final compensation times their years of creditable service. Average final compensation is the average of an employee's salary during the employee's four highest paid years in a row.

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

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

Covered employees are required by State statute to contribute 6 percent of their salary to the System. The County and the ABC Board are required by the same statute to contribute the remaining amounts necessary to pay benefits when due. For the County, the actuarially determined contribution

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

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

requirement for the year ended June 30, 1995 was \$646,492, which consisted of \$292,176 from the County and \$354,316 from employees; the County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 5.05 percent and 4.32 percent of covered payroll, respectively. For the ABC Board, the actuarially determined contribution requirement for the fiscal year ended June 30, 1995 was \$2,725, which consisted of \$1,603 from the ABC Board and \$1,122 from the employees; the ABC Board's required contributions for employees was 5%. The ABC Board does not have any employees engaged in law enforcement.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation for the System as a whole at December 31, 1994, the date of the latest available actuarial valuation was \$4,477,415,000. The System's net assets available for benefits on that date (at cost) were \$4,911,161,000 leaving net assets in excess of the pension benefit obligation of \$433,746,000. The County's 1995 contribution and the ABC Board's 1995 contribution each represented less than one percent of total contributions required of all participating entities.

Ten-year historical trend information showing the System's revenue by source and expenses by type will be presented in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina as of and for the fiscal year ended June 30, 1995. The State's CAFR will also begin to present prospective trend information showing the System's progress in accumulating sufficient assets to pay benefits when due.

b. Law Enforcement Officers Special Separation Allowance

Description

Beaufort County is the administrator of a single-employer, defined benefit, public employee retirement system (System) established by the County to provide special separation benefits to its law enforcement officers. The

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

b. Law Enforcement Officers Special Separation Allowance (continued)

County's payroll for employees covered by the System for the fiscal year ended June 30, 1995 was \$827,282; the County's total payroll was \$6,401,110.

All full-time County law enforcement officers are covered by the System. At December 31, 1994 the System's membership consisted of:

Retirees currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1
Current employees:	
Fully vested	1
Partially vested	0
Nonvested	<u>37</u>
Total	<u>39</u>

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

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

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

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

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

b. Law Enforcement Officers Special Separation Allowance (continued)

Funding Status and Progress

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

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

The pension benefit obligation was computed as part of an actuarial valuation performed as of December 31, 1994. Significant actuarial assumptions used in the valuation include (a) an annual rate of return on the investment of present and future assets of 7.5 percent compounded annually, (b) projected annual salary increases of 5 percent compounded annually, attributable to inflation, (c) additional projected annual salary increases, attributable to seniority/merit, and (d) no post-employment retirement increases.

At December 31, 1994, the date of the last actuarial study, the unfunded pension benefit obligation was \$90,208 as follows:

Pension benefit obligation:	
Retirees currently receiving benefits and terminated employees entitled to benefits but not yet receiving benefits	\$ 4,761
Current employees:	
Accumulated employee contributions	-
Employer-financed vested	6,792
Employer-financed nonvested	<u>78,655</u>
Total pension benefit obligation	90,208
Net assets available for benefits	<u>-</u>
Unfunded pension benefit obligation	<u>\$ 90,208</u>

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

b. Law Enforcement Officers Special Separation Allowance (continued)

Contribution Requirements and Contributions Made

The County has chosen to fund the amount necessary to cover the benefits earned when the benefits are due. The County has not currently adopted an actuarial determined funding policy, and no contribution requirement has been established by the County. There were no contributions made by the employees for the year ended June 30, 1995. Current and long-term unfunded contributions at June 30, 1995 are not considered material and have not been recorded as a fund liability, nor in the general long-term account groups.

Trend information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information is presented for as many years as the standardized measure of pension benefit obligation is available. As of June 30, 1995, no assets were available to fund the pension benefit obligation. Unfunded pension benefit obligation represented 10.90 percent of the annual payroll for employees covered by the System for 1995. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. As discussed above, the County has elected not to fund the pension benefit obligation until it becomes due.

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

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

All permanent full-time Beaufort County employees are eligible to participate in the Supplemental Income Plan, but the County is only required to contribute for law enforcement officers.

All law enforcement officers employed by the County participate in the Supplemental Retirement Income Plan, a defined contribution pension plan. Participation begins at the date of employment. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. State statute requires that the County contribute each month an amount equal to 5 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The County's contributions were calculated using a covered payroll amount of \$827,282; the County's total payroll was \$6,401,110. Total contributions for the year ended June 30, 1995 were \$41,364, which consisted of \$41,364 from the County and \$0.00 from the law enforcement officers. The County's required contributions and the officers' voluntary contributions represented 5.0 percent and 0.0 percent of the covered payroll, respectively.

d. Register of Deeds' Supplemental Pension Fund

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

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

Any county register of deeds who has retired with at least 10 years eligible service as register of deeds under the LGERS or an equivalent locally sponsored plan before June 30, 1988, and those who retire thereafter who

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

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

have completed at least 10 years of eligible service as register of deeds are entitled to receive a monthly pension payment under this plan.

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

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

For the year ended June 30, 1995, the County's required and actual contributions were \$6,328.

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

1. Pension Plan Obligations (continued)

e. Beaufort County Hospital Pension Plan

The Hospital has a noncontributory defined benefit pension plan covering substantially all employees meeting minimum age and service requirements. Plan benefits are based on the participant's years of service and average annual earnings in the five consecutive highest paid years during the last ten years preceding retirement. Total pension expense charged to operations amounted to \$ 5,895 for the year ending September 30, 1994 including amortization of prior service cost over 30 years. The Hospital's policy is to fund pension costs accrued. The actuarial present values were determined using assumed rates of return of 7.5% and annual salary increases of 5%.

	<u>1994</u>
Actuarial present value of accumulated plan benefits:	
Vested	\$3,497,727
Nonvested	<u>104,622</u>
Accumulated benefit obligation	<u>\$3,602,349</u>
Net assets available for benefits:	
Held by First Union National Bank invested in First Union Funds Balanced Portfolio Trust, a Mutual Fund	<u>\$3,650,663</u>

f. Warren Field Airport Commission

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

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

2. Postemployment Health Care Benefits - Beaufort County

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

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

State and federal laws and regulations require the County to place a final cover on its Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care cost will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$439,743 reported as landfill postclosure care liability at June 30, 1995 represents a cumulative amount reported to date. These amounts are based on what it would cost to perform all postclosure care in 1995. Beaufort County closed the facility in the year 1994. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

In order to prevent the forward or future recognition of closure and postclosure care liabilities resulting from the County's use of its landfill in prior periods, GASB Statement No. 18 is applied retroactively upon implementation. Therefore, the balance of general long-term debt as of July 1, 1994 has been adjusted for the retroactive application of GASB Statement No 18. Of the \$61,398 adjustment, \$61,398 related to the fiscal year ended June 30, 1994. The effect of the restatement was to increase the beginning general long-term debt as follows:

General long-term debt as reported	
at July 1, 1994	\$606,332
Prior period adjustment	<u>61,398</u>
General long-term debt as restated	<u>\$667,730</u>

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

4. Deferred Revenue

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Property taxes receivable	\$1,501,953	\$ 72,746	\$1,574,699
Prepaid taxes	163,101	6,152	169,253
Solid waste fees	<u>277,756</u>	<u>-</u>	<u>277,756</u>
Total	<u>\$1,942,810</u>	<u>\$ 78,898</u>	<u>\$2,021,708</u>

5. Commitments

The ABC Board has elected to pay direct costs of employment securities benefits in lieu of employment security taxes on payroll. A liability for benefit payments could accrue in the year following discharge of employees.

6. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property insurance coverage of \$125.5 million per occurrence, general liability coverage of \$2 million per occurrence, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to \$2 million limit for general liability coverage, \$500,000 of aggregate annual losses in excess of \$25,000 per occurrence for property coverage, and single occurrence losses of \$350,000 for workers' compensation.

The County carries commercial coverage for all other risks of loss. Claims have not exceeded coverage in any of the past three fiscal years.

Beaufort County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. Claims have not exceeded coverage in any of the past three fiscal years.

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

6. Risk Management (continued)

Beaufort County Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employee; natural disasters; and medical malpractice. The Hospital carries commercial insurance for these risks of loss. Claims have not exceeded coverage in any of the past three fiscal years.

The Warren Field Airport Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport carries commercial insurance for risks of loss. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

7. Long-Term Obligations

a. Lease Obligations

The County has entered into an agreement to lease certain equipment. This agreement is in substance a lease-purchase (capital lease) and is included in the General Long-Term Debt Account Group.

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

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

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

For Beaufort County, the following is a schedule of the future minimum lease obligations and the net present value of these net minimum lease payments as of June 30, 1995:

<u>Fiscal Year Ending June 30,</u>	<u>General Long-Term Debt</u>
1996	\$ 44,449
1997	44,449
1998	<u>44,449</u>
Total minimum lease payments	133,347
Less amount representing interest	<u>9,553</u>
Present value of future minimum lease payments	<u>\$123,794</u>

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

7. Long-Term Obligations (continued)

b. General Obligations Indebtedness

The County's general obligation bonds financed by the governmental funds are accounted for in the General Long-Term Debt Account Group. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water system and which are being retired by its resources are reported as long-term debt in the Water Fund and are the obligation of each water district, respectively. 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.

Bonds payable at June 30, 1995 are comprised of the following individual issues:

General obligation bonds

Serviced by the General Fund:

\$600,000 1978 Technical Institute Serial bonds, due on May 1 in installments ranging from \$20,000 to \$50,000 through May 1, 1996; interest ranging from 5.3% to 5.4%	\$ 20,000
\$6,700,000 1989 School Facility Serial bonds, due on February 1 in installments ranging from \$300,000 to \$400,000 through February, 2006; interest ranging from 6.7% to 6.75%	4,300,000
\$5,300,000 1988 School Facility Serial bonds, due on June 1 in installments ranging from \$200,000 to \$300,000 through June, 2006; interest at 7.1%	3,200,000
\$3,500,000 1998 Hospital Improvement Serial bonds, due on June 1 in installments ranging from \$100,000 to \$200,000 through June, 2006; interest at 7.1%	2,100,000
\$2,000,000 1991 Community College Serial bonds, due on May 1 in installments ranging from \$50,000 to \$200,000 through May, 2009; interest ranging from 6.4% to 6.5%	1,800,000
	<u>\$11,420,000</u>

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

7. Long-Term Obligations (continued)

c. Water Districts General Obligations Indebtedness

Water District II Long Acre West:

\$4,226,000 1995 Water Serial Bond due in annual installments; beginning in 1997; of \$39,500 to \$158,000 through June 1, 2034; with interest only for 1995 & 1996; interest at 6.125% 4,226,000

\$434,000 1995 Water Serial Bond due in annual installments; beginning in 1997; of \$4500 to \$18,000 through June 1, 2034; with interest only for 1995 & 1996; interest at 5.625% 434,000

Water District III Long Acre East:

\$3,728,000 1995 Serial Bonds due in annual installments; beginning in 1997; of \$35,000 to \$140,000 through June 1, 2034; with interest only for 1995 & 1996; interest at 6.125% 3,728,000

\$381,000 1995 Water Serial Bond due in annual installments; beginning in 1997; of \$4000 to \$16,000 through June 1, 2034; with interest only for 1995 & 1996; interest at 5.625% 381,000

Total \$ 8,769,000

At June 30, 1995, Beaufort County had a legal debt margin of \$152,053,682.

Annual debt service requirements to maturity for the County's general obligation bonds including interest of \$4,903,130 for General Long-Term Debt Account Group and \$13,236,409 for the Water Fund are as follows:

Year Ending <u>June 30,</u>	Water District Fund	Beaufort County General Long-Term Debt Account Group	<u>Total</u>
1996	\$ 533,026	\$ 1,784,630	\$ 2,317,656
1997	616,026	1,734,550	2,350,576
1998	613,485	1,645,550	2,259,035
1999	613,291	1,576,550	2,189,841
2000	612,707	1,507,550	2,120,257
Next 5 years	3,065,710	6,502,750	9,568,460
Thereafter	<u>15,951,164</u>	<u>1,571,550</u>	<u>17,522,714</u>
	<u>\$22,005,409</u>	<u>\$16,323,130</u>	<u>\$38,328,539</u>

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

7. Long-Term Obligations (continued)

c. Notes Payable

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

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

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

For Beaufort County, the following summarizes the annual requirements for the 911 system, the Department of Social Services building and the radio system notes, including interest of \$67,914 for High Band Radio System note, \$195,725 for the Department of Social Services Building note and \$31,824 for the Enhanced 911 system note:

Year Ending <u>June 30,</u>	High Band Radio System <u>Note</u>	DSS Building <u>Note</u>	Enhanced 911 System <u>Note</u>	<u>Total</u>
1996	\$ 61,978	\$ 348,423	\$ 161,169	\$ 571,570
1997	59,553	348,423	155,847	563,823
1998	57,128	348,423	150,524	556,075
1999	54,702	348,423	61,148	464,273
2000	52,276	348,423	-	400,699
Next 5 years	<u>97,277</u>	<u>174,211</u>	<u>-</u>	<u>271,488</u>
	<u>\$ 382,914</u>	<u>\$1,916,326</u>	<u>\$ 528,688</u>	<u>\$2,827,928</u>

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

7. Long-Term Obligations (continued)

d. Changes in General Long-Term Debt

The following is a summary of changes in the County's general long-term debt for the fiscal year ended June 30, 1995;

	Balance <u>July 1, 1994</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 1995</u>
By type:				
General obligation bonds	\$12,420,000	\$ -	\$ 1,000,000	\$11,420,000
Capitalized leases	161,192	-	37,398	123,794
DSS building note	1,998,026	-	277,424	1,720,601
High band radio system note	-	315,000	-	315,000
Enhanced 911 system note	642,288	-	145,424	496,864
Compensated absences	329,871	17,884	-	347,755
Landfill postclosure care	<u>667,730</u>	<u>-</u>	<u>227,987</u>	<u>439,743</u>
Total	<u>\$16,219,107</u>	<u>\$ 332,884</u>	<u>\$ 1,688,233</u>	<u>\$14,863,757</u>
By function:				
General government	\$ 161,192	\$ -	\$ 37,398	\$ 123,794
Economic and community development	642,288	-	145,424	496,864
Education	10,120,000	-	800,000	9,320,000
Human services	1,998,026	-	277,424	1,720,601
Environmental protection	667,730	-	227,987	439,743
Public safety	-	315,000	-	315,000
Compensated absences	329,871	17,884	-	347,755
Hospital	<u>2,300,000</u>	<u>-</u>	<u>200,000</u>	<u>2,100,000</u>
Total	<u>\$16,219,107</u>	<u>\$ 332,884</u>	<u>\$ 1,688,233</u>	<u>\$14,863,757</u>

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

B. Liabilities (continued)

8. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 1995 are as follows:

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government - General Fund	Component unit: Beaufort County ABC Board Required distributions	<u>\$ 13,369</u>

NOTE 3 RELATED ORGANIZATIONS

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

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

NOTE 4 JOINT VENTURES

The County participates in a joint venture to operate BHM Regional Library with three other local governments. Beaufort County appoints three board members to the nine member board of the Library. The County has an on-going financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 1995. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$89,745 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library offices, at 158 North Market Street, Washington, NC 27889.

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 4 JOINT VENTURES (continued)

The County in conjunction with the State of North Carolina and the Beaufort County Board of Education, participates in a joint venture to operate the Beaufort County Community College. Each of the three participants appoints five members of the fifteen member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$772,565 and \$160,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 1995. In addition, the County made debt service payments of \$100,000 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 1995. Complete financial statements for the community college may be obtained from the community college's administrative offices at Highway 264 East, Washington, NC 27889.

The County, in conjunction with four other counties, participates in the Tideland Mental Health Center. The County Commissioners appoint four members to the twenty member board of the Center. In addition, one County Commissioner also serves on the Center's board. The Center, a multi-county public mental health authority, is a separate and distinct subdivision charged by State law with the responsibility of providing treatment for persons suffering from emotional, mental, or neurological handicaps and to provide services for drug and mental health prevention, treatment and rehabilitation services. The County contributed \$120,000 to the Center during fiscal year ended June 30, 1995. Complete financial statements for the Center can be obtained from the Center's administrative offices at 1308 Highland Drive, Washington, NC 27889.

NOTE 5 JOINTLY GOVERNED ORGANIZATION

The County, in conjunction with four other counties and thirty-seven municipalities, established the Mid-East Commission (MEC). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The County paid membership fees of \$12,090 to the Commission during the fiscal year ended June 30, 1995.

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

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

State law (Chapter 105, Articles 40 & 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 1995, the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for public school capital outlays.

NOTE 7 SCHOOL FACILITIES FINANCE ACT OF 1987

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

1. Public School Building Capital Fund

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

The corporate income taxes deposited into the fund are allocated to Beaufort County on the basis of the average daily membership (ADM) for Beaufort County Board of Education as determined by the State Board of Education. The Office of State Budget and Management establishes and maintains an ADM allocation account for the County. At June 30, 1995, the balance of the County's ADM allocation account was \$315,868.

After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At June 30, 1995 the County had a balance in its disbursing account of \$331,439.

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

2. Critical School Facilities Needs Fund

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

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 1995

NOTE 7 SCHOOL FACILITIES FINANCE ACT OF 1987 (continued)

2. Critical School Facilities Needs Fund (continued)

Grants are awarded by the Commission on School Facility Needs based on the County's critical needs. A joint application must be made by the Beaufort County Board of Commissioners and the Beaufort County Board of Education. At June 30, 1995, the Boards had not submitted a grant application to the Commission on School Facility Needs.

NOTE 8 SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

1. Federal and State Assisted Programs

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

2. Airport Contaminants

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

NOTE 9 PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The Water District Capital Projects were not merged with the Enterprise fund for financial statement reporting purposes, in the June 30, 1994 financial statements. Thus, in the June 30, 1994 financial statements, the Capital Projects fund showed the liability for Bond Anticipation notes of \$8,769,000. Also, construction in progress on the water system was shown as an expense. However, June 30, 1994 Enterprise fund and Capital Project fund totals included herein, have been restated. This restatement resulted in an increase in fund balance of the Capital Projects funds of \$6,960,759. The prior period adjustment of \$72,400 in the Enterprise fund is composed of tap fees received in the prior year by the Water District Capital Project funds.

Beaufort County, North Carolina
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 For The Fiscal Year Ended June 30, 1995

NOTE 10 MAJOR TAXPAYER

Beaufort County had property tax revenue from one taxpayer in 1995 of \$2,584,854, which accounted for approximately 18.8 percent of total property tax levied.

NOTE 11 BUDGET-TO-GAAP RECONCILIATION

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

<u>Special Revenue Fund</u>	<u>Excess of Revenues and Other Sources over <under> Expenditures and Other Uses</u>
Per Exhibit 3 - Budgetary basis	\$139,667
Timing difference	
Transactions of funds with multi-year budgets	
Revenues	187,709
Expenditures	<u><206,158></u>
Per Exhibit - GAAP basis	<u>\$121,218</u>

NOTE 12 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Noncompliance With North Carolina General Statutes

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

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

SUPPLEMENTARY INFORMATION

**REQUIRED SUPPLEMENTAL
FINANCIAL DATA**

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

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

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

EXHIBIT A-1

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

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

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

EXHIBIT A-2

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

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

Contributions were made as needed to cover benefits due.

INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES

GENERAL FUND

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

Beaufort County, North Carolina

GENERAL FUND

COMPARATIVE BALANCE SHEET

June 30, 1995

EXHIBIT B-1

With Comparative Actual Amounts For The fiscal Year Ended June 30, 1994

	<u>June 30, 1995</u>	<u>June 30, 1994</u>
ASSETS		
Cash and investments	\$ 7,397,251	\$ 6,859,041
Receivables:		
Taxes	1,391,613	1,308,266
Accounts receivable	2,844,057	2,769,096
Other	12,756	25,756
Due from other funds	402,213	215
Due from component unit	13,369	-
Prepaid expenses	54	-
Total assets	<u>\$12,061,313</u>	<u>\$10,962,374</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,357,834	\$ 1,139,728
Deferred revenues	1,832,470	1,633,942
Due to other funds	<u>5,971</u>	<u>4,673</u>
Total liabilities	3,196,275	2,778,343
Fund Balances:		
Reserved by State statute	2,994,693	2,624,683
Reserved for health services	357,797	239,477
Unreserved:		
Designated for subsequent year's expenditures	1,470,706	1,305,015
Undesignated	<u>4,041,842</u>	<u>4,014,856</u>
Total fund balances	<u>8,865,038</u>	<u>8,184,031</u>
Total liabilities and fund balances	<u>\$12,061,313</u>	<u>\$10,962,374</u>

Beaufort County, North Carolina
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**
 For The Fiscal Year Ended June 30, 1995 EXHIBIT B-2
 With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994 1 OF 6

	1995		Variance Favorable <Unfavorable>	1994
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenue:				
Ad Valorem taxes				
Current Year	\$11,967,002	\$12,350,059	\$ 383,057	\$12,357,929
Prior years	345,000	569,287	224,287	394,065
Interest and penalties	203,000	243,932	40,932	202,310
Animal taxes	<u>10,000</u>	<u>8,506</u>	<u><1,494></u>	<u>8,954</u>
Total	12,525,002	13,171,784	646,782	12,963,258
Local option sales tax				
Article 39 one percent	2,099,825	2,319,691	219,866	2,122,648
Article 40 1/2 of one percent	1,300,000	1,435,421	135,421	1,347,555
Article 42 1/2 of one percent	<u>1,300,000</u>	<u>1,432,453</u>	<u>132,453</u>	<u>1,347,563</u>
Total	4,699,825	5,187,565	487,740	4,817,766
Other taxes and licenses				
Documentary stamps	70,000	59,805	<10,195>	54,929
Scrap tire disposal tax	25,000	34,921	9,921	27,960
911 access charges	186,000	194,799	8,799	190,838
White goods disposal tax	-	34,133	34,133	11,792
Schedule B license tax	<u>10,000</u>	<u>13,248</u>	<u>3,248</u>	<u>6,929</u>
Total	291,000	336,906	45,906	292,448
Restricted intergovernmental				
Federal and state grants	5,167,837	5,844,743	676,906	5,237,709
Court facility fees	138,000	140,662	2,662	135,157
Fines and forfeitures	260,000	285,946	25,946	312,860
Fire radio grants	55,000	-	<55,000>	-
ABC bottle tax distribution	<u>25,900</u>	<u>4,912</u>	<u><20,988></u>	<u>110,024</u>
Total	5,646,737	6,276,263	629,526	5,795,750
Unrestricted intergovernmental				
Intangibles tax	520,000	521,376	1,376	518,387
Beer and wine tax	120,000	114,260	<5,740>	116,886
Sales and gas tax refunds	105,000	105,151	151	91,338
Senior citizens exemption	30,000	27,391	<2,609>	27,726
Food stamp tax reimbursement	45,000	43,981	<1,019>	44,026
Inventories tax reimbursement	<u>770,000</u>	<u>818,833</u>	<u>48,833</u>	<u>816,607</u>
Total	1,590,000	1,630,992	40,992	1,614,970
Permits and fees				
Building inspection fees	60,000	71,689	11,689	73,750
Register of Deeds	<u>115,000</u>	<u>128,771</u>	<u>13,771</u>	<u>132,451</u>
Total	175,000	200,460	25,460	206,201

Beaufort County, North Carolina
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**
 For The Fiscal Year Ended June 30, 1995 EXHIBIT B-2
 With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994 2 OF 6

	1995		Variance	1994
	<u>Budget</u>	<u>Actual</u>	Favorable <Unfavorable>	<u>Actual</u>
Sales and services:				
Patient fees - Nursing Home	\$ 860,000	\$ 686,090	\$ <173,910>	\$ 743,666
Patient fees - other	94,920	49,636	<45,284>	67,801
Gas sales	-	1,865	1,865	3,074
Rescue squad	8,000	24,729	16,729	26,599
Prisoners' reimbursement	50,000	91,829	41,829	61,239
Vending concessions	7,500	8,971	1,471	7,416
Rent of public building	25,000	25,290	290	24,540
State election reimbursement	10,500	10,500	-	15,371
Environmental fees	40,500	44,146	3,646	46,258
Landfill fees	1,800,000	2,115,523	315,523	1,749,301
Cable TV franchise fees	30,000	35,849	5,849	29,219
Candidate filing fees	-	75	75	3,110
Collection fees - town taxes	49,000	60,608	11,608	44,400
Sheriff's fees	17,000	18,548	1,548	22,855
Animal control fees	4,200	4,664	464	3,718
Total	2,996,620	3,178,323	181,703	2,848,567
Investment earnings	180,000	375,680	195,680	197,998
Miscellaneous:				
Sale of fixed assets	15,000	20,450	5,450	20,551
Donations & contributions	52,100	47,408	<4,692>	127,830
Honeywell repayment	-	-	-	19,165
Insurance claims & reimbursements	18,000	24,842	6,842	7,950
Drug task force-salary reimbursement	-	-	-	28,644
Hospital share of service	13,418	13,536	118	13,033
Other	65,800	48,067	<17,733>	12,410
Total	164,318	154,303	<10,015>	229,583
Total revenues	28,268,502	30,512,276	2,243,774	28,966,541
Expenditures:				
General government:				
Governing body	71,583	69,319	2,264	68,347
Elections	104,976	121,024	<16,048>	106,867
Finance	125,645	119,442	6,203	131,684
County manager	483,189	445,557	37,632	409,496
Tax Supervisor/Collector	765,198	756,802	8,396	666,989
Legal	40,478	24,029	16,449	27,769
Register of deeds	174,526	182,625	<8,099>	140,205
Public buildings	508,465	522,908	<14,443>	378,483
Total general government	2,274,060	2,241,706	32,354	1,929,840

Beaufort County, North Carolina
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**
 For The Fiscal Year Ended June 30, 1995 EXHIBIT B-2
 With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994 3 OF 6

	1995			1994
	Budget	Actual	Variance Favorable <Unfavorable>	Actual
Public Safety				
Sheriff	\$ 1,491,261	\$ 1,490,408	\$ 853	\$ 1,409,940
Jail	700,330	715,418	<15,088>	619,454
Central communications	554,275	523,012	31,263	825,902
Emergency management	42,574	42,053	521	39,779
Fire protection	455,606	433,489	22,117	84,277
Inspections	130,358	124,762	5,596	143,815
Drug Task Force	-	-	-	40,948
Medical examiner	16,000	11,225	4,775	17,225
Ambulance/Rescue service	116,000	112,671	3,329	119,732
Animal control	53,261	55,187	<1,926>	77,081
Total public safety	<u>3,559,665</u>	<u>3,508,225</u>	51,440	<u>3,378,153</u>
Economic and community development				
Agricultural extension	149,254	156,005	<6,751>	171,333
Economic development	209,824	191,367	18,457	188,527
Conservation of natural resources/soil	54,072	54,969	<897>	50,429
Total economic & community development	413,150	402,341	10,809	410,289
Culture and recreation				
Libraries	98,545	98,545	-	92,900
Recreation	42,524	40,178	2,346	39,067
Special appropriations	29,700	29,700	-	65,501
Total culture and recreation	170,769	168,423	2,346	197,468
Education				
Public schools - current	5,662,896	5,662,896	-	5,512,896
Public schools - capital outlay	1,082,890	1,082,890	-	1,082,890
Public schools - fines and forfeitures	270,000	270,000	-	258,700
Community colleges - current	772,565	772,565	-	747,565
Community colleges - capital outlay	160,000	160,000	-	160,000
Public school building capital fund	-	331,439	<331,439>	404,370
Total education	<u>7,948,351</u>	<u>8,279,790</u>	<331,439>	<u>8,166,421</u>

Beaufort County, North Carolina
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For The Fiscal Year Ended June 30, 1995 EXHIBIT B-2
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994 4 OF 6

	1995			1994
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <Unfavorable>	<u>Actual</u>
Human services				
Health:				
Administration	\$ 704,258	\$ 657,748	\$ 46,510	\$ 642,345
Adult health-hypertension	9,436	9,341	95	9,125
Child health	133,731	110,692	23,039	131,493
Maternal health	139,188	201,023	<61,835>	139,004
WIC - Administration	162,983	143,391	19,592	152,300
TB Program	24,356	24,380	<24>	24,296
Risk reduction	22,101	22,463	<362>	22,043
Environmental health	9,341	10,740	<1,399>	9,095
Aids Control	46,835	34,512	12,323	26,168
Family planning	<u>156,018</u>	<u>133,982</u>	<u>22,036</u>	<u>123,430</u>
Total health	1,408,247	1,348,272	59,975	1,279,299
Mental health				
General appropriation	120,000	120,000	-	120,000
Alcohol rehab	<u>36,000</u>	<u>36,000</u>	-	<u>36,000</u>
Total mental health	156,000	156,000	-	156,000
Mental retardation				
Beaufort County Development Center	85,000	85,000	-	85,000
N.C. Elderly handicapped trans	<u>10,000</u>	<u>12,208</u>	<u><2,208></u>	<u>7,764</u>
Total mental retardation	95,000	97,208	<2,208>	92,764
Social services				
Administration	3,641,333	3,816,778	<175,445>	2,724,539
Jobs program	125,560	93,737	31,823	654,482
SSBG program	247,473	233,841	13,632	222,189
Aging program	100,000	102,149	<2,149>	92,006
AFDC program	525,029	483,611	41,418	524,185
Medicaid program	1,427,215	1,363,666	63,549	1,277,170
Special assistance	522,339	504,190	18,149	548,763
Aid to the blind program	15,122	15,362	<240>	17,714
Foster care	125,000	114,836	10,164	94,915
Adoption assistance	3,500	1,112	2,388	473
Transportation - elderly	13,965	11,427	2,538	7,094
Other assistance	404,000	466,610	<62,610>	419,361
County services	<u>12,800</u>	<u>9,085</u>	<u>3,715</u>	<u>11,291</u>
Total social services	7,163,336	7,216,404	<53,068>	6,594,182

Beaufort County, North Carolina
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**
 For The Fiscal Year Ended June 30, 1995 EXHIBIT B-2
 With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994 5 OF 6

	<u>1995</u>			<u>1994</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <Unfavorable>	<u>Actual</u>
Other human services:				
County home	\$ 979,295	\$ 932,260	\$ 47,035	\$ 977,919
Veterans services	11,740	10,557	1,183	11,426
Special appropriations	<u>118,485</u>	<u>120,684</u>	<u><2,199></u>	<u>93,188</u>
Total other human service activities	<u>1,109,520</u>	<u>1,063,501</u>	<u>46,019</u>	<u>1,082,533</u>
Total human services	9,932,103	9,881,385	50,718	9,204,778
Environmental protection:				
Solid waste	2,942,525	3,061,630	<119,105>	2,705,319
Non-departmental				
States sales tax	58,000	54,076	3,924	39,706
County sales tax	29,000	27,007	1,993	19,994
Tire fee	<u>350</u>	<u>163</u>	<u>187</u>	<u>146</u>
Total non-departmental	87,350	81,246	6,104	59,846
Transportation				
Local highway association	500	500	-	-
Contingency	150,000	-	150,000	-
Debt service:				
Bond principal	1,000,000	1,000,000	-	1,000,000
Lease principal - tax department	37,700	37,398	302	35,617
Note principal - DSS building	277,425	277,424	1	174,211
Note principal - 911 system	145,424	145,424	-	72,712
Interest	952,495	953,685	<1,190>	942,957
Fees and commissions	<u>2,000</u>	<u>204</u>	<u>1,796</u>	<u>221</u>
Total debt service	<u>2,415,044</u>	<u>2,414,135</u>	<u>909</u>	<u>2,225,718</u>
Total expenditures	<u>29,893,517</u>	<u>30,039,381</u>	<u><145,864></u>	<u>28,277,832</u>

Beaufort County, North Carolina
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For The Fiscal Year Ended June 30, 1995 EXHIBIT B-2
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994 6 OF 6

	1995			1994
	Budget	Actual	Variance Favorable <Unfavorable>	Actual
Revenue over <under> expenditures	\$ <1,625,015>	\$ 472,895	\$ 2,097,910	\$ 688,709
Other financing sources <uses>				
Operating transfers from <to> other funds				
Capital projects - DSS	10,000	10,000	-	-
Capital reserve buildings	<125,000>	<125,000>	-	-
Capital reserve buildings	50,000	-	<50,000>	<167,789>
Operating transfer from component unit	100,000	43,112	<56,888>	-
Operating transfer to component unit	<35,000>	<35,000>	-	<146,000>
Total	-	<106,888>	<106,888>	<313,789>
Proceeds from issuance of note	320,000	315,000	<5,000>	715,000
Total other financing sources <uses>	320,000	208,112	<111,888>	401,211
Revenues & other sources over <under> expenditures & other uses	<1,305,015>	681,007	1,986,022	1,089,920
Appropriated fund balance	1,305,015	-	<1,305,015>	-
Revenues, other sources, and appropriated fund balance over <under> expenditures & other uses	\$ -	681,007	\$ 681,007	1,089,920
Fund balance, beginning of year		8,184,031		7,094,111
Fund balance, end of year		\$ 8,865,038		\$ 8,184,031

SPECIAL REVENUE FUNDS

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

Beaufort County, North Carolina
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
 June 30, 1995
 With Comparative Totals For June 30, 1994

	<u>Revaluation</u>	<u>Washington Administrative Unit</u>	<u>Richland Fire/Rescue District</u>	<u>Bunyan Fire District</u>	<u>Chocowinity Fire District</u>
ASSETS					
Assets:					
Cash and investments	\$ 45,743	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes receivable	-	22,010	3,688	3,775	11,361
Accounts receivable	-	391	606	-	682
Due from General Fund	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
 Total assets	 <u>\$ 45,743</u>	 <u>\$ 22,401</u>	 <u>\$ 4,294</u>	 <u>\$ 3,775</u>	 <u>\$ 12,043</u>
 LIABILITIES AND EQUITY					
Liabilities:					
Accounts payable	\$ -	\$ 391	\$ -	\$ -	\$ -
Deferred revenue	-	22,010	4,294	3,775	12,043
Total liabilities	-	22,401	4,294	3,775	12,043
Equity:					
Reserved for subsequent years	-	-	-	-	-
Unreserved	45,743	-	-	-	-
Total equity	<u>45,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities and equity	 <u>\$ 45,743</u>	 <u>\$ 22,401</u>	 <u>\$ 4,294</u>	 <u>\$ 3,775</u>	 <u>\$ 12,043</u>

Northside Fire District	Capital Reserve Funds			Arbitrage Reserve	CDBG 1992	Totals	
	Beaufort Co. Buildings	Broad Creek Dredging				June 30, 1995	June 30, 1994
\$ -	\$ 344,533	\$ 34,841	\$ 124,044	\$ -	\$ 549,161	\$ 427,943	
31,912	-	-	-	-	72,746	70,236	
-	-	-	-	-	1,679	17,426	
5,835	-	-	-	-	5,835	4,346	
-	-	-	-	-	-	1,109	
<u>\$ 37,747</u>	<u>\$ 344,533</u>	<u>\$ 34,841</u>	<u>\$ 124,044</u>	<u>\$ -</u>	<u>\$ 629,421</u>	<u>\$ 521,060</u>	
\$ 971	\$ -	\$ -	\$ -	\$ -	\$ 1,362	\$ 17,426	
36,776	-	-	-	-	78,898	75,691	
<u>37,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,260</u>	<u>93,117</u>	
-	-	-	-	-	-	57,000	
-	344,533	34,841	124,044	-	549,161	370,943	
-	344,533	34,841	124,044	-	549,161	427,943	
<u>\$ 37,747</u>	<u>\$ 344,533</u>	<u>\$ 34,841</u>	<u>\$ 124,044</u>	<u>\$ -</u>	<u>\$ 629,421</u>	<u>\$ 521,060</u>	

Beaufort County, North Carolina
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS**
 For The Year Ended June 30, 1995
 With Comparative Totals For The Year Ended June 30, 1994

	<u>Revaluation</u>	Washington Administrative <u>Unit</u>	Richland Fire/Rescue <u>District</u>	Bunyan Fire <u>District</u>	Chocowinity Fire <u>District</u>
Revenue:					
Ad Valorem taxes	\$ -	\$ 9,867	\$ 110,179	\$ 1,463	\$ 80,780
Intergovernmental	-	-	-	-	-
Project/program income	-	-	-	-	-
Investment earnings	<u>2,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	2,541	9,867	110,179	1,463	80,780
Expenditures:					
General government	47,125	-	-	-	-
Public safety	-	-	110,179	1,463	80,780
Economic & community development	-	-	-	-	-
Education	<u>-</u>	<u>9,867</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>47,125</u>	<u>9,867</u>	<u>110,179</u>	<u>1,463</u>	<u>80,780</u>
Revenue over <under> expenditures	<44,584>	-	-	-	-
Other financing sources <uses>:					
Operating transfer in	-	-	-	-	-
Operating transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources <uses>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue & other financing sources over <under> expenditures & other financing uses					
	<44,584>	-	-	-	-
Fund balances					
Beginning of year	<u>90,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 45,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Northside Fire District	Capital Reserve Funds			Arbitrage Reserve	CDBG 1992	Totals	
	Beaufort Co. Buildings	Broad Creek Dredging				June 30, 1995	June 30, 1994
\$ 359,300	\$ -	\$ -	\$ -	\$ -	\$ 561,589	\$ 488,724	
-	-	-	-	167,709	167,709	817,104	
-	-	-	-	20,000	20,000	39,676	
-	215	1,284	6,223	-	10,263	9,312	
359,300	215	1,284	6,223	187,709	759,561	1,354,816	
-	-	-	-	-	47,125	230,971	
359,300	-	-	-	-	551,722	446,283	
-	-	-	-	206,158	206,158	854,685	
-	-	-	-	-	9,867	42,441	
359,300	-	-	-	206,158	814,872	1,574,380	
-	215	1,284	6,223	<18,449>	<55,311>	<219,564>	
-	176,529	-	-	-	176,529	167,789	
-	-	-	-	-	-	-	
-	176,529	-	-	-	176,529	167,789	
-	176,744	1,284	6,223	<18,449>	121,218	<51,775>	
-	167,789	33,557	117,821	18,449	427,943	479,718	
\$ -	\$ 344,533	\$ 34,841	\$ 124,044	\$ -	\$ 549,161	\$ 427,943	

Beaufort County, North Carolina
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REVALUATION FUND**
 For The Year Ended June 30, 1995
 With Comparative Actual Amounts For The Year Ended June 30, 1994

EXHIBIT C-3

	1995			1994
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <Unfavorable>	<u>Actual</u>
Revenue:				
Interest	\$ 3,000	\$ 2,541	\$ <459>	\$ 4,900
Expenditures:				
General government:				
Reappraisal services	50,000	47,125	2,875	207,914
Tax mapping	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>23,057</u>
Total	<u>60,000</u>	<u>47,125</u>	<u>12,875</u>	<u>230,971</u>
Revenue over <under> expenditures	<57,000>	<44,584>	12,416	<226,071>
Other financing sources:				
Fund balance appropriation	<u>57,000</u>	<u>-</u>	<u><57,000></u>	<u>-</u>
Revenue & other financing sources over <under> expenditures	<u>\$ -</u>	<44,584>	<u>\$ <44,584></u>	<226,071>
Fund balance, beginning of year		<u>90,327</u>		<u>316,398</u>
Fund balance, end of year		<u>\$ 45,743</u>		<u>\$ 90,327</u>

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

For The Year Ended June 30, 1995

EXHIBIT C-4

With Comparative Actual Amounts For The Year Ended June 30, 1994

	1995		Variance Favorable <Unfavorable>	1994
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Ad Valorem taxes				
Current year	\$ 60,000	\$ 817	\$ <59,183>	\$ 22,559
Prior year	-	9,050	9,050	19,882
Total revenues	<u>60,000</u>	<u>9,867</u>	<u><50,133></u>	<u>42,441</u>
Expenditures:				
Education				
School current expense	<u>60,000</u>	<u>9,867</u>	<u>50,133</u>	<u>42,441</u>
Revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

Beaufort County, North Carolina
 RICHLAND FIRE/RESCUE DISTRICT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Year Ended June 30, 1995

EXHIBIT C-5

With Comparative Actual Amounts For The Year Ended June 30, 1994

	<u>1995</u>		Variance Favorable <Unfavorable>	<u>1994</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Ad Valorem taxes				
Current year	\$ 112,000	\$ 108,779	\$ <3,221>	\$ 104,751
Prior year	<u>-</u>	<u>1,400</u>	<u>1,400</u>	<u>1,306</u>
Total revenues	112,000	110,179	<1,821>	106,057
Expenditures:				
Public safety				
Contracted services	<u>112,000</u>	<u>110,179</u>	<u>1,821</u>	<u>106,057</u>
Revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

Beaufort County, North Carolina
BUNYAN FIRE DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 1995

EXHIBIT C-6

With Comparative Actual Amounts For The Year Ended June 30, 1994

	1995		Variance Favorable <Unfavorable>	1994
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Ad Valorem taxes				
Current year	\$ 4,000	\$ 10	\$ <3,990>	\$ 3,796
Prior year	<u>-</u>	<u>1,453</u>	<u>1,453</u>	<u>2,732</u>
Total revenues	4,000	1,463	<2,537>	6,528
Expenditures:				
Public safety				
Contracted services	<u>4,000</u>	<u>1,463</u>	<u>2,537</u>	<u>6,528</u>
Revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

Beaufort County, North Carolina
CHOCOWINITY FIRE DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 1995

EXHIBIT C-7

With Comparative Actual Amounts For The Year Ended June 30, 1994

	<u>1995</u>		Variance Favorable <Unfavorable>	<u>1994</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Ad Valorem taxes				
Current year	\$ 78,000	\$ 75,880	\$ <2,120>	\$ 61,856
Prior year	<u>-</u>	<u>4,900</u>	<u>4,900</u>	<u>3,935</u>
Total revenues	78,000	80,780	2,780	65,791
Expenditures:				
Public safety				
Contracted services	<u>78,000</u>	<u>80,780</u>	<u><2,780></u>	<u>65,791</u>
Revenues under expenditures	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

Beaufort County, North Carolina
NORTHSIDE FIRE DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 1995

EXHIBIT C-8

With Comparative Actual Amounts For The Year Ended June 30, 1994

	<u>1995</u>		Variance Favorable <Unfavorable>	<u>1994</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Ad Valorem taxes				
Current year	\$ 348,000	\$ 359,300	\$ 11,300	\$ 267,907
Prior year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>348,000</u>	<u>359,300</u>	<u>11,300</u>	<u>267,907</u>
Expenditures:				
Public safety				
Contracted services	<u>348,000</u>	<u>359,300</u>	<u><11,300></u>	<u>267,907</u>
Revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

Beaufort County, North Carolina
BEAUFORT COUNTY BUILDINGS - CAPITAL RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended June 30, 1995

EXHIBIT C-9

With Comparative Actual Amounts For The Year Ended June 30, 1994

	<u>1995</u>		Variance Favorable <Unfavorable>	<u>1994</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues				
Investment earnings	\$ -	\$ 215	\$ 215	\$ -
Other financing sources <uses>				
Transfer from general fund	325,000	125,000	<200,000>	167,789
Transfer from capital project - DSS	51,529	51,529	-	-
Transfer to general fund	<50,000>	-	50,000	-
Fund balance appropriated	<u>50,000</u>	<u>-</u>	<u><50,000></u>	<u>-</u>
Total	<u>376,529</u>	<u>176,529</u>	<u><200,000></u>	<u>167,789</u>
Expenditures	<u>376,529</u>	<u>-</u>	<u>376,529</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	176,744	<u>\$ 176,744</u>	167,789
Fund balance, beginning of year		<u>167,789</u>		<u>-</u>
Fund balance, end of year		<u>\$ 344,533</u>		<u>\$ 167,789</u>

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

For The Year Ended June 30, 1995

EXHIBIT C-10

With Comparative Actual Amounts For The Year Ended June 30, 1994

	1995		Variance	1994
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u><Unfavorable></u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ 7,200	\$ 1,284	\$ <5,916>	\$ 875
Expenditures:				
Economic and community development				
Broad Creek dredging	3,400	-	3,400	2,094
Contingency	<u>7,200</u>	<u>-</u>	<u>7,200</u>	<u>-</u>
Total	<u>10,600</u>	<u>-</u>	<u>10,600</u>	<u>2,094</u>
Revenues over <under> expenditures	<3,400>	1,284	<4,684>	<1,219>
Other financing sources <uses>				
Fund balance appropriation	<u>3,400</u>	<u>-</u>	<u>3,400</u>	<u>-</u>
Revenues and other financing sources over <under> expenditures and other financing uses	<u>\$ -</u>	1,284	<u>\$ 1,284</u>	<1,219>
Fund balance, beginning of year		<u>33,557</u>		<u>34,776</u>
Fund balance, end of year		<u>\$ 34,841</u>		<u>\$ 33,557</u>

Beaufort County, North Carolina
ARBITRAGE RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 1995

EXHIBIT C-11

With Comparative Actual Amounts For The Year Ended June 30, 1994

	<u>1995</u>		Variance Favorable <Unfavorable>	<u>1994</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Investment earnings	\$ -	\$ 6,223	\$ 6,223	\$ 3,537
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>\$ -</u>	6,223	<u>\$ 6,223</u>	3,537
Fund balance, beginning of year		<u>117,821</u>		<u>114,284</u>
Fund balance, end of year		<u>\$124,044</u>		<u>\$117,821</u>

Beaufort County, North Carolina
COMMUNITY DEVELOPMENT BLOCK GRANT - 1992
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception And For The Year Ended June 30, 1995

EXHIBIT C-12

	<u>Actual</u>			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>Date</u>
Revenues:				
Restricted intergovernmental revenues:				
Community development				
block grant	\$1,000,000	\$ 832,104	\$ 167,709	\$ 999,813
Project/program income	<u>50,500</u>	<u>39,676</u>	<u>20,000</u>	<u>59,676</u>
	1,050,500	871,780	187,709	1,059,489
Expenditures:				
Economic & physical development	<u>1,050,500</u>	<u>853,331</u>	<u>206,158</u>	<u>1,059,489</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 18,449</u>	<18,449>	<u>\$ -</u>
Fund balance, beginning of year			<u>18,449</u>	
Fund balance, end of year			<u>\$ -</u>	

CAPITAL PROJECTS FUND

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

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

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

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

Beaufort County, North Carolina
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
 June 30, 1995

EXHIBIT D-1

	<u>DSS</u>	<u>BCCC</u>	<u>Tideland Mental Health</u>	<u>Totals</u>	
	<u>Building</u>	<u>Fund</u>	<u>Center Expansion</u>	<u>June 30,</u>	
ASSETS				<u>1995</u>	<u>1994</u>
Cash & cash equivalents	\$ 38,552	\$ 110,108	\$ 500,000	\$ 648,660	\$ 1,577,012
Accounts receivable (net)	<u>18,685</u>	<u>-</u>	<u>-</u>	<u>18,685</u>	<u>-</u>
Total assets	<u>\$ 57,237</u>	<u>\$ 110,108</u>	<u>\$ 500,000</u>	<u>\$ 667,345</u>	<u>\$ 1,577,012</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 203,067
Fund balances:					
Unreserved:					
Designated for subsequent year	<u>57,237</u>	<u>110,108</u>	<u>500,000</u>	<u>667,345</u>	<u>1,373,945</u>
Total liabilities & fund balance	<u>\$ 57,237</u>	<u>\$ 110,108</u>	<u>\$ 500,000</u>	<u>\$ 667,345</u>	<u>\$ 1,577,012</u>

Beaufort County, North Carolina
CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For The Fiscal Years Ended June 30, 1995
With Comparative Actual Amounts For The Year Ended June 30, 1994

EXHIBIT D-2

	DSS <u>Building</u>	BCCC <u>Fund</u>	Tideland Mental Health <u>Center Project</u>	Totals June 30,	
				<u>1995</u>	<u>1994</u>
Revenues:					
Intergovernmental revenue	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ -
Operating revenues	-	-	-	-	-
Investment earnings	<u>19,510</u>	<u>5,524</u>	<u>-</u>	<u>25,034</u>	<u>22,745</u>
Total revenues	19,510	5,524	500,000	525,034	22,745
Expenditures:					
Capital projects	<u>1,170,105</u>	<u>-</u>	<u>-</u>	<u>1,170,105</u>	<u>951,918</u>
Revenues under expenditures	<1,150,595>	5,524	-	<645,071>	<929,173>
Other financing sources:					
Proceeds from long-term debt	-	-	-	-	2,172,237
Operating transfers out	<u><61,529></u>	<u>-</u>	<u>-</u>	<u><61,529></u>	<u>-</u>
Total	<u><61,529></u>	<u>-</u>	<u>-</u>	<u><61,529></u>	<u>2,172,237</u>
Revenues & other sources over <under> expenditures	<1,212,124>	5,524	500,000	<706,600>	1,243,064
Fund balances:					
Beginning of year	1,269,361	104,584	-	1,373,945	<1,911,147>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,042,028</u>
Beginning of year, as restated	<u>1,269,361</u>	<u>104,584</u>	<u>-</u>	<u>1,373,945</u>	<u>130,881</u>
End of year	<u>\$ 57,237</u>	<u>\$ 110,108</u>	<u>\$ 500,000</u>	<u>\$ 667,345</u>	<u>\$ 1,373,945</u>

Beaufort County, North Carolina
CAPITAL PROJECT FUND - DSS BUILDING
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception And For The Year Ended June 30, 1995

EXHIBIT D-3

	Actual			
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>
Revenues:				
Investment earnings	\$ -	\$ 19,042	\$ 19,510	\$ 38,552
Expenditures:				
Architect	97,300	87,552	15,815	103,367
Construction	1,847,417	829,502	1,025,887	1,855,389
Furniture/equipment	147,540	-	128,403	128,403
Contingency	79,980	4,864	-	4,864
Total expenditures	<u>2,172,237</u>	<u>921,918</u>	<u>1,170,105</u>	<u>2,092,023</u>
Revenues under expenditures	<2,172,237>	<902,876>	<1,150,595>	<2,053,471>
Other financing sources				
Proceeds from long-term debt	2,172,237	2,172,237	-	2,172,237
Transfer to general fund	-	-	<10,000>	<10,000>
Transfer to capital reserve	-	-	<51,529>	<51,529>
Total other financing sources	<u>2,172,237</u>	<u>2,172,237</u>	<u><61,529></u>	<u>2,110,708</u>
Increase <decrease> in fund balance	<u>\$ -</u>	<u>\$1,269,361</u>	<1,212,124>	<u>\$ 57,237</u>
Fund balance, beginning of year			<u>1,269,361</u>	
Fund balance, end of year			<u>\$ 57,237</u>	

Beaufort County, North Carolina
CAPITAL PROJECT FUND - BCCC
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception And For The Year Ended June 30, 1995

EXHIBIT D-4

	Actual			
	Project Authorization	Prior Years	Current Year	Total To Date
Revenues:				
Investment earnings	\$ -	\$ 95,736	\$ 5,524	\$ 101,260
Expenditures:				
Architect	99,673	99,177	-	99,177
Construction	1,761,073	1,758,190	-	1,758,190
Administration	29,156	29,156	-	29,156
Contingency	998	-	-	-
Furnishings/Equipment	107,792	106,920	-	106,920
Total expenditures	1,998,692	1,993,443	-	1,993,443
Revenues under expenditures	<1,998,692>	<1,897,707>	5,524	<1,892,183>
Other financing sources				
Proceeds from long-term debt	1,998,692	2,002,291	-	2,002,291
Increase <decrease> in fund balance	\$ -	\$ 104,584	5,524	\$ 110,108
Fund balance, beginning of year			104,584	
Fund balance, end of year			\$ 110,108	

Beaufort County, North Carolina
CAPITAL PROJECT FUND - TIDELAND MENTAL HEALTH CENTER EXPANSION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 1995

EXHIBIT D-5

	<u>Actual</u>
Other financing sources	
Transfer in from Tideland Mental Health Center	\$ 500,000
Fund balance	
Beginning of year	<u> -</u>
End of year	<u>\$ 500,000</u>

ENTERPRISE FUND

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

Beaufort County, North Carolina

ENTERPRISE FUND

COMBINING BALANCE SHEET

June 30, 1995

EXHIBIT E-1

With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994

ASSETS	Water Districts			Totals	
	II	III	IV	June 30, 1995	June 30, 1994 Restated
Current assets					
Cash and cash equivalents	\$ 543,906	\$ 46,322	\$ 800	\$ 591,028	\$ 361,055
Accounts receivable (net)	68,319	52,955	-	121,274	116,762
Due from Water District III	-	127,477	-	127,477	1,840
Total current assets	<u>612,225</u>	<u>226,754</u>	<u>800</u>	<u>839,779</u>	<u>479,657</u>
Restricted assets					
Cash and cash equivalents	145,523	227,493	-	373,016	1,997,355
Fixed assets (net)	<u>4,580,405</u>	<u>3,932,953</u>	<u>-</u>	<u>8,513,358</u>	<u>7,044,436</u>
Total assets	<u>\$5,338,153</u>	<u>\$4,387,200</u>	<u>\$ 800</u>	<u>\$9,726,153</u>	<u>\$9,521,448</u>
LIABILITIES AND FUND EQUITY					
Current liabilities					
Accounts payable & accrued liabilities	\$ 12,271	\$ 9,656	\$ -	\$ 21,927	\$ 13,882
Due to Water District II	127,477	-	-	127,477	1,840
Due to general fund	231,586	170,627	-	402,213	215
Customer deposits	425	50	-	475	-
Notes payable	-	-	-	-	8,769,000
Total current liabilities	<u>371,759</u>	<u>180,333</u>	<u>-</u>	<u>552,092</u>	<u>8,784,937</u>
Liabilities payable from restricted assets	-	-	-	-	376,476
Noncurrent liabilities					
General obligation bonds payable	4,660,000	4,109,000	-	8,769,000	-
Retained earnings, unreserved	<u>306,394</u>	<u>97,867</u>	<u>800</u>	<u>405,061</u>	<u>360,035</u>
Total liabilities and fund equity	<u>\$5,338,153</u>	<u>\$4,387,200</u>	<u>\$ 800</u>	<u>\$9,726,153</u>	<u>\$9,521,448</u>

Beaufort County, North Carolina
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
For The Fiscal Year Ended June 30, 1995 EXHIBIT E-2
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994

	<u>Water Districts</u>			<u>Totals</u>	
	<u>II</u>	<u>III</u>	<u>IV</u>	June 30, <u>1995</u>	June 30, <u>1994</u> <u>Restated</u>
Operating revenues					
Charges for service	\$ 222,267	\$ 178,661	\$ -	\$ 400,928	\$ 5,263
Water taps	<u>26,160</u>	<u>28,875</u>	<u>800</u>	<u>55,835</u>	<u>358,100</u>
Total operating revenues	248,427	207,536	800	456,763	363,363
Operating expenses					
Administration	14,687	10,182	-	24,869	2,828
Water treatment	100,770	76,603	-	177,373	-
Water distribution	121,459	89,305	-	210,764	4,991
Depreciation	<u>3,265</u>	<u>2,278</u>	<u>-</u>	<u>5,543</u>	<u>-</u>
Total operating expenses	<u>240,181</u>	<u>178,368</u>	<u>-</u>	<u>418,549</u>	<u>7,819</u>
Operating income	8,246	29,168	800	38,214	355,544
Nonoperating revenues					
Investment earnings	<u>6,202</u>	<u>610</u>	<u>-</u>	<u>6,812</u>	<u>4,491</u>
Net income	14,448	29,778	800	45,026	360,035
Retained earnings, beginning of year	<u>291,946</u>	<u>68,089</u>	<u>-</u>	<u>360,035</u>	<u>-</u>
Retained earnings, end of year	<u>\$ 306,394</u>	<u>\$ 97,867</u>	<u>\$ 800</u>	<u>\$ 405,061</u>	<u>\$ 360,035</u>

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

For The Fiscal Year Ended June 30, 1995

EXHIBIT E-3

With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994 1 OF 2

	Water Districts			Totals	
	II	III	IV	June 30, 1995	June 30, 1994
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 314,619	\$ 26,582	\$ 800	\$ 342,001	\$ 361,563
Cash paid for goods and services	-	-	-	-	<3,050>
Cash paid to employees for services	-	-	-	-	<1,949>
	314,619	26,582	800	342,001	356,564
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds of bond anticipation notes	-	-	-	-	8,769,000
Proceeds of bond sales	4,660,000	4,109,000	-	8,769,000	-
Principal payment on notes payable	<4,660,000>	<4,109,000>	-	<8,769,000>	-
Acquisition and construction of capital assets	<894,029>	<849,150>	-	<1,743,179>	<6,771,645>
Net cash provided <used> by capital and related financing activities	<894,029>	<894,150>	-	<1,743,179>	1,997,355
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	6,202	610	-	6,812	4,491
Net increase in cash and cash equivalents	<573,208>	<821,958>	800	<1,394,366>	2,358,410
Cash and cash equivalents at beginning of year	1,262,637	1,095,773	-	2,358,410	-
Cash and cash equivalents at end of year	\$ 689,429	\$ 273,815	\$ 800	\$ 964,044	\$2,358,410

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

EXHIBIT E-3
2 OF 2

	Water Districts			Totals	
	II	III	IV	June 30, 1995	June 30, 1994
Reconciliation of operating income to net cash provided by operating activities:					
Operating Income	\$ 8,246	\$ 29,168	\$ 800	\$ 38,214	\$ 355,544
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	3,265	2,278	-	5,543	-
Changes in assets and liabilities:					
<Increase> in accounts receivable	<62,187>	<50,087>	-	<112,274>	<1,800>
Increase <decrease> in accounts payable & accrued liabilities	4,094	3,951	-	8,045	2,605
<Increase> in due to/due from accounts	360,776	41,222	-	401,998	215
Increase in customer deposits	425	50	-	475	-
Total adjustments	306,373	<2,586>	-	303,787	1,020
Net cash provided by operating activities	\$ 314,619	\$ 26,582	\$ 800	\$ 342,001	\$ 356,564

Beaufort County, North Carolina
ENTERPRISE FUND - WATER DISTRICT II
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For The Year Ended June 30, 1995 EXHIBIT E-4
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994 1 OF 2

	1995		Variance Favorable <Unfavorable>	1994
	Budget	Actual		Actual
Revenue				
Charges for service:				
Water fees	\$195,464	\$222,267	\$ 26,803	\$ 2,797
Tap fees	<u>20,500</u>	<u>26,160</u>	<u>5,660</u>	<u>249,025</u>
Total operating revenue	215,964	248,427	32,463	251,822
Nonoperating revenue				
Investment earnings	185,409	6,202	<179,207>	4,187
Sales tax refund	<u>100</u>	<u>-</u>	<u><100></u>	<u>-</u>
Total nonoperating revenues	<u>185,509</u>	<u>6,202</u>	<u><179,307></u>	<u>4,187</u>
Total revenues	401,473	254,629	<146,844>	256,009
Expenditures				
Administration				
Audit	450	-	450	-
Travel	1,400	2,587	<1,187>	-
Telephone	7,500	2,664	4,836	-
Postage	5,187	346	4,841	-
Utilities	2,000	4,778	<2,778>	-
Advertising	3,100	18	3,082	-
Bad debts	-	4,016	<4,016>	-
Insurance and bonds	<u>986</u>	<u>278</u>	<u>708</u>	<u>-</u>
Total	20,623	14,687	5,936	-
Water treatment				
Professional services	23,297	81,736	<58,439>	119
Testing	2,000	1,054	946	-
Supplies	<u>2,500</u>	<u>17,980</u>	<u><15,480></u>	<u>-</u>
Total	27,797	100,770	<72,973>	119
Water distribution				
Salaries and employee benefits	15,973	24,847	<8,874>	1,517
Billing service	16,776	14,360	2,416	-
Maintenance	28,400	8,461	19,939	-
Uniforms	648	-	648	-
Water purchase	<u>62,889</u>	<u>73,791</u>	<u><10,902></u>	<u>2,802</u>
Total	124,686	121,459	3,227	4,319
Debt service				
Interest	228,308	-	228,308	-
Capital Outlay				
Equipment	<u>59</u>	<u>33,993</u>	<u><33,934></u>	<u>6,642</u>
Total expenditures	<u>401,473</u>	<u>270,909</u>	<u>130,564</u>	<u>11,080</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ <16,280></u>	<u>\$ <16,280></u>	<u>\$244,929</u>

Beaufort County, North Carolina
 ENTERPRISE FUND - WATER DISTRICT II
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
 For The Year Ended June 30, 1995 EXHIBIT E-4
 With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994 2 OF 2

	1995		Variance Favorable <Unfavorable>	1994
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenue over expenditures		\$<16,280>		\$244,929
Reconciling items				
Capital outlay		33,993		6,642
Depreciation		<u><3,265></u>		<u>-</u>
Net income, full accrual basis		<u>\$ 14,448</u>		<u>\$251,571</u>

Beaufort County, North Carolina
ENTERPRISE FUND - WATER DISTRICT III
STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (NON-GAAP)
For The Year Ended June 30, 1995 EXHIBIT E-5
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994 1 OF 2

	1995		Variance Favorable <Unfavorable>	1994
	Budget	Actual		Actual
Revenue				
Charges for service:				
Water fees	\$177,036	\$178,661	\$ 1,625	\$ 2,466
Tap fees	<u>14,000</u>	<u>28,875</u>	<u>14,875</u>	<u>36,675</u>
Total operating revenue	191,036	207,536	16,500	39,141
Nonoperating revenue				
Investment earnings	156,463	610	<155,853>	304
Sales tax refund	<u>100</u>	<u>-</u>	<u><100></u>	<u>-</u>
Total nonoperating revenues	<u>156,563</u>	<u>610</u>	<u><155,953></u>	<u>304</u>
Total revenues	347,599	208,146	<139,453>	39,445
Expenditures				
Administration				
Travel	822	1,796	<974>	-
Audit	450	-	450	-
Telephone	6,000	1,642	4,358	-
Postage	4,223	182	4,041	-
Utilities	500	2,988	<2,488>	-
Bad debts	-	3,286	<3,286>	-
Advertising	4,000	13	3,987	-
Insurance and bonds	<u>914</u>	<u>275</u>	<u>639</u>	<u>-</u>
Total expenses	16,909	10,182	6,727	-
Water treatment				
Professional services	22,568	63,022	<40,454>	134
Testing	1,500	783	717	-
Supplies	<u>2,500</u>	<u>12,798</u>	<u><10,298></u>	<u>-</u>
Total	26,568	76,603	<50,035>	134
Water distribution				
Salaries and employee benefits	11,763	17,345	<5,582>	1,058
Billing service	11,700	10,025	1,675	-
Maintenance	23,200	10,426	12,774	-
Uniforms	452	-	452	-
Water purchase	<u>55,653</u>	<u>51,509</u>	<u>4,144</u>	<u>2,189</u>
Total	102,768	89,305	13,463	3,247
Debt service				
Interest	201,313	-	201,313	-
Capital Outlay				
Equipment	<u>41</u>	<u>23,724</u>	<u><23,683></u>	<u>4,635</u>
Total expenditures	<u>347,599</u>	<u>199,814</u>	<u>147,785</u>	<u>8,016</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 8,332</u>	<u>\$ 8,332</u>	<u>\$ 31,429</u>

Beaufort County, North Carolina
 ENTERPRISE FUND - WATER DISTRICT III
 STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (NON-GAAP)
 For The Year Ended June 30, 1995
 With Comparative Actual Amounts For The Fiscal Year Ended June 30, 1994

EXHIBIT E-5
2 OF 2

	1995		Variance Favorable <Unfavorable>	1994
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenue over expenditures		\$ 8,332		\$ 31,429
Reconciling items				
Capital outlay		23,724		4,635
Depreciation		<u><2,278></u>		<u>-</u>
Net income, full accrual basis		<u>\$ 29,778</u>		<u>\$ 36,064</u>

Beaufort County, North Carolina
 ENTERPRISE FUND - WATER DISTRICT IV
 STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (NON-GAAP)
 For The Year Ended June 30, 1995

EXHIBIT E-6

	1995		Variance Favorable <Unfavorable>
	Budget	Actual	
Revenue			
Tap fees	\$ -	\$ 800	\$ 800
Total revenues	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 800</u>

Reconciliation from budgetary basis (modified accrual) to full accrual

Revenue over expenses	\$ 800
Adjustments	-
Net income, full accrual basis	\$ 800

Beaufort County, North Carolina
CAPITAL PROJECT FUND - WATER DISTRICT II
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception And For The Year Ended June 30, 1995

EXHIBIT E-7

	Actual			Total To Date
	Project Authorization	Prior Years	Current Year	
Revenues:				
Sales tax refund	\$ 75,000	\$ 55,612	\$ -	\$ 55,612
Washington Park improvements	60,000	60,000	-	60,000
Tap fees	35,200	40,375	-	40,375
Investment earnings	<u>-</u>	<u>33,779</u>	<u>16,891</u>	<u>50,670</u>
Total revenues	<u>170,200</u>	<u>189,766</u>	<u>16,891</u>	<u>206,657</u>
Expenditures:				
Land	5,000	5,321	-	5,321
Engineering	238,807	201,399	38,690	240,089
Construction	4,265,030	3,708,746	393,790	4,102,536
Administration	48,000	19,572	18,577	38,149
Contingency	24,802	2,725	-	2,725
Interest	<u>248,561</u>	<u>27,014</u>	<u>300,126</u>	<u>327,140</u>
Total expenditures	<u>4,830,200</u>	<u>3,964,777</u>	<u>751,183</u>	<u>4,715,960</u>
Revenues under expenditures	<4,660,000>	<3,775,011>	<734,292>	<4,509,303>
Other financing sources				
Proceeds from long-term debt	<u>4,660,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over <under> expenditures	<u>\$ -</u>	<u>\$ <3,775,011></u>	<u>\$ <734,292></u>	<u>\$ <4,509,303></u>

Beaufort County, North Carolina
CAPITAL PROJECT FUND - WATER DISTRICT III
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception And For The Year Ended June 30, 1995

EXHIBIT E-8

	Actual			Total To Date
	Project Authorization	Prior Years	Current Year	
Revenues:				
Sales tax refund	\$ 75,000	\$ 52,150	\$ -	\$ 52,150
Tap fees	30,000	32,025	-	32,025
Investment earnings	-	32,323	21,711	54,034
Total revenues	<u>105,000</u>	<u>116,498</u>	<u>21,711</u>	<u>138,209</u>
Expenditures:				
Land	10,000	10,000	-	10,000
Engineering	223,181	173,904	30,544	204,448
Construction	3,686,260	3,080,397	398,283	3,478,680
Administration	33,000	14,116	21,972	36,088
Contingency	39,771	-	-	-
Interest	221,788	23,829	264,646	288,475
Total expenditures	<u>4,214,000</u>	<u>3,302,246</u>	<u>715,445</u>	<u>4,017,691</u>
Revenues under expenditures	<4,109,000>	<3,185,748>	<693,734>	<3,879,482>
Other financing sources				
Proceeds from long-term debt	4,109,000	-	-	-
Revenues and other sources over <under> expenditures and other uses	<u>\$ -</u>	<u>\$ <3,185,748></u>	<u>\$ <693,734></u>	<u>\$ <3,879,482></u>

AGENCY FUND

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

Beaufort County, North Carolina
AGENCY FUNDS
COMBINING BALANCE SHEET
 June 30, 1995
 With Comparative Totals For June 30, 1994

EXHIBIT F-1

	<u>Fire</u> <u>Districts</u>	<u>Agency</u> <u>Social</u> <u>Services</u>	<u>County</u> <u>Home</u>	<u>Totals</u> <u>June 30,</u>	
				<u>1995</u>	<u>1994</u>
ASSETS					
Cash and investments	\$ 247,659	\$ 44,831	\$ 1,763	\$ 294,253	\$ 207,338
Due from other funds	-	-	136	136	327
Total assets	<u>\$ 247,659</u>	<u>\$ 44,831</u>	<u>\$ 1,899</u>	<u>\$ 294,389</u>	<u>\$ 207,665</u>
LIABILITIES					
Miscellaneous liabilities	<u>247,659</u>	<u>44,831</u>	<u>1,899</u>	<u>294,389</u>	<u>207,665</u>
Total liabilities	<u>\$ 247,659</u>	<u>\$ 44,831</u>	<u>\$ 1,899</u>	<u>\$ 294,389</u>	<u>\$ 207,665</u>

Beaufort County, North Carolina
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 1995

EXHIBIT F-2

	<u>Balance July 1, 1994</u>	<u>Deposits</u>	<u>Disbursements</u>	<u>Balance June 30, 1995</u>
Social Services Fund:				
Assets				
Cash	<u>\$ 30,161</u>	<u>\$ 367,711</u>	<u>\$ 353,041</u>	<u>\$ 44,831</u>
Liabilities				
Accounts payable	<u>\$ 30,161</u>	<u>\$ 367,711</u>	<u>\$ 353,041</u>	<u>\$ 44,831</u>
 County Home Fund:				
Assets				
Cash	\$ 1,511	\$ 8,056	\$ 7,804	\$ 1,763
Due from other funds	<u>102</u>	<u>34</u>	<u>-</u>	<u>136</u>
Total Assets	<u>\$ 1,613</u>	<u>\$ 8,090</u>	<u>\$ 7,804</u>	<u>\$ 1,899</u>
Liabilities				
	<u>\$ 1,613</u>	<u>\$ 8,090</u>	<u>\$ 7,804</u>	<u>\$ 1,899</u>
 Fire District Fund:				
Assets				
Cash	\$ 175,666	\$ 360,763	\$ 288,770	\$ 247,659
Due from other funds	<u>225</u>	<u>-</u>	<u>225</u>	<u>-</u>
Total Assets	<u>\$ 175,891</u>	<u>\$ 360,763</u>	<u>\$ 288,995</u>	<u>\$ 247,659</u>
Liabilities				
	<u>\$ 175,891</u>	<u>\$ 360,763</u>	<u>\$ 288,995</u>	<u>\$ 247,659</u>
 Total - All Agency Funds:				
Assets				
Cash	\$ 207,338	\$ 736,530	\$ 649,615	\$ 294,253
Due from other funds	<u>327</u>	<u>34</u>	<u>225</u>	<u>136</u>
Total Assets	<u>\$ 207,665</u>	<u>\$ 736,564</u>	<u>\$ 649,840</u>	<u>\$ 294,389</u>
Liabilities				
	<u>\$ 207,665</u>	<u>\$ 736,564</u>	<u>\$ 649,840</u>	<u>\$ 294,389</u>

OTHER SCHEDULES

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

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

Beaufort County, North Carolina
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 June 30, 1995

EXHIBIT G-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 1994</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 1995</u>
1994-1995	\$ -	\$13,728,345	\$12,932,414	\$ 795,931
1993-1994	770,160	19,271	439,317	350,114
1992-1993	274,975	-	87,097	187,878
1991-1992	212,948	-	48,701	164,247
1990-1991	78,692	-	18,849	59,843
1989-1990	92,074	-	11,505	80,569
1988-1989	63,727	-	6,027	57,700
1987-1988	43,455	-	4,208	39,247
1986-1987	42,295	-	3,397	38,898
1985-1986	58,942	-	3,311	55,631
1984-1985	38,557	-	38,557	-
Prior years	-	6,187	6,187	-
	<u>\$ 1,675,825</u>	<u>\$13,753,803</u>	<u>\$13,599,570</u>	<u>1,830,058</u>
Plus uncollected 1995-1996 ad valorem taxes receivable on annually registered vehicles				110,340
Less allowance for uncollectible taxes:				
General fund				<339,289>
Special Revenue fund-Fire Districts				<u><26,410></u>
				<u><365,699></u>
Ad valorem taxes receivable-net				<u>\$ 1,574,699</u>
Reconcilement with revenue:				
Ad valorem taxes - General Fund				\$13,171,784
- Special Revenue Fund - Fire Districts				<u>561,589</u>
				13,733,373
Reconciling items				
Interest collected - general fund				<171,470>
Interest collected - special revenue fund				<4,798>
Taxes written off per statute of limitations				36,369
Abatements - prior years				6,693
Miscellaneous adjustments				<u><597></u>
				<u><133,803></u>
				<u>\$13,599,570</u>

Beaufort County, North Carolina
SUMMARY OF CURRENT TAX LEVY
 For The Fiscal Year Ended June 30, 1995

EXHIBIT G-2

	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>
Original levy			
Property taxed at current year's rate			
County-wide	\$2,077,559,238	\$.60	\$ 12,465,355
Fire Districts			540,450
Motor Vehicles taxed at prior year's rate			
County-wide	81,731,742	.71	580,301
Fire Districts			22,548
Penalties			74,234
County Dog tax			8,698
Advertising			<u>20,241</u>
	<u>2,159,290,980</u>		<u>13,711,827</u>
Discoveries			
County-wide			
Current year taxes	555,740	.60	3,457
Prior year taxes			33,198
Penalties			8,765
Fire Districts			
Current year taxes			173
Prior year taxes			<u>1,964</u>
			47,557
Abatements			
County-wide	<5,265,767>	.60	<29,871>
Fire Districts			<u><1,168></u>
			<u><31,039></u>
Total property valuation	<u>\$2,154,580,953</u>		
Net levy			13,728,345
Uncollected taxes at June 30, 1995			<u>795,931</u>
Current years taxes collected			<u>\$ 12,932,414</u>
Current levy collection percentage			<u>94.20%</u>

Beaufort County, North Carolina
SCHEDULE OF TRANSFERS
 For The Year Ended June 30, 1995

EXHIBIT G-3

	Transfers	
	From	To
Capital Projects - DSS Building		
General Fund	\$ -	\$ 10,000
Capital reserve - Beaufort County Buildings	-	51,529
General Fund		
Capital Reserve - Beaufort County Buildings	-	125,000
Capital Projects - DSS Building	10,000	-
Capital Reserve - Beaufort County Buildings		
General Fund	125,000	-
Capital Project - DSS Building	51,529	-
	\$186,529	\$186,529

Beaufort County, North Carolina
SCHEDULE OF CASH AND INVESTMENT BALANCES
 June 30, 1995

EXHIBIT G-4

	<u>Carrying Value</u>	<u>Cost Value</u>	<u>Market Value</u>
Cash:			
On hand	\$ 756	\$ 756	\$ 756
In demand deposits	2,828,309	2,828,309	2,828,309
NOW, SuperNOW, and money market	39,479	39,479	39,479
Certificates of deposits	<u>579,279</u>	<u>579,279</u>	<u>579,279</u>
Total cash	3,447,823	3,447,823	3,447,823
Other investments:			
North Carolina Capital Management Trust	5,901,730	5,901,730	5,901,730
Common stock	3,764	3,764	8,456
Federal National Mortgage Association			
Zero Coupon Bonds	<u>500,052</u>	<u>500,052</u>	<u>495,824</u>
Total other investments	<u>6,405,546</u>	<u>6,405,546</u>	<u>6,406,010</u>
Total cash and investments	<u>\$ 9,853,369</u>	<u>\$ 9,853,369</u>	<u>\$ 9,858,061</u>
 Distribution by Funds:			
General Fund		\$ 7,397,251	
Special Revenue Fund:			
Revaluation	45,743		
Capital Reserve Fund-Buildings	344,533		
Capital Reserve Fund-Broad Creek Dredging	34,841		
Arbitrage Reserve Fund	<u>124,044</u>	549,161	
Capital Project Fund:			
Department of Social Service-building	38,552		
BCCC	110,108		
Tideland Mental Health Center Expansion	<u>500,000</u>	648,660	
Enterprise Fund:			
Water District II-Long Acre West	689,429		
Water District III-Long Acre East	273,815		
Water District IV-Bath	<u>800</u>	964,044	
Trust and Agency Fund:			
Fire districts	247,659		
Social Services	44,831		
County Home	<u>1,763</u>	<u>294,253</u>	
		<u>\$ 9,853,369</u>	

COMPLIANCE SECTION



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

To the Board of County Commissioners
Beaufort County, North Carolina

We have audited the general purpose financial statements of Beaufort County, North Carolina as of and for the year ended June 30, 1995, and have issued our report thereon dated November 16, 1995. We did not audit the financial statements of the Beaufort County ABC Board or Warren Field Airport Commission, or Beaufort County Hospital Association, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort County ABC Board, Warren Field Airport Commission and Beaufort County Hospital Association, Inc. is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

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

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to the management of Beaufort County, North Carolina in a separate letter dated November 16, 1995.

Beaufort County, North Carolina
November 16, 1995
Page 2

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

Pittard Perry & Crone, Inc.

Belhaven, North Carolina
November 16, 1995



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

To the Board of County Commissioners
Beaufort County, North Carolina

We have audited the general purpose financial statements of Beaufort County, North Carolina, as of and for the year ended June 30, 1995, and have issued our report thereon dated November 16, 1995. We did not audit the financial statements of the Beaufort County ABC Board or Warren Field Airport Commission, or Beaufort County Hospital Association, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort County ABC Board, Warren Field Airport Commission and Beaufort County Hospital Association, Inc. is based solely on the reports of the other auditors.

We have also audited Beaufort County, North Carolina's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; cost allocation; special tests and provisions as listed in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal and State financial assistance programs, which are identified in the accompanying schedule of federal and State financial assistance, for the year ended June 30, 1995. The management of Beaufort County, North Carolina, is responsible for Beaufort County, North Carolina's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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

Beaufort County, North Carolina
November 16, 1995
Page 2

In our opinion, Beaufort County, North Carolina, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions as listed in the Audit Manual for Governmental Auditors in North Carolina issued by the Local Government Commission; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal and State financial assistance programs for the year ended June 30, 1995.

In connection with our audit of the general purpose financial statements of Beaufort County, North Carolina, and with our consideration of Beaufort County, North Carolina's control structure used to administer federal and State financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits Of State And Local Governments, and the State Single Audit Implementation Act, we selected certain transactions applicable to certain nonmajor federal and State financial assistance programs for the year ended June 30, 1995.

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

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

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

Pittard Perry & Crone, Inc.
Belhaven, North Carolina
November 16, 1995



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

To the Board of County Commissioners
Beaufort County, North Carolina

We have audited the general purpose financial statements of Beaufort County, North Carolina, as of and for the year ended June 30, 1995, and have issued our report thereon dated November 16, 1995. We did not audit the financial statements of the Beaufort County ABC Board or Warren Field Airport Commission, or Beaufort County Hospital Association, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort County ABC Board, Warren Field Airport Commission and Beaufort County Hospital Association, Inc. is based solely on the reports of the other auditors.

We have applied procedures to test Beaufort County, North Carolina's, compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of federal and State financial assistance, for the year ended June 30, 1995:

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

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

Beaufort County, North Carolina
November 16, 1995
Page 2

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

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

Pittard Perry & Crone, Inc.

Belhaven, North Carolina
November 16, 1995

Beaufort County, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 1995

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
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NONE

Status of Prior Year's findings - As of June 30, 1995, Beaufort County, North Carolina management had resolved all findings from prior years.



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

To the Board of County Commissioners
Beaufort County, North Carolina

We have audited the general purpose financial statements of Beaufort County, North Carolina, as of and for the year ended June 30, 1995, and have issued our report thereon dated November 16, 1995. We did not audit the financial statements of the Beaufort County ABC Board or Warren Field Airport Commission, or Beaufort County Hospital Association, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort County ABC Board, Warren Field Airport Commission and Beaufort County Hospital Association, Inc. is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

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

In planning and performing our audit of the general purpose financial statements of Beaufort County, North Carolina, for the year ended June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedure for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

Department of Social Services - 1571 Monthly Report

Chore salaries and fringe benefits reported on the monthly "1571" report should be reconciled with the general ledger accounts each month to ensure accurate reporting. However, for fiscal year 6/30/95, this procedure was not done, largely to the fact that the general ledger accounts were not posted up-to-date. We performed this reconciliation with much difficulty and determined that the wages were reported correctly. A monthly adjustment is required in the general ledger to allocate chore wages to the correct account. In our reconciliation, we found that three months of chore wages (July, October and March) were posted in May 1995. Timely posting is essential to accurate record keeping. The Social Services staff should coordinate their efforts with the finance office to make sure information is current and reconciliations are performed.

Water Districts - Reconciliations

Bank reconciliations for the Water Districts were not completed in a timely manner for the fiscal year ended June 30, 1995. There was some delay in posting water district revenue because of the fashion in which it is reported by the service organization which provides billing services. All water district revenue collected by this agency is deposited in the account for Water District II. The bookkeeper was unsure of how to go about allocating these funds between the two districts, and subsequently, the recording of revenue and the bank reconciliations were not kept current. In addition, there is currently no reconciliation performed to ensure that information provided by the billing agency is complete and accurately reported on the County's general ledger.

Segregation of Duties

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the general purpose financial statements of Beaufort County, North Carolina for the year ended June 30, 1995, and this report does not affect our report thereon dated November 16, 1995.

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

Recommendation

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

Management Response

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

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

Recommendation

Over the past two years, with the implementation of the Water Districts and other changes, the duties of the bookkeeper have increased greatly. We believe that additional staff may be necessary to ensure timely reconciliations and recording of information. A method needs to be implemented to reconcile the Water District revenue on a monthly basis.

Management Response

We are currently looking at purchasing a new computer system, which should provide more capabilities than our current system. With an improved system, we believe more time will be available to staff for performing recommended reconciliations.

Beaufort County, North Carolina
November 16, 1995
Page 4

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Beaufort County, North Carolina, in a separate letter dated November 16, 1995.

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

Pittard Perry & Crone, Inc.

Belhaven, North Carolina
November 16, 1995



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

To the Board of County Commissioners
Beaufort County, North Carolina

We have audited the general purpose financial statements of Beaufort County, North Carolina, as of and for the year ended June 30, 1995, and have issued our report thereon dated November 16, 1995. We did not audit the financial statements of the Beaufort County ABC Board or Warren Field Airport Commission, or Beaufort County Hospital Association, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort County ABC Board, Warren Field Airport Commission and Beaufort County Hospital Association, Inc. is based solely on the reports of the other auditors. We have also audited Beaufort County, North Carolina's compliance with requirements applicable to major federal and State financial assistance programs and have issued our report thereon dated November 16, 1995.

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

In planning and performing our audits for the year ended June 30, 1995, we considered the County's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the County's general purpose financial statements and on its compliance with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128 and the State Single Audit Implementation Act. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal or State financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated November 16, 1995.

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

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

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

During the year ended June 30, 1995, Beaufort County, North Carolina, expended 74 percent of its total federal financial assistance under major federal financial assistance programs.

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

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

Department of Social Services - 1571 Monthly Report

Chore salaries and fringe benefits reported on the monthly "1571" report should be reconciled with the general ledger accounts each month to ensure accurate reporting. However, for fiscal year 6/30/95, this procedure was not done, largely to the fact that the general ledger accounts were not posted up-to-date. We performed this reconciliation with much difficulty and determined that the wages were reported correctly. A monthly adjustment is required in the general ledger to allocate chore wages to the correct account. In our reconciliation, we found that three months of chore wages (July, October and March) were posted in May 1995. Timely posting is essential to accurate record keeping. The Social Services staff should coordinate their efforts with the finance office to make sure information is current and reconciliations are performed.

Department of Social Services - Terminal Security

The Department of Social Services now uses a "direct worker entry" format for keying client eligibility information. Therefore, more employees now have on-line access with the state computer system. In changing to this format, policies and procedures were implemented to ensure only authorized individuals would be able to access this information. One of these procedures requires staff to completely log off of the state system if they are away from their desk for any reason. During our testing at the Department of Social Services, we observed several instances when this procedure was not followed. The policy also includes certain actions for failing to comply. Based on our observations and inquiry of certain personnel, it appears that these sanctions are not applied.

Department of Social Services - Case file Documentation

We reviewed documentation in case files to determine that entries on social workers day sheets were correct. Of the eight employees reviewed, we found one case file which had no documentation for the two and one/half month period immediately preceding our review. Based on inquiry of the employee, notes are maintained which are transferred into the client file when time permits. However, we believe that the time lag discovered is too long to ensure accurate reporting of client files.

Segregation of Duties

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

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

Our consideration of the internal control structure policies and procedures used in administering federal and State financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of Beaufort County, North Carolina's compliance with requirements applicable to its major federal and State financial assistance programs for the year ended June 30, 1995, and this report does not affect our report thereon dated November 16, 1995.

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

Recommendation

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

Management Response

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

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Beaufort County, North Carolina, in a separate letter dated November 16, 1995.

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

Pittad Perry & Crane, Inc.

Belhaven, North Carolina
November 16, 1995

Beaufort County, North Carolina
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
 For The Year Ended June 30, 1995

PAGE 1 OF 4

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct & Pass Thru) Expenditures</u>	<u>State Expenditures</u>
FEDERAL GRANTS:			
<u>U.S. Department of Health and Human Services</u>			
Passed through N.C. Dept. of Human Resources			
Division of Aging:			
Passed through Mid-East Commission			
Nutrition services:			
Special programs for the aging-Title III C	93.045	\$ 61,364	\$ 3,610
In home services			
Title III-D	93.046	3,562	210
SSBG	93.667 *	21,860	625
Special programs for the aging-Title III B	93.044	<u>46,246</u>	<u>2,720</u>
		71,668	3,555
Access services:			
Special programs for the aging-Title III B	93.044	10,710	630
Passed through N.C. Dept. of Human Resources			
Division of Social Services:			
Assistance payments/maintenance assistance:			
Aid to families with dependent children	93.560 *	68,690	31,006
JOBS program - IV - F	93.561 *	261,184	164,392
IV-D program	93.563 *	3,564	-
IV-E Adoption subsidy	93.659	17,454	4,745
IV-E Foster care	93.658	60,515	16,058
Medical transportation	93.778 *	8,839	-
Social services block grant	93.667 *	<u>246,207</u>	<u>205</u>
		666,453	216,406
Permanency planning	93.645	20,644	5,160
State child protective services			
Social services block grant	93.667 *	76,210	-
State in-home services fund:			
Social services block grant	93.667 *	4,389	8,488
Crisis intervention program:			
Low-income home energy assistance	93.568	45,681	-
Independent living	93.674	<u>3,373</u>	<u>-</u>
		49,054	-
Administration:			
Aid to families with dependent children	93.560 *	245,644	-
Low-income home energy assistance	93.568	23,066	-
Medical assistance program	93.778 *	293,710	13,979
IV-E administration	93.658	13,227	-
IV-D administration	93.563 *	351,424	-
Social services block grant			
family planning	93.667 *	<u>5,199</u>	<u>-</u>
		932,270	13,979

Beaufort County, North Carolina
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
 For The Year Ended June 30, 1995

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct & Pass Thru) Expenditures</u>	<u>State Expenditures</u>
Passed through NC Dept of Human Resources Division of Child Development			
Family Support Act	93.560 *	\$ 704,673	\$ -
Child care development block grant	93.575 *	<u>456,419</u>	<u>-</u>
		1,161,092	-
Passed Through N.C. Dept. of Environment, Health and Natural Resources:			
Maternal and Child Health Program:			
Social services block grant	93.667 *	2,456	-
Maternal & child health services block grant	93.994	125,334	-
Preventive health block grant	93.991	18,669	-
AIDS prevention	93.118	23,899	-
Family planning - breast & cervical cancer	93.919	3,505	-
Immunization grant	93.268	9,432	-
Medicaid Title XIX	93.778 *	234,746	-
Family planning - Title XIX	93.778 *	<u>33,245</u>	<u>-</u>
		<u>451,286</u>	<u>-</u>
Total U.S. Dept. of Health & Human Services		3,505,140	251,828
<u>U.S. Dept. of Agriculture</u>			
Passed Through N.C. Dept. of Human Resources Administration:			
Food stamp program	10.561	212,145	-
Passed Through Mid-East Commission			
USDA Supplement	10.550	15,079	-
Passed Through N.C. Dept. of Environment, Health and Natural Resources:			
Special supplemental food program for women, infants and children	10.557	<u>145,705</u>	<u>-</u>
Total U.S. Dept. of Agriculture		372,929	-
<u>U.S. Dept. of Housing and Urban Development</u>			
Passed Through N.C. Dept of Commerce Community Development Block Grant			
States program	14.228	167,709	-
<u>Federal Emergency Management Agency</u>			
Passed Through N.C. Dept of Crime Control and Public Safety:			
Federal emergency management assistance	83.503	10,547	-

Beaufort County, North Carolina
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
 For The Year Ended June 30, 1995

PAGE 3 OF 4

<u>Grantor/Pass Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>(Direct & Pass Thru)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
STATE GRANTS:			
<u>N.C. Dept. of Human Resources</u>			
Division of Social Services:			
CP&L energy program		-	2,457
Foster care		-	6,638
Aid to counties		-	42,241
Child protective services		-	124,749
Abortion fund		-	10,900
Day care coordinator		-	2,989
		-	189,974
Division of Youth Services:			
Community based alternatives		-	102,667
Passed Through Mid-East Commission			
In-home services		-	90,502
Access services		-	12,657
Nutrition services		-	9,871
		-	113,030
Total N.C. Dept of Human Resources		-	405,671
<u>N.C. Dept of Environment, Health & Natural Resources</u>			
Division of Human Services:			
Aid to Counties		-	27,017
Environmental Health		-	8,343
Communicable Disease and AIDS control		-	16,588
Tuberculosis		-	20,292
Child services coordinator		-	24,631
Child health		-	24,139
Hypertension		-	4,233
State immunization		-	4,125
Maternal health		-	36,362
Family planning		-	8,253
Risk reduction		-	7,583
Adult health		-	2,660
		-	184,226
Direct Grants:			
State Land Records Management		-	10,000
Soil and Water Grant		-	15,952
		-	25,952
Total N.C. Dept. of Environment, Health & Natural Resources		-	210,178

Beaufort County, North Carolina
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
 For The Year Ended June 30, 1995

PAGE 4 OF 4

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct & Pass Thru) Expenditures</u>	<u>State Expenditures</u>
<u>N.C. Dept. of Transportation</u> Elderly/handicapped transportation		\$ -	\$ 30,154
<u>N.C. Dept. of Administration</u> Veterans		-	2,000
<u>Office of the governor</u> Public school building capital fund	*	-	331,439
<u>State Board of Elections</u> State election grant		-	10,500
TOTAL ASSISTANCE		<u>\$ 4,056,325</u>	<u>\$ 1,241,770</u>

* Major programs

Notes to the preceding schedule:

1. Benefit Payments Issued by the State

Food Stamp Program	10.561	\$ 4,506,911	\$ -
Aid to Families with Dependent Children	93.560	1,937,954	588,720
Medical Assistance Program	93.778	17,366,714	7,915,175
Special Supplemental Food Program for Women, Infants, and Children	10.557	601,771	-
Energy Assistance Payment	93.568	116,255	-
CWS Adopt Subsidy & Vendor	93.645	16,402	12,949
Special Assistance - Aged and Disabled	n/a	-	503,341

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



To the Board of Commissioners
Beaufort County, North Carolina

In connection with our audit of the general purpose financial statements of Beaufort County, North Carolina, as of and for the year ended June 30, 1995, we reviewed various administrative and financial procedures and controls of the County but did not make a comprehensive review for the purpose of submitting detailed recommendations.

As a result of our review, we noted certain areas where administrative and financial matters should be considered, procedures improved, and administrative controls strengthened. This memorandum summarizes our comments and suggestions. We have separately communicated internal control structure reportable conditions in the Report on the Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards and the Single Audit Report on the Internal Control Structure Used in Administering Federal and State Financial Assistance Programs, both dated November 16, 1995.

General Fixed Assets

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

Expenditures over budget

Expenditures exceeded budget in two departments of the general fund and in two of the special revenue funds. The over-expenditure in the environmental protection department resulted from landfill maintenance costs being under budgeted. The overexpenditure in the education department was a result of receiving State Public School Building Capital funds which were recorded as an accounts payable due to the school system. In this case, the revenue nor the expenditure were budgeted. The over-expenditure in the special revenue funds were due to revenues exceeding budgeted expectations. Although these amounts were not material, we suggest that in the future, the budgets be amended, as appropriate.

Accounts receivable - tap fees

There is a rather large amount of receivables due to the County for tap-on fees. Now that the water districts are fully operational, all tap fees should be collected. We suggest that management add the tap-fees due to the next water bill and if payment is not made, the cut-off policy should be followed. Also, currently, a manual log is maintained on tap fee payments and receivables. With the pending implementation of other districts, we feel that the manual system will be too burdensome and will be even more difficult to maintain accurately. Therefore, we suggest computerizing the tap fees. Ideally, the tap fees would be a part of the current customer record on the files maintained by Tideland. However, if this is not feasible, a separate database should be considered.

Water system - customer deposits

During the year, the County began collecting customer deposits from new water customers. As stated above, the current system to account for these deposits is manual. We believe that as the volume is increased and additional districts are added, this system will be too cumbersome to provide the necessary information. Therefore, we again suggest that management consider computerizing this information.

Water system - doubtful accounts

In a situation where monthly billing is done for a service provided, it is easy to identify slow paying or no paying accounts. We suggest that the County strictly enforce its cut-off policy to ensure compliance and curtail the amount of bad debts which would subsequently be written off from non-payment. Once all the districts are up and running, strict enforcement would ensure limited write-offs and maximum collections.

Time sheets

During our testing of payroll, we found that one employee in the finance office was not turning in monthly time sheets. County policy requires employees to complete a time sheet each month, which is to be approved by the employee's supervisor and turned in to the payroll clerk. Timesheets are used to document vacation and sick leave, as well as time worked. The employee maintained time records on a calendar and was able to recreate the necessary time sheets for our purposes. However, we suggest that in the future, County policy should be followed for all employees to allow for adequate recordkeeping by the payroll clerk and timely authorization by the supervisor.

Cash receipts - Inspections

Based on our testing of cash collections by the Inspections department, we believe that controls need to be improved to ensure timely and accurate reporting. Currently, cash is collected and recorded in four different receipt books. This money is brought to the finance office for deposit. There is no trail between the receipt books and the amount turned in for deposit. We suggest that a log be maintained in the Inspections department documenting the amount of money turned in by each inspector and denoting the receipt numbers applicable to the total amount. The log should also list the date and total dollar amount turned into the finance office. This would provide a more defined trail for audit purposes.

Department of Social Services - Day sheet summaries

Day sheets are prepared by social workers documenting the amount of time the worker spends during the day on particular clients or office work. These sheets are keyed into the computer system to determine that percentage of time to be allocated to each program the worker was involved with. There are no control totals to check the input by and the computer system does not tally total time by employee. Therefore, it is impossible to reconcile the input with the output. We tested eight day sheet summaries by comparing the totals with the time equivalency worksheet to determine the accuracy of the minutes input. We found immaterial differences on two employees daysheets where minutes were underreported. Management should confer with the State office to determine if there is any method which could be implemented to reconcile day sheet totals input in the system to ensure accurate output.

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

Pittard Perry & Crane, Inc.

Belhaven, North Carolina
November 16, 1995