

**BEAUFORT COUNTY, NORTH CAROLINA**  
**FINANCIAL STATEMENTS**  
**June 30, 2002**

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June 30, 2002

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**MANAGEMENT LETTER**

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

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Independent Auditor's Report

To the Board of County Commissioners  
Beaufort County, North Carolina

We have audited the accompanying general purpose financial statements of Beaufort County, North Carolina as of and for the year ended June 30, 2002 as listed in the table of contents. These general purpose financial statements are the responsibility of Beaufort County'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 Hospital Association, Beaufort County ABC Board, or Warren Field Commission. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Beaufort County Hospital Association, Beaufort County ABC Board, or Warren Field Commission is based solely on the reports of the other auditors.

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

In our opinion, based on our report and the report of the 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, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2002 on our consideration of Beaufort County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Beaufort County, North Carolina taken as a whole. The combining and individual fund financial statements and schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

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

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

October 29, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

Beaufort County, North Carolina  
**Combined Balance Sheet - All Fund Types and Account Groups**  
**And Discretely Presented Component Units**  
June 30, 2002

Exhibit 1

	Governmental Fund Types			Proprietary Fund Type
	General	Special Revenue	Capital Projects	Enterprise
<b>Assets and other debits</b>				
<b>Assets:</b>				
Cash & Investments	\$ 7,805,142	\$ 943,373	\$ 495,747	\$ 1,398,619
Taxes Receivables (Net)	3,130,141	171,008	-	-
Accounts Receivable (Net)	2,607,581	36,487	30,827	614,204
Due from other funds	409,979	-	-	-
Due from component unit	-	-	-	-
Prepaid Expenses	-	-	-	-
Inventories	-	-	-	-
Fixed Assets (Net)	-	-	-	47,059,501
Installment obligation receivable - current	99,991	-	-	-
Restricted assets	-	-	-	798,572
Installment obligation receivable - non current	1,169,525	-	-	-
Other assets (net of amortization)	-	-	-	-
Other investments	-	-	-	-
<b>Other debits:</b>				
Amount to be provided for retirement of general long - term debt	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 15,222,359</b>	<b>\$ 1,150,868</b>	<b>\$ 526,574</b>	<b>\$ 49,870,896</b>
<b>Liabilities, Equity and Other Credits</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ 1,835,562	\$ 332,251	\$ 165,708	\$ 97,065
Customer Deposits	-	-	-	58,705
Due to Component Unit	-	-	-	-
Current Portion of All Debt	-	-	-	404,025
Miscellaneous Liabilities	-	-	-	-
Due to Other Fund	-	-	-	409,979
Deferred Revenues	4,399,657	171,008	-	-
Compensated absences payable	-	-	-	18,827
Noncurrent Portion of All Debt	-	-	-	33,626,577
<b>Total liabilities</b>	<b>6,235,219</b>	<b>503,259</b>	<b>165,708</b>	<b>34,615,178</b>
<b>Equity and other credits:</b>				
Contributed capital (Net)	-	-	-	8,364,047
Investment in General Fixed Assets	-	-	-	-
Retained Earnings (Deficit)	-	-	-	6,891,671
<b>Fund balances:</b>				
Reserved by State Statute	3,017,560	36,487	30,827	-
Reserved for Register of Deeds	10,251	-	-	-
Designated for Subsequent Years'				
Expenditures	-	-	-	-
Designated - Other	-	-	-	-
Undesignated	5,959,329	611,122	330,039	-
<b>Total equity and other credits</b>	<b>8,987,140</b>	<b>647,609</b>	<b>360,866</b>	<b>15,255,718</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 15,222,359</b>	<b>\$ 1,150,868</b>	<b>\$ 526,574</b>	<b>\$ 49,870,896</b>

The notes to the financial statements are an integral part of this statement. 1

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)	Component Units		
	General	General	Primary Government	Beaufort County		Warren Field Commission
	Fixed Assets	Long - Term Debt		Hospital	ABC Board	
Agency						
\$ 66,693	\$ -	\$ -	\$ 10,709,574	\$ 1,331,600	\$ 291,571	\$ 89,906
-	-	-	3,301,149	-	-	-
-	-	-	3,289,099	9,328,502	-	24,880
-	-	-	409,979	-	-	-
-	-	-	-	-	-	-
-	-	-	-	63,987	781	-
-	-	-	-	1,712,339	371,478	-
-	15,234,882	-	62,294,383	16,968,157	348,810	1,339,668
-	-	-	99,991	-	-	-
-	-	-	798,572	-	-	167,840
-	-	-	1,169,525	-	-	-
-	-	-	-	812,940	133	-
-	-	-	-	188,480	-	-
-	-	14,131,876	14,131,876	-	-	-
<u>\$ 66,693</u>	<u>\$ 15,234,882</u>	<u>\$ 14,131,876</u>	<u>\$ 96,204,148</u>	<u>\$ 30,406,005</u>	<u>\$ 1,012,773</u>	<u>\$ 1,622,294</u>
\$ 66,693	\$ -	\$ -	\$ 2,497,279	\$ 5,458,431	\$ 226,962	\$ 8,225
-	-	-	58,705	-	-	-
-	-	-	-	-	-	-
-	-	1,864,015	2,268,040	599,169	-	-
-	-	-	-	-	-	-
-	-	-	409,979	-	-	-
-	-	-	4,570,665	-	-	167,840
-	-	502,972	521,799	840,766	-	-
-	-	11,764,889	45,391,466	5,853,849	-	-
<u>66,693</u>	<u>-</u>	<u>14,131,876</u>	<u>55,717,933</u>	<u>12,752,215</u>	<u>226,962</u>	<u>176,065</u>
-	-	-	8,364,047	-	-	1,293,835
-	15,234,882	-	15,234,882	-	-	-
-	-	-	6,891,671	-	785,811	152,394
-	-	-	3,084,874	-	-	-
-	-	-	10,251	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	6,900,490	17,653,790	-	-
-	15,234,882	-	40,486,215	17,653,790	785,811	1,446,229
<u>\$ 66,693</u>	<u>\$ 15,234,882</u>	<u>\$ 14,131,876</u>	<u>\$ 96,204,148</u>	<u>\$ 30,406,005</u>	<u>\$ 1,012,773</u>	<u>\$ 1,622,294</u>

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, 2002

Exhibit 2

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 18,157,147	\$ 1,354,056	\$ -	\$ 19,511,203
Local Option Sales Taxes	6,686,125	-	-	6,686,125
Other Taxes and Licenses	249,222	-	-	249,222
Unrestricted Intergovernmental Revenues	1,106,159	-	-	1,106,159
Restricted Intergovernmental Revenues	8,441,205	1,085,772	5,025,420	14,552,397
Permits and Fees	356,598	-	-	356,598
Sales and Services	3,891,590	-	-	3,891,590
Investment Earnings	144,467	12,464	26,995	183,926
Program Earnings	-	-	-	-
Other	301,807	9,145	19,714	330,666
Total Revenues	<u>39,334,319</u>	<u>2,461,437</u>	<u>5,072,129</u>	<u>46,867,885</u>
<b>Expenditures:</b>				
General Government	3,571,081	-	-	3,571,081
Public Safety	4,233,822	1,377,822	-	5,611,644
Economic and Physical Development	608,580	2,228,824	6,782,661	9,620,065
Human Services	14,043,511	-	-	14,043,511
Cultural and Recreational	187,644	-	-	187,644
Environmental Protection	3,304,554	-	-	3,304,554
Education	9,502,036	269	-	9,502,305
Debt Service	2,561,723	-	-	2,561,723
Total Expenditures	<u>38,012,951</u>	<u>3,606,915</u>	<u>6,782,661</u>	<u>48,402,527</u>
Revenues Over (Under) Expenditures	<u>1,321,368</u>	<u>(1,145,478)</u>	<u>(1,710,532)</u>	<u>(1,534,642)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from loans, bonds, & leases	-	1,100,000	-	1,100,000
Operating Transfers to Component Unit	(56,163)	-	-	(56,163)
Operating Transfers from Other Funds	-	-	-	-
Operating Transfers to Other Funds	-	-	-	-
Operating Transfers from Component Unit	53,254	-	-	53,254
Local contribution	-	-	-	-
Total Other Financing Sources (Uses)	<u>(2,909)</u>	<u>1,100,000</u>	<u>-</u>	<u>1,097,091</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,318,459	(45,478)	(1,710,532)	(437,551)
<b>Fund Balances:</b>				
Beginning of Year, July 1	<u>7,668,681</u>	<u>693,087</u>	<u>2,071,398</u>	<u>10,433,166</u>
End of Year, June 30	<u>\$ 8,987,140</u>	<u>\$ 647,609</u>	<u>\$ 360,866</u>	<u>\$ 9,995,615</u>

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

Beaufort County, North Carolina  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Annual Budget and Actual - General and Special Revenue Funds**  
 For the Fiscal Year Ended June 30, 2002

Exhibit 3

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 18,076,261	\$ 18,157,147	\$ 80,886
Local Option Sales Taxes	6,800,000	6,686,125	(113,875)
Other Taxes and Licenses	208,671	249,222	40,551
Unrestricted Intergovernmental Revenues	990,644	1,106,159	115,515
Restricted Intergovernmental Revenues	9,021,509	8,441,205	(580,304)
Permits and Fees	327,234	356,598	29,364
Sales and Services	4,092,545	3,891,590	(200,955)
Investment Earnings	160,000	144,467	(15,533)
Program Earnings	-	-	-
Miscellaneous	268,775	301,807	33,032
Total Revenues	<u>39,945,639</u>	<u>39,334,319</u>	<u>(611,320)</u>
<b>Expenditures:</b>			
General Government	3,704,218	3,571,081	133,137
Public Safety	4,375,823	4,233,822	142,001
Economic and Physical Development	611,504	608,580	2,924
Human Services	15,194,364	14,043,511	1,150,853
Cultural and Recreational	187,766	187,644	122
Environmental Protection	3,543,546	3,304,554	238,992
Education	9,502,036	9,502,036	-
Debt Service	2,636,203	2,561,723	74,480
Total Expenditures	<u>39,755,460</u>	<u>38,012,951</u>	<u>1,742,509</u>
Revenues Over (Under) Expenditures	<u>190,179</u>	<u>1,321,368</u>	<u>1,131,189</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Capital Lease/ Bonds	-	-	-
Operating Transfers from Other Funds	-	-	-
Operating Transfers to Other Funds	-	-	-
Operating Transfers from Component Unit	80,000	53,254	(26,746)
Operating Transfers to Component Unit	(56,163)	(56,163)	-
Operating Transfers from Primary Government	-	-	-
Operating Transfers to Primary Government	-	-	-
Total Other Financing Sources (Uses)	<u>23,837</u>	<u>(2,909)</u>	<u>(26,746)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	214,016	1,318,459	1,104,443
Fund Balance Appropriated / (Designated)	<u>(214,016)</u>	<u>-</u>	<u>214,016</u>
Revenues and Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>1,318,459</u>	<u>\$ 1,318,459</u>
<b>Fund Balances:</b>			
Beginning of Year, July 1		<u>7,668,681</u>	
End of Year, June 30		<u>\$ 8,987,140</u>	

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

Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,375,533	\$ 1,354,056	\$ (21,477)
-	-	-
-	-	-
-	214,764	214,764
-	-	-
-	12,464	12,464
-	-	-
-	636	636
<u>1,375,533</u>	<u>1,581,920</u>	<u>206,387</u>
-	-	-
1,418,503	1,377,822	40,681
1,351,139	1,351,513	(374)
-	-	-
-	-	-
300	269	31
-	-	-
<u>2,769,942</u>	<u>2,729,604</u>	<u>40,338</u>
<u>(1,394,409)</u>	<u>(1,147,684)</u>	<u>246,725</u>
1,100,000	1,100,000	-
221,760	-	(221,760)
-	-	-
-	-	-
-	-	-
-	-	-
<u>1,321,760</u>	<u>1,100,000</u>	<u>(221,760)</u>
(72,649)	(47,684)	24,965
<u>72,649</u>	-	<u>(72,649)</u>
<u>\$ -</u>	(47,684)	<u>\$ (47,684)</u>
	<u>732,316</u>	
	<u>\$ 684,632</u>	

Beaufort County, North Carolina  
 Combined Statement of Revenues, Expenses, and  
 Changes in Retained Earnings  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2002

Exhibit 4

	Proprietary Fund		Component Unit	
	Type	Beaufort County		Warren Field
	Enterprise Primary Government	Hospital	ABC Board	Airport Commission
<b>Operating Revenues</b>				
Charges for Services	\$ 2,856,832	\$ 43,400,636	\$ 2,377,629	\$ 194,064
Water taps	164,034	-	-	-
Other Operating Revenues	128,974	611,678	-	-
<b>Total Operating Revenues</b>	<b>3,149,840</b>	<b>44,012,314</b>	<b>2,377,629</b>	<b>194,064</b>
<b>Operating Expenses:</b>				
Hospital Operations	-	40,999,730	-	-
Water District Operations	1,170,731	-	-	-
Cost of goods sold	-	-	1,638,137	56,649
Store and warehouse	-	-	331,445	-
Administration	235,172	-	298,605	-
Depreciation	263,948	-	37,469	110,783
<b>Total Operating Expenses</b>	<b>1,669,851</b>	<b>40,999,730</b>	<b>2,305,656</b>	<b>167,432</b>
<b>Operating Income</b>	<b>1,479,989</b>	<b>3,012,584</b>	<b>71,973</b>	<b>26,632</b>
<b>Nonoperating Revenues (Expenses):</b>				
Interest Earned on Investment	25,338	59,674	5,395	3,688
Gifts and Grants	2,382,085	371,827	-	-
Other	10,927	89,315	-	-
Law enforcement/Alcohol education	-	-	(22,292)	-
Interest on Long-term Debt	(1,492,366)	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>925,984</b>	<b>520,816</b>	<b>(16,897)</b>	<b>3,688</b>
<b>Income before operating transfers</b>	<b>2,405,973</b>	<b>3,533,400</b>	<b>55,076</b>	<b>30,320</b>
<b>Operating Transfers from Other Funds:</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(53,105)	-
<b>Total operating transfers</b>	<b>-</b>	<b>-</b>	<b>(53,105)</b>	<b>-</b>
<b>Net income</b>	<b>2,405,973</b>	<b>3,533,400</b>	<b>1,971</b>	<b>30,320</b>
Add depreciation on contributed capital	-	-	-	112,672
<b>Increase in retained earnings</b>	<b>2,405,973</b>	<b>3,533,400</b>	<b>1,971</b>	<b>142,992</b>
<b>Retained earnings:</b>				
Beginning of year	4,485,698	14,120,390	783,840	9,402
<b>End of year</b>	<b>\$ 6,891,671</b>	<b>\$ 17,653,790</b>	<b>\$ 785,811</b>	<b>\$ 152,394</b>

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

Beaufort County, North Carolina  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2002

Exhibit 5

	Proprietary Fund			
	Type	Component Unit		
	Enterprise	Beaufort County		Warren Field
	Primary Government	Hospital	ABC Board	Airport Commission
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$ 3,052,763	\$ 37,833,541	\$ 2,377,629	\$ 173,714
Cash Paid for Goods and Services	(2,064,214)	(14,659,192)	(1,945,016)	(50,197)
Cash Paid to Employees	(412,970)	(20,234,156)	(346,939)	-
Other Operating Revenue	-	432,908	-	-
Net Cash Used by Operating Activities	<u>575,579</u>	<u>3,373,101</u>	<u>85,674</u>	<u>123,517</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Unrestricted Gifts and Bequest	-	371,827	-	-
Capital grants and local matches	-	-	-	58,545
Other activities	(100,000)	(396,705)	(75,397)	(58,544)
Net Cash Provided by Noncapital Financing Activities	<u>(100,000)</u>	<u>(24,878)</u>	<u>(75,397)</u>	<u>1</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and Construction of Capital Assets	(2,093,667)	(6,733,436)	(24,133)	(88,468)
Proceeds from Sale of Capital Assets	-	295,020	-	-
Other financing activities	110,927	-	-	-
Principal Paid on Bond and Equipment Contracts	(388,026)	(1,154,907)	-	-
Interest Paid on Bonds and Equipment Contracts	(1,492,366)	(185,222)	-	-
Investment activity	-	(26,054)	-	-
Grant Received	2,382,085	-	-	-
Proceeds from Capital Leases, Bonds and Notes	-	4,316,350	-	-
Net Cash Used by Capital and Related Financing Activities	<u>(1,481,047)</u>	<u>(3,488,249)</u>	<u>(24,133)</u>	<u>(88,468)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest on Investments	25,338	59,674	5,395	3,688
Net Increase (Decrease) in Cash and Cash Equivalents	(980,130)	(80,352)	(8,461)	38,738
Cash and Cash Equivalents, July 1	<u>3,177,321</u>	<u>1,411,952</u>	<u>300,032</u>	<u>219,008</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,197,191</u>	<u>\$ 1,331,600</u>	<u>\$ 291,571</u>	<u>\$ 257,746</u>

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

	Proprietary Fund			
	Type	Component Unit		
	Enterprise	Beaufort County		Warren Field
	Primary Government	Hospital	ABC Board	Airport Commission
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating Income	\$ <u>1,479,989</u>	\$ <u>3,012,584</u>	\$ <u>71,973</u>	\$ <u>26,632</u>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>				
Depreciation	263,948	1,266,703	37,469	110,783
Provision for Uncollectible Accounts		-	-	-
<b>Changes in Assets and Liabilities:</b>				
(Increase) Decrease				
in Receivables and other assets	(96,467)	(1,539,530)	(23,768)	(20,350)
in Due from other funds	-	-	-	-
Increase (Decrease)				
in Accounts Payable and Accrued Liabilities	(1,089,524)	633,344	-	6,452
in Accrued Vacation Payable	2,703	-	-	-
in Customer Deposits	14,930	-	-	-
Total Adjustments	<u>(904,410)</u>	<u>360,517</u>	<u>13,701</u>	<u>96,885</u>
Net cash provided by operating activities	\$ <u><u>575,579</u></u>	\$ <u><u>3,373,101</u></u>	\$ <u><u>85,674</u></u>	\$ <u><u>123,517</u></u>

BEAUFORT COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2002

**NOTE 1: Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the combined financial statements. The seven blended component units, although they are legally separate entities, are, in substance, part of the County's operations.

**Blended Component Units**

County Water District I-Washington Township  
County Water District II-Long Acre West  
County Water District III-Long Acre East  
County Water District IV-Bath Township  
County Water District V-Pantego Township  
County Water District VI-Chocowinity Township  
County Water District VII-Richland Township

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

**Discretely Presented Component Unit**

**Beaufort County Hospital Association, Inc.**

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

**Beaufort County ABC Board**

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

**Warren Field Airport Commission**

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

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

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

Beaufort County Hospital  
628 East 12<sup>th</sup> Street  
Washington, NC 27889

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

## Notes to Financial Statements

### B. Basis of Presentation - Fund Accounting

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

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

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

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

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

Capital Projects Funds- Capital Projects Funds account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). The County maintains Capital Project Funds as detailed in the supplementary schedules. (See also Note 14).

Proprietary Funds includes the following fund types:

Enterprise Funds - Enterprise Funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that 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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Beaufort County has seven Enterprise Funds, Water District I, II, III, IV, V, VI, VII.

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

Agency Funds - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains three Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the County Home Fund which accounts for monies deposited with the County Home for patient expenditures; and the Inmate Fund which accounts for monies deposited with the Sheriff's Office.

Account Groups - The general fixed assets account group is used to account for fixed assets that are not accounted for in proprietary funds. The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary 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 funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements for these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

## Notes to Financial Statements

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 recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized on the modified accrual basis of accounting when they are measurable and available. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return.

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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Beaufort County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2001 to February 2002 apply to the fiscal year ended June 30, 2002. Uncollected taxes, which are billed during this period, are shown as a receivable on these financial statements. For those motor vehicles, which are renewed and billed under the annual system, taxes are due on May 1 of each year and the uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date, upon which the interest begins to accrue passed prior June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2002 because they are intended to finance the County's operations during the 2003 fiscal year.

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

Proprietary Funds are 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 funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital projects fund. All budgets are prepared using the modified accrual basis of accounting.

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

## Notes to Financial Statements

April 30 - Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

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

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

#### 1. Deposits and Investments

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

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

The County, the Hospital, the ABC Board, and the Airport's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

#### 2. Cash and Cash Equivalents

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

#### 3. Restricted Assets

The unexpended bond proceeds of the Water District Serial Bonds are classified as restricted assets 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 law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2001.

#### 5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Notes to Financial Statements

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 calculated except in extraordinary circumstances.

Other proprietary fund assets of the County are depreciated on a class life basis at the following rates:

Furniture & Office Equipment	10%
Automobiles & Light Trucks	30%

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

Buildings	25 years
Furniture & Equipment	5-10 years
Motor Vehicles	4 years

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

Buildings	10-25 years
Cleaning & Excavation	25 years
Lighting	10-25 years
Fuel Tanks & Pumps	5-10 years
Equipment	5-10 years

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

Buildings	20 years
Equipment	10 years
Leasehold Improvements	10-20 years
Computers	3 years

## Notes to Financial Statements

### 8. Long-term Debt

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

Reserve for Register of Deeds - Portion of fund balance constituting the Automation Enhancement and Preservation Fund funded by 10% of fees collected and maintained by the register of deeds' office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the register of deeds' office.

Reserved by State Statute - Portion of fund balance, in addition to reserves for encumbrances, 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.

#### Unreserved

Designated for Subsequent Year's Expenditures - Portion of total fund balance available for appropriation, which has been designated for the adopted 2002-2003 budget ordinance.

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

## F. Revenues, Expenditures and Expenses

### 1. Other Resources

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

### 2. Compensated Absences

The vacation policy 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. 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 as of June 30, 2002 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 salary-related payments are recorded within those funds as the leave is earned.

## Notes to Financial Statements

The sick leave policy of the County, the Hospital, and the ABC Board provides 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 as "Total (Memorandum Only)" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflect financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

### H. Comparative Data/Reclassifications

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

## NOTE 2: Detail Notes on All Funds and Account Groups

### A. Assets

#### 1. Deposits

All of the County's, the Hospital's, the ABC Board's and the Airport's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, the Hospital's, the Airport's or the ABC Board's agents in these units names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

Since the State Treasurer is acting in a fiduciary capacity for the County, the Hospital, the Airport and the ABC Board, these deposits are considered to be held by their agents in the entity's 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 with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Hospital, the Airport or the ABC Board under the Pooling Method, the potential exists for the undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2002, the County's deposits had a carrying amount of \$4,325,081 and a bank balance of \$5,201,073. Of the bank balance, \$200,000 was covered by federal depository insurance, the remaining \$4,249,476 was covered by collateral and held under the Pooling Method.

At September 30, 2001, the Hospital's deposits had a carrying amount of \$327,138 and a bank balance of \$516,221. Of the bank balance, \$101,081 was covered by federal depository insurance, the remaining \$415,140 was covered by collateral held under the Pooling Method.

At June 30, 2002, the carry amount of deposits for Beaufort County ABC Board was \$287,921 and the bank balance was \$305,153. Of the bank balance, \$261,298 was covered by federal depository insurance and \$43,855 was collateralized under the Pooling Method.

At June 30, 2002, the Airport's deposits had a carrying amount of \$257,746 and a bank balance of \$259,087 with \$100,000 of the amount being covered by federal depository insurance, and \$159,087 collateralized under the Pooling Method.

Notes to Financial Statements

2. Investments

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

At June 30, 2002, the County's investment balances were as follows:

Categories	A	B	Reported Value	Fair Value
Repurchase Agreements	\$ -	\$ 430,088	\$ 430,088	\$ 430,088
Common Stock	3,764	-	3,764	9,000
Total	\$ 3,764	\$ 430,088		
NC Capital Management Trust:				
Cash Portfolio			6,749,213	6,749,213
Total Investment			\$ 7,183,065	\$ 7,188,301

The County's repurchase agreements are eligible because they do meet the requirements of State law [G.S. 159-30(c) (12)]. The underlying security is held by the financial institution providing the transaction and is not in the County's name.

At June 30, 2002, the ABC Board had no money in the above type investments.

At September 30, 2001, the Beaufort County Hospital's investments consisted of the following:

Categories	A	B	C	Cost Value	Market Value
Repurchase Agreements	\$ 1,004,461	\$ -	\$ -	\$ 1,004,461	\$ 1,004,461

At June 30, 2002, 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 forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
1998	\$ 353,194	\$ 115,671	\$ 422,228
1999	387,940	92,136	406,131
2000	365,575	53,922	409,097
2001	387,055	22,256	386,596
Total	\$ 1,448,636	\$ 175,416	\$ 1,624,052

Notes to Financial Statements

4. Receivables - Allowances for Doubtful Accounts

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

Fund	30-Jun-02
<b>Property Taxes Receivable</b>	
General Fund	\$ 390,000
Special Revenue Fund	329
<b>Accounts Receivable</b>	
General Fund	10,100
Enterprise Fund	186,651
<b>Total</b>	<b>\$ 587,080</b>

The Hospital's accounts receivable are presented net of the allowance for uncollectable accounts of \$5,894,425.

5. Fixed Assets

A summary of changes in the County's general fixed assets follows:

By Type:	General				General
	Fixed Assets	Adjustments			Fixed Assets
	1-Jul-01	& Additions	Retirements	Transfers	30-Jun-02
Land	\$ 792,532	\$ -	\$ -	\$ -	\$ 792,532
Building	11,069,856	-	-	-	11,069,856
Vehicles and Equipment	4,934,401	94,186	(1,656,093)	-	3,372,494
Construction in Progress	-	-	-	-	-
<b>Total</b>	<b>\$ 16,796,789</b>	<b>\$ 94,186</b>	<b>\$ (1,656,093)</b>	<b>\$ -</b>	<b>\$ 15,234,882</b>

A summary of changes in the County's general fixed assets follows:

By Type:	General				General
	Fixed Assets	Adjustments			Fixed Assets
	1-Jul-01	& Additions	Retirements	Transfers	30-Jun-02
General Government	\$ 2,864,998	\$ 2,197	\$ (504,104)	\$ -	\$ 2,363,091
Public Safety	3,576,613	83,699	(478,483)	-	3,181,829
Human Services	8,795,774	8,290	(500,592)	-	8,303,472
Environmental Protection	1,347,066	-	(145,690)	-	1,201,376
Economic Development	212,338	-	(27,224)	-	185,114
Construction in Progress	-	-	-	-	-
<b>Total</b>	<b>\$ 16,796,789</b>	<b>\$ 94,186</b>	<b>\$ (1,656,093)</b>	<b>\$ -</b>	<b>\$ 15,234,882</b>

The large amount of retirements is due to a change in the capitalization policy from \$100 to \$1,000.

6. Summary of Proprietary Fixed Assets

The fixed assets of the Water District I Fund at June 30, 2002 are as follows:

	Fixed Assets	Accumulated Depreciation	Net
Construction in progress	\$ 7,892,848	\$ -	\$ 7,892,848
Equipment	2,081	(416)	1,665
Vehicles	4,647	(929)	3,718
<b>Total</b>	<b>7,899,576</b>	<b>(1,345)</b>	<b>7,898,231</b>

Notes to Financial Statements

The fixed assets of the Water District II Fund at June 30, 2002 are as follows:

	Fixed Assets	Accumulated Depreciation	Net
Plant & Distribution System	\$ 4,549,677	\$ (589,394)	\$ 3,960,283
Furniture & Maintenance Equipment	61,917	(46,387)	15,530
Vehicles	32,138	(24,098)	8,040
<b>Totals</b>	<b>\$ 4,643,732</b>	<b>\$ (659,879)</b>	<b>\$ 3,983,853</b>

The fixed assets of the Water District III Fund at June 30, 2002 are as follows:

	Fixed Assets	Accumulated Depreciation	Net
Land	\$ 2,000	\$ -	\$ 2,000
Plant & Distribution System	5,880,338	(627,976)	5,252,362
Furniture & Maintenance Equipment	48,626	(25,382)	23,244
Vehicles	25,910	(16,797)	9,113
Construction in Progress	-	-	-
<b>Totals</b>	<b>\$ 5,956,874</b>	<b>\$ (670,155)</b>	<b>\$ 5,286,719</b>

The fixed assets of the Water District IV Fund at June 30, 2002 are as follows:

	Fixed Assets	Depreciation	Net
Plant & Distribution System	\$ 89,943	\$ (1,799)	\$ 88,144
Furniture & Maintenance Equipment	35,377	(15,950)	19,427
Construction in Progress	12,385,733	-	12,385,733
<b>Totals</b>	<b>\$ 12,511,053</b>	<b>\$ (17,749)</b>	<b>\$ 12,493,304</b>

The fixed assets of the Water District V Fund at June 30, 2002 are as follows:

	Fixed Assets	Accumulated Depreciation	Net
Plant & Distribution System	\$ 1,529,759	\$ (30,595)	\$ 1,499,164
Furniture & Maintenance Equipment	12,146	(5,904)	6,242
Construction in Progress	7,618,094	-	7,618,094
<b>Totals</b>	<b>\$ 9,159,999</b>	<b>\$ (36,499)</b>	<b>\$ 9,123,500</b>

The fixed assets of the Water District VI Fund at June 30, 2002 are as follows:

	Fixed Assets	Accumulated Depreciation	Net
Plant & Distribution System	\$ 889,513	\$ (17,220)	\$ 872,293
Furniture & Maintenance Equipment	1,794	(359)	1,435
<b>Totals</b>	<b>\$ 891,307</b>	<b>\$ (17,579)</b>	<b>\$ 873,728</b>

Notes to Financial Statements

The fixed assets of the Water District VII Fund at June 30, 2002 are as follows:

	Fixed Assets	Accumulated Depreciation	Net
Furniture & Maintenance Equipment	\$ 29,172	\$ (12,257)	\$ 16,915
Construction in Progress	7,383,251	-	7,383,251
<b>Totals</b>	<b>\$ 7,412,423</b>	<b>\$ (12,257)</b>	<b>\$ 7,400,166</b>

The following is a summary of proprietary fund type fixed assets for the ABC Board at June 30, 2002:

Land	\$ 147,594
Buildings	470,053
Furniture & Equipment	258,988
Vehicles	15,277
<b>Total</b>	<b>891,912</b>
Less Accumulated Depreciation	<u>(543,102)</u>
<b>Fixed Assets, Net</b>	<b>\$ 348,810</b>

The following is a summary of fixed assets for Beaufort County Hospital at September 30, 2001:

Land & Improvements	\$ 1,865,745
Buildings	14,047,270
Equipment	12,444,861
Equipment Under Capital Lease	2,039,828
Construction in Progress	<u>3,762,060</u>
<b>Total</b>	<b>34,159,764</b>
Less Accumulated Depreciation	<u>(17,191,607)</u>
<b>Fixed Assets, Net</b>	<b>\$ 16,968,157</b>

The following is a summary of fixed assets for Warren Field Airport Commission at June 30, 2002:

Land & Equipment	\$ 497,226
Terminal Building	465,859
Clearing & Excavation	2,730
Lighting	2,675,031
Fuel Tanks & Pumps	57,212
Equipment	447,603
Construction in Progress	<u>51,667</u>
<b>Total</b>	<b>4,197,328</b>
Less Accumulated Depreciation	<u>(2,857,660)</u>
<b>Fixed Assets, Net</b>	<b>\$ 1,339,668</b>

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

Notes to Financial Statements

For Beaufort County the receivable as of June 30, 2002 including \$390,534 of interest is:

Year Ending June 30,	Installment Receivable
2002	\$ 166,003
2003	166,003
2004	166,003
2005	166,003
2006	166,003
Thereafter	<u>830,035</u>
Total	<u>\$ 1,660,050</u>

**B. Liabilities**

**1. Pension Plan Obligations**

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

**Plan Description** - Beaufort County and the ABC Board contributes to the statewide Local Government Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS's provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699, or by calling (919)-981-5454.

**Funding Policy** - Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.93% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.02% of annual covered payroll. The contribution requirements of members and of Beaufort County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2002, 2001, and 2000 were \$431,232, \$420,790 and \$329,295, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2002 was \$14,206. The contributions made by the County and the ABC Board equaled the required contributions for each year.

**b. Law Enforcement Officers Special Separation Allowance**

- (1) **Plan Description** - Beaufort County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provision to the North Carolina General Assembly. The County has made no contributions to this plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2001, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	1
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	-
Active Plan Members	<u>46</u>
Total	<u>47</u>

Notes to Financial Statements

(2) Summary of Significant Accounting Policies

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

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

(3) Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2001 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.9% to 9.8% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

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

Annual Required Contribution	\$ 30,861
Interest on Net Pension Obligation	4,809
Adjustment to Annual Required Contribution	<u>(3,492)</u>
Annual Pension Cost	32,178
Contributions 6-30-02	<u>16,332</u>
Increase (decrease) in Net Pension Obligation	15,846
Net Pension Obligation Beginning of Year	<u>66,326</u>
Net Pension Obligation End of Year	<u><u>\$ 82,172</u></u>

<u>Fiscal Year Ended, June 30</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2000	22,501	101.77%	65,178
2001	22,406	94.88%	66,326
2002	32,178	50.76%	82,172

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officers salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2002 were \$279,096, which consisted of \$104,289 from the County and \$174,807 from the law enforcement officers.

## Notes to Financial Statements

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

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

Funding Policy - On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the Fiscal year ended June 30, 2002, the County's required and actual contributions were \$ 11,619.

### e. Hospital Defined Contribution Employee Benefit Plans

The Hospital Board of Trustees has approved implementation of a defined contribution employee benefit plan effective October 1, 1996. This plan is to replace the defined benefit pension plan discussed below to provide more flexibility in future funding and a better benefit to the employees. However, plan documents have not been adopted pending a ruling from the Pension Benefit Guaranty Corporation (PBGC) regarding the Hospital's governmental status. The Board has approved an initial funding policy of 2% of earnings for all employees meeting a one-year of service requirement. The Hospital also has a Section 403(b) voluntary supplemental plan to which employees can voluntarily contribute. The Hospital will match employee contributions to this plan in excess of 2% of their earnings up to a maximum of 3%. (An employee contributing 5% would receive a 3% match from the hospital plus the 2%)

Estimated contributions to the above plans for the fiscal year ended September 30, 2001 and 2000 have been accrued in the amounts of \$341,342 and \$242,211, respectively. Also, interest has been accrued at the rate of 7.5% annually. These amounts are included in employees benefits expense and retirement plan contributions payable. Funds will be transferred to a trust account after the plan and trust are established by approval of plan documents as noted above.

### f. Beaufort County Hospital Pension Plan

The Hospital has terminated this noncontributory defined benefit pension plan and adopted a defined contribution plan. In, contemplation of this termination, the board of trustees froze the plan benefits as of September 30, 1996. The plan has been significantly over funded for several years; however, the laws and regulations governing defined benefit pension plans required the actuarial present value of accumulated plan benefits to be calculated using the rate for thirty year U.S. Treasury bonds for plan terminations. The actuarial present values are being determined for the plan using assumed rates of return of 7.5%. Use of a substantially lower rate for termination purposes would increase the present value of required benefits and could substantially reduce the over funded amount.

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

There was no expense charged to operations for benefits provided by this pension plan for the year ended September 30, 2001 and 2000.

In October 1999, the Hospital began distributing the retirement benefits accrued in the pension plan. As of September 30, 2001, benefits in the amount of \$4,275 were owed to participants who could not be located or who had not yet returned the required paperwork.

Notes to Financial Statements

g. Beaufort County Hospital Deferred Compensation Agreement

The Hospital entered into a deferred compensation agreement with Kenneth E. Ragland, the Chief Executive Officer of the Hospital. Mr. Ragland may elect to defer salary payments due to him under this agreement. These deferrals are credited to an Account on the records of the Hospital and are not transferred to any separate account for the benefit of Mr. Ragland. The Hospital agreed to credit this Account with \$7,500 each year until Mr. Ragland's employment terminates. The Hospital also agreed to match salary deferrals by Mr. Ragland in excess of \$5,000 annually, up to \$5,000, for a maximum credit by the Hospital of \$12,500.

The Account is also credited with earnings computed at the average rate being received by the Hospital on certificates of deposits. Mr. Ragland can receive payments from this Account after his employment terminates at age sixty-five. If he voluntarily resigns before attaining the age of sixty-five for any reason other than death or disability, all rights to this Account shall be forfeit. The balance in this account at September 30, 2001 of \$140,797 is included in accrued liabilities on the balance sheet. Annual increases are included in employee benefits expense.

h. Warren Field Airport Commission

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

2. Post employment Health Care Benefits

The County will provide individual hospitalization to any retired employee that meets either one of the following criteria:

Twenty (20) years of service with Beaufort County and reached age 60; or  
 Thirty (30) years of service with Beaufort County with no age requirement.

This benefit is offered until the individual is eligible for Medicare.

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 \$189,343 reported as landfill postclosure care liability at June 30, 2002 represents a cumulative amount reported to date. These amounts are based on what it would cost to perform all postclosure care in 1994. Beaufort County closed the facility in the year 1994. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

4. Deferred Revenues

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

	General Fund	Special Revenue Fund	Total Fund
Property Taxes Receivable	\$ 3,130,141	\$ 171,008	\$ 3,301,149
Installment Obligation Receivables	1,269,516	-	1,269,516
Total	\$ 4,399,657	\$ 171,008	\$ 4,570,665

5. Commitments

The County had commitments for building construction and water district expansion projects. These projects are being funded mainly by debt proceeds, grants and general fund appropriations.

The ABC Board has elected to pay direct costs of employment securities benefits in lieu of employment security taxes on payroll. A liability for benefit payments could accrue in the year following discharge of employees. For the year ended June 30, 2002 \$0.00 was paid.

## Notes to Financial Statements

### 6. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto and professional 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 a \$2 million limit for general liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property coverage, and single occurrence losses of \$350,000 for workers' compensation.

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

Beaufort County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Beaufort County Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical malpractice. The Hospital carries commercial insurance for these risks of loss.

The Warren Filed Airport Commission is exposed to various risks of loss' related torts; theft of, damage to, and destruction to assets; errors and omissions; and natural disasters. The Airport carries commercial insurance for risks of loss. There have been no significant reductions in insurance coverage in any of the past three fiscal years.

### 7. Claims and Judgements

At June 30, 2002, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### 8. Long-term Obligations

#### a. Capital Leases

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

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

Information Systems	\$ 197,379
Laboratory	176,460
Radiology	1,163,445
CCU	214,390
Telephone System	136,638
Obstetric	101,716
Patient Rooms	49,800
Total	2,039,828
Less Allowance for Depreciation	(1,850,405)
Total	<u>\$ 189,423</u>

Notes to Financial Statements

Amortization of capital leases is included in depreciation and amortization expense. Future minimum payments, by year and in the aggregate, under the capital leases with initial or remaining terms of one year or more consist of the following at September 30, 2001:

	Minimum Payments	Principal Payments
2002	58,444	43,554
2003	49,713	38,539
2004	49,713	42,112
2005	49,713	46,017
2006	16,572	16,269
Total Minimum Lease Payments	224,155	186,491
Amounts Representing Interest	37,664	-
Present Value of Net Minimum Lease Payments	<u>\$ 186,491</u>	<u>\$ 186,491</u>

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

Notes to Financial Statements

The County's general obligation bonds payable at June 30, 2002 are comprised of the following individual issues:

Serviced by the County's General Fund

\$200,000 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% \$ 1,100,000

\$9,405,000 1998 Refunding bonds, due on February 1 in installments ranging from \$1,095,000 to \$565,000 through February 2006; interest ranging from 4.0% to 4.4% \$ 3,300,000

Serviced by Water District I:

\$3,138,000 2001A Water Serial Bond due in annual installments; beginning in 2004; from \$33,000 to \$118,000 through June 1, 2041; interest at 4.875% \$ 3,138,000

\$2,329,300 2001B Water Serial Bond due in annual installments; beginning in 2004; from \$24,500 to \$98,000 through June 1, 2041; interest at 4.875% \$ 2,329,300

Serviced by Water District II Long Acre West:

\$4,226,000 1998 Water Serial Bond due in annual installments; beginning in 1998; from \$39,500 to \$158,000 through June 1, 2034; interest at 6.125% \$ 3,953,500

\$434,000 1998 Water Serial Bond due in annual installments, beginning in 1998; from \$4,500 to \$18,000 through June 1, 2034; interest at 6.125% \$ 406,000

Serviced by Water District III Long Acre East:

\$3,728,000 1998 Serial Bonds due in annual installments; beginning in 1998; from \$35,000 to \$140,000 through June 1, 2034; interest at 6.125% \$ 3,489,000

\$381,000 1991 Serial Bonds due in annual installments; beginning in 1998; from \$4,000 to \$16,000 through June 1, 2034; interest at 5.625% \$ 356,500

\$1,304,000 1998 Water Serial Bonds due in annual installments; beginning in 1999; from \$13,500 to \$54,000 through June 1, 2036; with interest only for 1998 & 1999; interest at 5.625% \$ 1,246,000

\$197,000 1998 Water Serial Bonds due in annual installments; beginning in 1999; from \$2,500 to \$10,000 through June 1, 2036; with interest only for 1998 & 1999; interest at 5.375% \$ 187,000

Notes to Financial Statements

Serviced by Water District IV Bath:

\$3,042,000 1999 Water Serial Bonds due in annual installments; beginning in 1999; from \$33,000 to \$132,000 through June 1, 2038; with interest only for 1999 & 2000; interest at 4.75% \$ 3,009,000

\$4,491,000 1998A Water Serial Bond due in annual installments; beginning in 1999; from \$48,500 to \$194,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 4,392,500

\$909,000 1998B Water Serial Bond due in annual installments; beginning in 1999; from \$11,000 to \$40,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 887,000

Serviced by Water District V Pantego:

\$3,223,000 1998A Water Serial Bond due in annual installments; beginning in 1999; from \$35,000 to \$140,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 3,151,500

\$777,000 1998B Water Serial Bond due in annual installments; beginning in 1999; from \$9,000 to \$36,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 759,000

Serviced by Water District VII Richland:

\$2,692,000 Series A 1999 Water Bonds due in annual installments; beginning in 1999; from \$28,500 to \$114,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 2,634,000

\$3,308,000 Series B 1999 Water Bonds due in annual installments; beginning in 1999; from \$35,000 to \$140,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 3,236,500

Total \$ 37,574,800

Annual debt service requirements to maturity for the County's general obligation bonds including interest of \$659,450 for General Long Term Debt Account Group and \$37,456,218 for the Water Fund are as follows:

Year Ending June 30,	General Long		Total
	Water Districts	Term Debt	
2003	\$ 2,051,217	\$ 1,248,920	\$ 3,300,137
2004	2,109,030	1,178,150	3,287,180
2005	2,106,051	1,112,520	3,218,571
2006	2,107,081	841,860	2,948,941
2007	2,106,341	239,000	2,345,341
Next 5 Years	10,519,900	439,000	10,958,900
Thereafter	49,631,398	-	49,631,398
Total	<u>\$ 70,631,018</u>	<u>\$ 5,059,450</u>	<u>\$ 75,690,468</u>

c. Installment Obligations

Beaufort County has entered into a loan agreement with Southern Bank for building expansions for Tideland Mental Health Center. The principal borrowed was \$1,700,000. The terms call for 25 annual payments of \$166,003 bearing interest at 5.20%. This debt is included in the General Long Term Debt Account Group.

Beaufort County has entered into a loan agreement with Nations Bank in order to purchase and renovate a building to be used for the Health Department. The principal borrowed was \$2,000,000. The terms call for 8 annual payments of \$301,982 bearing interest at 4.40%. This debt is included in the General Long Term Debt Account Group.

Notes to Financial Statements

Beaufort County has entered into a loan agreement with First Union Bank in order to purchase 122.22 acres for an industrial park. The principal borrowed was \$1,100,000. The terms call for quarterly payments of \$34,375 bearing interest at 6.64% for eight years. This debt is included in the General Long Term Debt Account Group.

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

Beaufort County Water District V has entered into a loan agreement with the North Carolina Department of Environmental, Health, and Natural Resources for construction of a water distribution system. The total to be borrowed is \$644,506. Terms call for a 20 year repayment at 3.215% interest. The entire amount of this loan is treated as a construction loan until the project is completed. This debt is included in the enterprise fund.

On January 12, 2000, the County of Beaufort secured financing for the Hospital's Expansion and Renovation Project, in the amount of \$5,000,000. On June 29, 2001, the County of Beaufort entered into an additional loan for \$1,500,000, also for the Hospital's Expansion and Renovation Project. The Hospital will repay the County for the debt incurred on the Hospital's behalf in 60 quarterly installments of \$120,393 including interest at 5.18% annually. The first payment was made in July 2000. The Hospital will also repay the County for the second loan in 60 quarterly installments of \$36,001 including interest at 5.13% annually. As of September 30, 2001, the Hospital had drawn down on these loans by incurring project expenditures of \$5,342,198. The County of Beaufort held the remaining debt proceeds in an interest-bearing account.

For Beaufort County, the future minimum payments as of June 30, 2002 include interest of \$ 2,971,267 in the General Long Term Debt Account Group and \$264,700 for the Water Funds is as follows:

Year Ending June 30.	General Long		Total
	Water Districts	Term Debt	
2003	\$ 91,893	\$ 1,291,836	\$ 1,383,729
2004	89,470	1,282,694	1,372,164
2005	87,046	1,273,564	1,360,610
2006	84,530	991,548	1,076,078
2007	82,091	934,761	1,016,852
Next 5 Years	369,513	4,333,053	4,702,566
Thereafter	283,733	1,903,372	2,187,105
Total	<u>\$ 1,088,276</u>	<u>\$ 12,010,828</u>	<u>\$ 13,099,104</u>

The Hospital issued an installment note payable to Nations Bank, N.A. on February 15, 1999. This note is payable in monthly installments of \$2,516.35 including interest at 4.75% annually. This note is secured by real estate located near the Hospital. The proceeds of this note were used for operating cash flow.

The Hospital issued an installment note payable to Nations Bank, N.A. on February 15, 1999. This note is payable in monthly installments of \$2,985.43 including interest at 6.75% annually. This note is secured by real estate located adjacent the Hospital. The proceeds of this note were used for operating cash flow.

The Hospital issued an installment note payable to Nations Bank, N.A. n January 25, 1996. This note is payable in monthly installments of \$2,691.61 plus interest at 5.25% annually, and one final payment of \$91,195 due January 24, 2001. This note is secured by real estate located in the Town of Aurora. The proceeds of this note were used to purchase the Aurora Medical Center building and surrounding 5.09 acres, Town of Aurora, North Carolina.

The Hospital issued an installment note payable to Nations Bank, N.A. on July 28, 1998. This note is payable in monthly installments of \$7,269.08 including interest at 4.10% annually. This note is secured by real estate located adjacent to the Hospital. The proceeds of this note were used to purchase approximately 16.4 acres of unimproved real estate adjacent to the Hospital.

Notes to Financial Statements

First Citizens Bank and Trust

The Hospital entered into an installment purchase contract with First Citizens Bank and Trust Company, on December 8, 1999. The contract requires 60 monthly installments of \$7,480 including interest at 4.79% annually. This contract enabled the Hospital to purchase a multipurpose x-ray machine that also serves as the securities for this agreement.

Wachovia Leasing Corporation

The Hospital entered into an installment purchase contract with Wachovia Leasing Corporation on June 21, 2000. The contract requires 59 monthly installments of \$4,839 including interest at 5.64% annually. This contract enabled the Hospital to purchase a 450D EPS System that also serves as the security for this agreement.

County of Beaufort

On January 12, 2000, the County of Beaufort secured financing for the Hospital's Expansion and Renovation Project, in the amount of \$5,000,000. The Hospital will repay the County for the debt incurred on the Hospital's behalf in 60 quarterly installments of \$120,393 including interest at 5.18% annually. The first payment was made in July 2000. As of September 30, 2001, the Hospital had drawn down on this debt by incurring project expenditures of \$5,342,198. The County of Beaufort held the remaining debt proceeds in an interest-bearing account.

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

2002	\$ 555,615
2003	584,582
2004	614,089
2005	543,236
2006	523,606
Thereafter	<u>3,445,399</u>
Total Payable	6,266,527
Less Current Maturities	<u>(555,615)</u>
Long Term Portion	<u>\$ 5,710,912</u>

The following is a summary of charges in the County's general long-term debt for the fiscal year ended June 30, 2002:

	Balance 07/01/01	Additions	Retirements	Balance 6/30/2002
<b>By Type:</b>				
General Obligation Bonds	\$ 5,455,000	\$ -	\$ (1,055,000)	\$ 4,400,000
Capitalized Leases	-	-	-	-
Installment Purchases	8,711,759	1,100,000	(772,198)	9,039,561
Compensated Absences	476,532	26,440	-	502,972
Landfill Postclosure Care	189,343	-	-	189,343
Total	<u>\$ 14,832,634</u>	<u>\$ 1,126,440</u>	<u>\$ (1,827,198)</u>	<u>\$ 14,131,876</u>
<b>By Function:</b>				
General Government	\$ -	\$ -	\$ -	\$ -
Economic & Physical Development	-	1,100,000	-	1,100,000
Education	4,303,300	-	(1,055,000)	3,248,300
Human Services	2,452,362	-	(418,000)	2,034,362
Environmental Protection	189,343	-	-	189,343
Public Safety	45,000	-	(45,000)	-
Compensated Absences	476,532	26,440	-	502,972
Hospital	7,366,097	-	(309,198)	7,056,899
Total	<u>\$ 14,832,634</u>	<u>\$ 1,126,440</u>	<u>\$ (1,827,198)</u>	<u>\$ 14,131,876</u>

Notes to Financial Statements

At June 30, 2002, Beaufort County had a legal debt margin of \$204,562,136.

9. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2002 is as follows:  
Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Water Districts	\$ 409,979

C. Fund Equity

Enterprise Fund - Contributed Capital

Grants, entitlements, and shared revenues restricted for the acquisition or construction of capital assets are recorded as contributed capital prior to the implementation of GASB Statement 33, Accounting and Financial Reporting for Nonexchange Transactions. As required by the GASB Statement 33, the County has begun recognizing capital contributions as revenue in the current year rather than as contributed capital. The County utilizes an option allowed under NCGA Statement 2 for the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Exhibit 4) whereby it closes depreciation expense on assets acquired or constructed through grants, entitlements, or shared revenues to the contributed capital account rather than to retained earnings.

The following is a summary of changes in contributed capital of the County for the fiscal year ended June 30, 2002.

<u>Source</u>	<u>Water District</u>
Beginning Balance, July 1, 2001	\$ 8,364,047
Additions	-
Ending Balance, June 30, 2002	<u>\$ 8,364,047</u>

D. Industrial Revenue Bond Outstanding

An industrial revenue bond was issued on August 28, 1982 for \$22,700,000 through Beaufort County Facilities and Pollution Control Financing Authority to Texasgulf Inc. (now PCS Phosphate Company, Inc.). The Bond is to be repaid by PCS Phosphate Company, Inc. and is not shown on the County's financial statements. The outstanding balance on the industrial revenue bond at June 30, 2002 was \$22,700,000.

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 members of 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.

## Notes to Financial Statements

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, 2002. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$111,000 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library offices, at 158 N Market Street, Washington, NC 27889.

The County in conjunction with the State of North Carolina and the Beaufort County Board of Education participates in a joint venture to operate the Beaufort County Community College. Each of the three participants appoints five members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic 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 responsibility to provide funding for the community college's facilities. The County contributed \$1,102,500 and \$326,252 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2002. 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, 2002. 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 services for drug and mental health prevention, treatment and rehabilitation services. The County contributed \$115,800 to the Center during fiscal year ended June 30, 2002. Complete financial statements for the Center can be obtained from the Center's administrative offices at 1308 Highland Drive, Washington, NC 27889.

### NOTE 5: Jointly Governed Organization

The County, in conjunction with four other counties and thirty-nine municipalities, established the Mid-East Commission. The participating governments established the Commission to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$12,713 to the Council during the fiscal year ended June 30, 2002.

### NOTE 6: Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Tax

State law (Chapter 105, Article 40 and 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, 2002, the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for public school capital outlays.

### NOTE 7: Public School Building Bond Act of 1996

The General Assembly passed the Public School Building Bond Act of 1996 to provide for the issuance of \$1.8 billion in State bonds to be used for making grants to counties for qualified public school capital outlay projects. The department of Public Instruction is responsible for project approval and the distribution of funds. The principal amounts of bonds or notes issued by the State in any twelve-month period may not exceed \$450 million.

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

## Notes to Financial Statements

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

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

### NOTE 8:

#### School Facilities Finance Act of 1987

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

##### 1. Public School Building Capital Fund

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

The corporate income taxes deposited into the fund are allocated to Beaufort County on the basis of the average daily membership (ADM) for Beaufort County Board of Education as determined by the State Board of Education. The Office of

State Budget and Management establishes and maintains an ADM allocation account for the County. At June 30, 2002, the balance of the County's ADM allocation account was \$1,351,588. The County must match this balance on the basis of one dollar for every three dollars of State funds.

After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At June 30, 2002, the County's disbursing account had a balance of \$ 124,395.

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

##### 2. Critical School Facilities Needs Fund

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

Grants are awarded by the State Board of Education based on the grant priority list established in 1998 by the Commission on School Facility Needs. A joint application must be made by the Beaufort County Board of Commissioners and the Beaufort County Board of Education. At June 30, 2002, the Boards had not submitted a grant application to the Commission on School Facility Needs.

### NOTE 9:

#### Summary Disclosure of Significant Contingencies

##### 1. Federal and State Assisted Programs

The County and Warren Field Airport Commission have received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies 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.

Notes to Financial Statements

NOTE 10: Major Taxpayer

Beaufort County had property tax revenue from one taxpayer in 2002 of approximately \$2,857,361, which accounted for approximately 16% of net property tax levied.

NOTE 11: Budget-to-GAAP-Reconciliation

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

Special Revenue Fund	Expenditures & Other Assets	
Per Exhibit 3-Budgetary Basis	\$	(47,684)
Timing Difference		
Transactions of Funds with Multi-Year Budgets		
Revenues		871,008
Expenses		(877,311)
Other financing sources		8,509
Per Exhibit 2-GAAP Basis	\$	(45,478)

NOTE 12: Stewardship, Compliance, and Accountability

A. Deficit in Retained Earnings

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

Water District II	\$	(26,010)
Water District III	\$	(427,091)

NOTE 13: Benefit Payments Issued by the State

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

Benefit Payments Issued by the State

	Federal	State
Food Stamp Program	\$ 4,330,495	\$ -
TANF Aid to Families with Dependent Children	954,979	-
Medicial Assistance Program	31,122,266	16,205,595
Special Supplemental Food Program for Women, Infants and Children	970,145	-
Energy Assistance Payment	204,446	-
CWS Adopt Subsidy & Vendor	14,919	41,921
IV-E Adopt Subsidy & Vendor	198,516	56,782
Special Assistance-Aged & Disabled	-	502,618
IV-E Foster Home	274,620	56,340
State Foster Home	-	18,237
Community Based Alternative	-	157,429

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.

Beaufort County, North Carolina  
 Law Enforcement Officers' Special Separation Allowance  
 Required Supplementary Information  
 Schedule of Funding Progress

Exhibit A-1

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
31-Dec-91	-	68,172	68,172	0.0%	515,292	13.23%
31-Dec-92	-	72,119	72,119	0.0%	553,888	13.02%
31-Dec-93	-	87,049	87,049	0.0%	737,811	11.80%
31-Dec-94	-	90,208	90,208	0.0%	794,597	11.35%
31-Dec-95	-	113,791	113,791	0.0%	844,751	13.47%
31-Dec-96	-	126,204	126,204	0.0%	865,459	14.58%
31-Dec-97	-	114,269	114,269	0.0%	955,671	11.96%
31-Dec-98	-	167,493	167,493	0.0%	998,974	16.77%
31-Dec-99	-	151,963	151,963	0.0%	1,207,616	12.58%
31-Dec-00	-	227,746	227,746	0.0%	1,211,699	18.80%
31-Dec-01	-	221,078	221,078	0.0%	1318945	16.76%

Beaufort County, North Carolina  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**

Exhibit A-2

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Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Net Pension Obligation End of Year
1998	18,827	34.89%	65,631
1999	17,402	100.31%	65,557
2000	22,501	101.77%	65,178
2001	22,406	94.88%	66,326
2002	32,178	50.76%	82,172

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**Notes to the Required Schedules:**

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

Valuation Date	December 31, 2001
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases	5.9%-9.8%
Includes Inflation at	3.75%
Cost of Living Adjustments	N/A

GENERAL FUND

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

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Beaufort County, North Carolina  
 General Fund  
 Comparative Balance Sheets  
 June 30, 2002 and 2001

Exhibit B-1

	June 30, 2002	June 30, 2001
<b>Assets</b>		
Cash and Investments	\$ 7,805,142	\$ 5,863,846
Receivables (Net):		
Taxes	3,130,141	2,897,063
Due from other funds	409,979	567,829
Due from component unit	-	45,188
Accounts	2,607,581	2,514,166
Installment obligation receivable	-	-
Current	99,991	99,991
Noncurrent	1,169,525	1,264,533
Total Assets	\$ 15,222,359	\$ 13,252,616
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 1,835,562	\$ 1,294,198
Due to other funds	-	28,149
Deferred Revenues	4,399,657	4,261,588
Total Liabilities	6,235,219	5,583,935
 <b>Fund balances:</b>		
Reserved by State Statute	3,017,560	3,067,562
Reserved for Register of Deeds	10,251	-
Unreserved:		
Designated for Subsequent Year's Expenditures	-	-
Designated - Other	-	-
Undesignated	5,959,329	4,601,119
Total Fund Balances	8,987,140	7,668,681
 Total Liabilities and Fund Balances	\$ 15,222,359	\$ 13,252,616

## General Fund

Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2002

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Current Year Taxes	\$	\$ 16,989,954	\$	\$ 15,326,989
Prior Year Taxes		913,964		812,831
Penalties and Interest		253,229		248,090
Total	<u>18,076,261</u>	<u>18,157,147</u>	<u>80,886</u>	<u>16,387,910</u>
<b>Local Option Sales Taxes:</b>				
Article 39 One Percent		3,003,539		2,912,986
Article 40 One - Half of One Percent		1,849,569		1,908,367
Article 42 One - Half of One Percent		1,833,017		1,892,109
Total	<u>6,800,000</u>	<u>6,686,125</u>	<u>(113,875)</u>	<u>6,713,462</u>
<b>Other Taxes and Licenses:</b>				
Documentary stamps		113,685		106,947
Scrap tire disposal tax		92,166		42,195
White goods disposal tax		21,903		17,772
Privilege tax		8,698		9,440
E911 wireless surcharge		-		-
Other		12,770		8,594
Total	<u>208,671</u>	<u>249,222</u>	<u>40,551</u>	<u>184,948</u>
<b>Unrestricted Intergovernmental:</b>				
Inventories Tax Reimbursements		404,357		816,153
Intangibles tax		517,578		514,060
Beer and wine tax		-		128,228
Sales and gas tax refunds		140,529		14,502
Floyd - tax revenue loss		-		-
Food Stamp Tax Reimbursements		43,695		43,689
Senior citizens exemption		-		27,391
Total	<u>990,644</u>	<u>1,106,159</u>	<u>115,515</u>	<u>1,544,023</u>
<b>Restricted Intergovernmental:</b>				
State and Federal Grants		7,267,396		7,010,140
Loan reimbursements		980,440		1,064,940
FEMA disaster funds		54,168		-
ABC Tax		13,592		13,768
Facilities Fees		125,609		144,285
Total	<u>9,021,509</u>	<u>8,441,205</u>	<u>(580,304)</u>	<u>8,233,133</u>
<b>Permits and Fees:</b>				
Building Permits and Inspection Fees		123,316		112,994
Register of Deeds		227,857		181,358
Other		5,425		12,849
Total	<u>327,234</u>	<u>356,598</u>	<u>29,364</u>	<u>307,201</u>

## General Fund

Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2002

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Sales and Services:</b>				
Rent and Concessions		156,214		142,909
Rescue squad		25,457		7,332
Prisoners' reimbursements		160,116		191,699
Court costs		69,188		71,740
Environmental Health Fees		58,548		66,142
Medicaid fees		-		481,536
Patient fees - Nursing home & Health Dept.		1,130,252		1,185,900
School resource officer		117,620		30,777
Animal control fees		5,101		4,072
Candidate fees		5,424		-
Sheriff's fees		24,371		21,007
Lanfill fees/charges		2,006,162		2,267,774
Collection fees		63,739		60,247
Cable fees		69,397		48,610
<b>Total</b>	<b>4,092,545</b>	<b>3,891,590</b>	<b>(200,955)</b>	<b>4,579,745</b>
<b>Investment Earnings</b>	<b>160,000</b>	<b>144,467</b>	<b>(15,533)</b>	<b>316,773</b>
<b>Miscellaneous:</b>				
Sale of Assets/Insurance Claims		16,384		57,321
Reimbursement for VFD's		102,521		45,160
Donations		2,169		6,146
Miscellaneous		180,733		289,338
<b>Total</b>	<b>268,775</b>	<b>301,807</b>	<b>33,032</b>	<b>397,965</b>
<b>TOTAL REVENUES</b>	<b>39,945,639</b>	<b>39,334,319</b>	<b>(611,320)</b>	<b>38,665,160</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
Governing body		82,862		80,350
County manager		469,425		399,602
Elections		83,153		128,451
Finance		234,804		216,615
Tax assessor		938,635		886,580
Legal		28,138		57,970
Register of deeds		265,149		217,185
Public buildings		855,917		1,016,063
Court facilities		192,636		173,551
Tax collector		219,888		288,858
Land records		200,474		220,289
<b>Total general government</b>	<b>3,704,218</b>	<b>3,571,081</b>	<b>133,137</b>	<b>3,685,514</b>

Beaufort County, North Carolina  
General Fund

Exhibit B-2

Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2002

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Public Safety:</b>				
Sheriff		2,264,121		2,369,115
Jail		956,259		978,643
Emergency communications		311,573		294,838
Emergency management		88,517		76,515
Fire protection		101,218		102,125
Inspections		206,319		222,054
Ambulance/Rescue service		177,520		206,943
Animal control		104,545		122,921
Medical examiner		23,750		41,325
Total	<u>4,375,823</u>	<u>4,233,822</u>	<u>142,001</u>	<u>4,414,479</u>
<b>Economic and physical development</b>				
Economic development		281,217		1,032,614
Agricultural extension		189,555		208,761
Soil/water conservation		137,808		118,182
Total	<u>611,504</u>	<u>608,580</u>	<u>2,924</u>	<u>1,359,557</u>
<b>Human services:</b>				
Administration - general		124,936		223,858
Aids control		27,606		28,682
TB program		37,525		36,709
Immunization		119,635		102,243
Health promotion		143,690		108,301
Child health		114,353		96,718
Maternal health		335,307		253,934
WIC - Administration		174,159		175,475
Environmental health		440,271		484,152
Family planning		314,576		273,395
Other health programs		101,293		84,939
Total human services	<u>2,218,790</u>	<u>1,933,351</u>	<u>285,439</u>	<u>1,868,406</u>
<b>Mental Health:</b>				
General appropriation		115,800		127,000
Alcohol rehab		17,000		17,000
Total	<u>132,800</u>	<u>132,800</u>	<u>-</u>	<u>144,000</u>
Beaufort County Develop Center	<u>48,250</u>	<u>48,250</u>	<u>-</u>	<u>95,000</u>
NC Elderly handicapped transportation	<u>19,000</u>	<u>17,908</u>	<u>1,092</u>	<u>18,219</u>

Beaufort County, North Carolina  
General Fund

Exhibit B-2

Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2002

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Social services:</b>				
Administration		3,533,155		3,765,380
State In-Home Aging Services		283,310		285,917
Day care		2,114,748		2,041,467
Medical assistance		3,054,155		2,655,223
Energy assistance		125,924		-
Other assistance		27,863		532,116
County provided services		7,000		6,057
Transportation - elderly		43,425		18,482
Child support enforcement		597,877		446,768
Aid to the blind program		11,798		17,918
Special assistance		502,618		466,654
Foster care		242,687		195,544
Work first program		73,302		98,498
<b>Total</b>	<b>11,426,742</b>	<b>10,617,862</b>	<b>808,880</b>	<b>10,530,024</b>
<b>Other human services</b>				
County home		1,079,485		1,089,453
Veterans services		31,300		30,862
Youth services		182,555		182,107
<b>Total</b>	<b>1,348,782</b>	<b>1,293,340</b>	<b>55,442</b>	<b>1,302,422</b>
<b>Total Social Services</b>	<b>12,775,524</b>	<b>11,911,202</b>	<b>864,322</b>	<b>11,832,446</b>
<b>Total Human Services</b>	<b>15,194,364</b>	<b>14,043,511</b>	<b>1,150,853</b>	<b>13,958,071</b>
<b>Cultural and Recreational:</b>				
Recreation		41,749		44,567
Library		119,800		127,800
Special Appropriations		26,095		62,632
<b>Total Cultural and Recreational</b>	<b>187,766</b>	<b>187,644</b>	<b>122</b>	<b>234,999</b>
<b>Enviromental protection:</b>				
Solid waste	3,543,546	3,304,554	238,992	3,499,399
<b>Education:</b>				
<b>Public Schools:</b>				
Current Expense		7,222,073		7,320,950
Capital Outlay		851,211		1,171,880
<b>Community Colleges:</b>				
Current Expense		1,102,500		1,050,000
Capital Outlay		326,252		500,000
<b>Total Education</b>	<b>9,502,036</b>	<b>9,502,036</b>	<b>-</b>	<b>10,042,830</b>
<b>Debt Service:</b>				
Principal Retirement		1,828,160		2,170,650
Interest and Fees		733,563		393,490
<b>Total Debt Service</b>	<b>2,636,203</b>	<b>2,561,723</b>	<b>74,480</b>	<b>2,564,140</b>
<b>TOTAL EXPENDITURES</b>	<b>39,755,460</b>	<b>38,012,951</b>	<b>1,742,509</b>	<b>39,758,989</b>

General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2002

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues over Expenditures	190,179	1,321,368	1,131,189	(1,093,829)
Other financing sources (uses):				
Proceeds From Capital Leases	-	-	-	-
Fund Balance Appropriated	(214,016)	-	214,016	-
Operating Transfers (to)/from Other Funds:				
Capital Projects	-	-	-	-
Capital Projects	-	-	-	-
Capital Projects	-	-	-	-
Water Districts	-	-	-	815,000
Special revenue fund - Capital Reserve	-	-	-	146,000
Operating Transfers (to)/from Component Units				
Beaufort County ABC Board	80,000	53,254	(26,746)	86,113
Warren Field Airport Commission	(56,163)	(56,163)	-	(46,000)
Total Other Financing Sources (Uses)	(190,179)	(2,909)	187,270	1,001,113
Revenues and other financing sources over expenditures and other financing uses	\$ -	1,318,459	\$ 1,318,459	(92,716)
Fund balances:				
Beginning of year, July 1		7,668,681		7,761,397
End of year, June 30		\$ 8,987,140		\$ 7,668,681

Budgeted Revs  
 39,945,639

Actual Revenues  
 39,334,319

Budgeted Exps  
 39,755,460

Actual Exps  
 38,012,951

Other/Transfers

Other/Transfers

## SPECIAL REVENUE FUNDS

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Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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Combining Balance Sheets

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Revaluation Fund

Economic Development

Washington Administration Unit

Fire District Funds (All Fire Districts)

Arbitrage Reserve

E911 Fund

NC Housing Finance Agency

Hazardous Mitigation

Disaster Relief Initiative Fund

NC Disaster Relief Initiative Fund

Capital Reserve

CDBG Fund

Beaufort County, North Carolina  
Special Revenue Funds  
Combining Balance Sheet  
June 30, 2002  
(With Comparative Totals for June 30, 2001)

Exhibit C-1

	<u>Revaluation</u>	<u>Economic Development</u>	<u>Washington Administrative Unit</u>	<u>Fire Tax Districts</u>	<u>Arbitrage Reserve</u>	<u>E911 Service</u>
<b>Assets:</b>						
Cash and Cash Equivalents	\$ 11,701	\$ 43,009	\$ -	\$ 266,280	\$ 150,764	\$ 131,106
Accounts Receivable	-	448	-	-	-	36,039
Taxes Receivable (Net)	-	-	11,641	159,367	-	-
Due from other funds	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 11,701</u></b>	<b><u>\$ 43,457</u></b>	<b><u>\$ 11,641</u></b>	<b><u>\$ 425,647</u></b>	<b><u>\$ 150,764</u></b>	<b><u>\$ 167,145</u></b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable and Accrued Liabilities	\$ -	\$ 843	\$ -	\$ 266,280	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Deferred Revenue	-	-	11,641	159,367	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>843</u></b>	<b><u>11,641</u></b>	<b><u>425,647</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>						
Reserved by State Statute	-	448	-	-	-	36,039
Designated for Subsequent Year's Expenditures	-	-	-	-	-	-
Undesignated	11,701	42,166	-	-	150,764	131,106
<b>Total Fund Balances</b>	<b><u>11,701</u></b>	<b><u>42,614</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>150,764</u></b>	<b><u>167,145</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 11,701</u></b>	<b><u>\$ 43,457</u></b>	<b><u>\$ 11,641</u></b>	<b><u>\$ 425,647</u></b>	<b><u>\$ 150,764</u></b>	<b><u>\$ 167,145</u></b>

NC Housing Finance Agency	Hazardous Mitigation	Disaster Relief Initiative	NC Disaster Relief Initiative	Capital Reserve	CDBG Fund	Totals	
						June 30, 2002	June 30, 2001
\$ 28,104	-	-	\$ -	\$ 312,409	\$ -	\$ 943,373	\$ 943,205
-	-	-	-	-	-	36,487	33,582
-	-	-	-	-	-	171,008	101,283
-	-	-	-	-	-	-	28,149
<u>\$ 28,104</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 312,409</u>	<u>\$ -</u>	<u>\$ 1,150,868</u>	<u>\$ 1,106,219</u>
\$ -	2,729	56,540	\$ 3,799	\$ -	\$ 2,060	\$ 332,251	\$ 311,849
-	-	-	-	-	-	-	-
-	-	-	-	-	-	171,008	101,283
<u>-</u>	<u>2,729</u>	<u>56,540</u>	<u>3,799</u>	<u>-</u>	<u>2,060</u>	<u>503,259</u>	<u>413,132</u>
-	-	-	-	-	-	36,487	33,582
-	-	-	-	-	-	-	-
<u>28,104</u>	<u>(2,729)</u>	<u>(56,540)</u>	<u>(3,799)</u>	<u>312,409</u>	<u>(2,060)</u>	<u>611,122</u>	<u>659,505</u>
<u>28,104</u>	<u>(2,729)</u>	<u>(56,540)</u>	<u>(3,799)</u>	<u>312,409</u>	<u>(2,060)</u>	<u>647,609</u>	<u>693,087</u>
<u>\$ 28,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,409</u>	<u>\$ -</u>	<u>\$ 1,150,868</u>	<u>\$ 1,106,219</u>

Beaufort County, North Carolina  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2002  
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

Exhibit C-2

	Revaluation	Economic Development	Washington Administrative Unit	Fire Tax Districts	Arbitrage Reserve	E911 Service
<b>Revenues:</b>						
Ad Valorem Taxes	\$ -	\$ -	\$ 269	\$ 1,032,075	\$ -	\$ 321,712
Investment Earnings	-	1,185	-	-	3,514	-
Sales Tax Revenue	-	-	-	-	-	-
Restricted Intergovernmental	-	214,764	-	-	-	-
Other	-	636	-	-	-	-
Total revenues	<u>-</u>	<u>216,585</u>	<u>269</u>	<u>1,032,075</u>	<u>3,514</u>	<u>321,712</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Public Safety	-	-	-	1,032,075	-	345,747
Education	-	-	269	-	-	-
Debt Service	-	-	-	-	-	-
Economic and Physical Development	-	1,351,513	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,351,513</u>	<u>269</u>	<u>1,032,075</u>	<u>-</u>	<u>345,747</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(1,134,928)</u>	<u>-</u>	<u>-</u>	<u>3,514</u>	<u>(24,035)</u>
<b>Other Financing Sources:</b>						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
From Primary Government	-	-	-	-	-	-
Proceeds from Installment Loan	-	1,100,000	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	-	(34,928)	-	-	3,514	(24,035)
<b>Fund balances:</b>						
Beginning of Year, July 1	<u>11,701</u>	<u>77,542</u>	<u>-</u>	<u>-</u>	<u>147,250</u>	<u>191,180</u>
End of year, June 30	<u>\$ 11,701</u>	<u>\$ 42,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,764</u>	<u>\$ 167,145</u>

NC Housing Finance Agency	Hazardous Mitigation	Disaster Relief Initiative	NC Disaster Relief Initiative	Capital Reserve	CDBG Fund	Totals	
						June 30, 2002	June 30, 2001
-	-	-	-	-	\$ -	\$ 1,354,056	\$ 1,141,804
-	-	-	-	7,765	-	12,464	32,484
-	-	-	-	-	-	-	-
127,557	696,904	29,202	-	-	17,345	1,085,772	2,891,671
-	-	-	-	-	8,509	9,145	-
<u>127,557</u>	<u>696,904</u>	<u>29,202</u>	<u>-</u>	<u>7,765</u>	<u>25,854</u>	<u>2,461,437</u>	<u>4,065,959</u>
-	-	-	-	-	-	1,377,822	1,027,636
-	-	-	-	-	-	269	656
-	-	-	-	-	-	-	-
98,048	668,407	82,942	-	-	27,914	2,228,824	2,153,266
<u>98,048</u>	<u>668,407</u>	<u>82,942</u>	<u>-</u>	<u>-</u>	<u>27,914</u>	<u>3,606,915</u>	<u>3,181,558</u>
<u>29,509</u>	<u>28,497</u>	<u>(53,740)</u>	<u>-</u>	<u>7,765</u>	<u>(2,060)</u>	<u>(1,145,478)</u>	<u>884,401</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(311,859)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,100,000	-
-	-	-	-	-	-	1,100,000	(311,859)
29,509	28,497	(53,740)	-	7,765	(2,060)	(45,478)	572,542
(1,405)	(31,226)	(2,800)	(3,799)	304,644	-	693,087	120,545
<u>28,104</u>	<u>(2,729)</u>	<u>(56,540)</u>	<u>(3,799)</u>	<u>312,409</u>	<u>\$ (2,060)</u>	<u>\$ 647,609</u>	<u>\$ 693,087</u>

Beaufort County, North Carolina  
 Revaluation Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2002  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001

Exhibit C-3

	2002			2001
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-
<b>Total Revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Total Economic & Physical Development	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers from General Fund	-	-	-	-
Proceeds from Lease Purchase	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance Appropriated</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1		<u>11,701</u>		<u>11,701</u>
End of Year, June 30		<u>\$ 11,701</u>		<u>\$ 11,701</u>

Beaufort County, North Carolina  
Economic Development  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2002

Exhibit C-4

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues</b>				
Restricted Intergovernmental	\$	\$ 214,764	\$	\$ 237,755
Investment Earnings		1,185		
Other income		636		2,368
<b>Total revenues</b>	<u>-</u>	<u>216,585</u>	<u>216,585</u>	<u>240,123</u>
<b>Expenditures:</b>				
Economic and Physical development		1,351,513		214,993
<b>Total Expenditures</b>	<u>1,351,139</u>	<u>1,351,513</u>	<u>(374)</u>	<u>214,993</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(1,351,139)</u>	<u>(1,134,928)</u>	<u>216,211</u>	<u>25,130</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Installment Loan		1,100,000		
Operating Transfers in	-	-		-
<b>Total Other Financing Sources (Uses)</b>	<u>1,321,760</u>	<u>1,100,000</u>	<u>(221,760)</u>	<u>-</u>
<b>Revenues and Other Financing Sources Over (Under) Uses</b>	<u>(29,379)</u>	<u>(34,928)</u>	<u>(5,549)</u>	<u>25,130</u>
<b>Fund Balance Appropriated</b>	<u>29,379</u>	<u>-</u>	<u>(29,379)</u>	<u>-</u>
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	<u>\$ -</u>	<u>(34,928)</u>	<u>\$ (34,928)</u>	<u>25,130</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1		77,542		52,412
End of Year, June 30		<u>\$ 42,614</u>		<u>\$ 77,542</u>

Beaufort County, North Carolina  
Washington Administrative Unit  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2002

Exhibit C-5

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001

	2002			2001
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Ad valorem taxes	\$ 300	\$ 269	\$ (31)	\$ 656
<b>Expenditures:</b>				
Education - School current expense		269		656
Total Expenditures	300	269	31	656
<b>Revenues Over (Under) Expenditures</b>	-	-	-	-
<b>Other Financing Sources (Uses):</b>				
Operating Transfers from General Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
<b>Revenues and Other Financing Sources Over (Under) Uses</b>	-	-	-	-
<b>Fund Balance Appropriated</b>	-	-	-	-
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ -	-	\$ -	-
<b>Fund Balance:</b>				
Beginning of Year, July 1		-		-
End of Year, June 30		\$ -		\$ -

Beaufort County, North Carolina  
**Fire District Funds (All Fire Districts)**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2002**  
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

Exhibit C-6

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Total Revenues	\$ 1,075,233	1,032,075	\$ (43,158)	835,247
<b>Expenditures:</b>				
Public safety:				
Total Expenditures	1,075,233	1,032,075	43,158	835,247
Revenues Over (Under) Expenditures	-	-	-	-
<b>Other Financing Sources (Uses):</b>				
Proceeds from Installment Loan	-	-	-	-
Transfer to General Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Revenues and Other Financing Sources Over (Under) Uses	-	-	-	-
Fund Balance Appropriated	-	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	-	\$ -	-
<b>Fund Balance:</b>				
Beginning of Year, July 1		-		-
End of Year, June 30		\$ -		\$ -

Beaufort County, North Carolina  
 Arbitrage Reserve  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2002

Exhibit C-7

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues</b>				
Investment Earnings	\$ -	\$ 3,514	\$ 3,514	\$ 12,864
<b>Expenditures</b>	-	-	-	
<b>Revenues Over (Under) Expenditures</b>	-	3,514	3,514	12,864
<b>Other Financing Sources (Uses):</b>				
Operating Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
<b>Revenues and Other Financing Sources Over (Under) Uses</b>	-	3,514	3,514	12,864
<b>Fund Balance Appropriated</b>	-	-	-	-
<b>Revenues, Other Sources and Appropriated Transfer in(out)</b>	-	-	-	(165,859)
<b>Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ -	3,514	\$ 3,514	(152,995)
<b>Fund Balance:</b>				
Beginning of Year, July 1		147,250		300,245
End of Year, June 30		\$ 150,764		\$ 147,250

Beaufort County, North Carolina  
**E911 Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2002  
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

Exhibit C-8

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
Emergency Telephone System Charges		\$ 321,712		\$ 305,901
Total Revenues	\$ 300,000	321,712	\$ 21,712	305,901
<b>Expenditures:</b>				
Public safety:				
E 911 Service		185,589		164,919
Capital Outlay		160,158		27,470
Total Expenditures	343,270	345,747	(2,477)	192,389
Revenues Over (Under) Expenditures	(43,270)	(24,035)	19,235	113,512
<b>Other Financing Sources (Uses):</b>				
Proceeds from Lease Purchase	-	-	-	-
Transfer to General Fund	-	-	-	-
Transfer from General Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(43,270)	(24,035)	19,235	113,512
Fund Balance Appropriated	43,270	-	(43,270)	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	(24,035)	\$ (24,035)	113,512
<b>Fund Balance:</b>				
Beginning of Year, July 1		191,180		77,668
End of Year, June 30		\$ 167,145		\$ 191,180

Beaufort County, North Carolina  
 NC Housing Finance Agency  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and For the Fiscal Year Ended June 30, 2002

Exhibit C-9

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental Emergency Management Grant	\$ 500,000	\$ 326,480	\$ 127,557	\$ 454,037	\$ (45,963)
Total Revenues	<u>500,000</u>	<u>326,480</u>	<u>127,557</u>	<u>454,037</u>	<u>(45,963)</u>
<b>Expenditures:</b>					
Current:					
Economic and physical development	515,000	342,885	98,048	440,933	74,067
Revenues over expenditures	(15,000)	(16,405)	29,509	13,104	28,104
<b>Other Financing Sources (Uses):</b>					
Operating Transfer from General Fund	15,000	15,000	-	15,000	-
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
<b>Revenues, Other Sources Over (Under) Expenditures and Other Uses</b>					
	\$ -	\$ (1,405)	29,509	\$ 28,104	\$ 28,104
<b>Fund balances:</b>					
Beginning of year, July 1			(1,405)		
End of year, June 30			<u>\$ 28,104</u>		

Beaufort County, North Carolina  
**Hazardous Mitigation**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and For the Fiscal Year Ended June 30, 2002

Exhibit C-10

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental					
Emergency management & State grant	4,412,844	3,761,281	696,904	4,458,185	45,341
<b>Total Revenues</b>	<u>4,412,844</u>	<u>3,761,281</u>	<u>696,904</u>	<u>4,458,185</u>	<u>45,341</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	4,412,844	3,792,507	668,407	4,460,914	(48,070)
<b>Revenues over expenditures</b>	-	(31,226)	28,497	(2,729)	(2,729)
<b>Other Financing Sources (Uses):</b>					
Residual Equity Transfer from General Fund	-	-	-	-	-
<b>Total Other Financing     Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues, Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ -</u>	<u>\$ (31,226)</u>	28,497	<u>\$ (2,729)</u>	<u>\$ (2,729)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			(31,226)		
End of year, June 30			<u>\$ (2,729)</u>		

Beaufort County, North Carolina  
 Disaster Relief Initiative Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and For the Fiscal Year Ended June 30, 2002

Exhibit C-11

	Project Author - ization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,621,128	\$ 1,464,008	29,202	\$ 1,493,210	\$ (127,918)
Interest Income	-	-	-	-	-
<b>Total Revenues</b>	<u>1,621,128</u>	<u>1,464,008</u>	<u>29,202</u>	<u>1,493,210</u>	<u>(127,918)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	<u>1,201,128</u>	<u>1,056,808</u>	<u>82,942</u>	<u>1,139,750</u>	<u>61,378</u>
Revenues over expenditures	420,000	407,200	(53,740)	353,460	(66,540)
<b>Other Financing Sources (Uses):</b>					
<b>Transfers to</b>					
other funds	<u>(420,000)</u>	<u>(410,000)</u>	<u>-</u>	<u>(410,000)</u>	<u>(10,000)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(420,000)</u>	<u>(410,000)</u>	<u>-</u>	<u>(410,000)</u>	<u>(10,000)</u>
<b>Revenues, Other Sources Over (Under) Expenditures and Other Uses</b>					
	\$ <u>-</u>	\$ <u>(2,800)</u>	(53,740)	\$ <u>(56,540)</u>	\$ <u>(56,540)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>(2,800)</u>		
End of year, June 30			\$ <u>(56,540)</u>		

Beaufort County, North Carolina  
 NC Disaster Relief Initiative Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and For the Fiscal Year Ended June 30, 2002

Exhibit C-12

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental	850,000	603,456	-	603,456	(246,544)
Interest Income	\$ -	\$ -	-	\$ -	\$ -
<b>Total Revenues</b>	<u>850,000</u>	<u>603,456</u>	<u>-</u>	<u>603,456</u>	<u>(246,544)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	850,000	847,255	-	847,255	2,745
Revenues over expenditures	-	(243,799)	-	(243,799)	(243,799)
<b>Other Financing Sources (Uses):</b>					
<b>Transfers to</b>					
other funds	-	240,000	-	240,000	(240,000)
<b>Total Other Financing     Sources (Uses)</b>	<u>-</u>	<u>240,000</u>	<u>-</u>	<u>240,000</u>	<u>(240,000)</u>
<b>Revenues, Other Sources Over (Under)</b>					
Expenditures and Other Uses	\$ -	\$ (3,799)	-	\$ (3,799)	\$ (3,799)
<b>Fund balances:</b>					
Beginning of year, July 1			(3,799)		
End of year, June 30			<u>\$ (3,799)</u>		

Beaufort County, North Carolina  
**Capital Reserve Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2002

Exhibit C-13

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues</b>				
Investment Earnings	\$ -	\$ 7,765	\$ 7,765	\$ 17,253
<b>Expenditures</b>	-	-	-	-
Revenues Over (Under) Expenditures	-	7,765	7,765	17,253
<b>Other Financing Sources (Uses):</b>				
Operating Transfers in (out)	-	-	-	(146,000)
Total Other Financing Sources (Uses)	-	-	-	(146,000)
Revenues and Other Financing Sources Over (Under) Uses	-	7,765	7,765	(128,747)
Fund Balance Appropriated	-	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	7,765	\$ 7,765	(128,747)
<b>Fund Balance:</b>				
Beginning of Year, July 1		304,644		433,391
End of Year, June 30		\$ 312,409		\$ 304,644

Beaufort County, North Carolina  
CDBG Fund

Exhibit C-14

Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and For the Fiscal Year Ended June 30, 2002

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental Interest Income	\$ 1,100,000	\$ -	17,345	\$ 17,345	\$ (1,082,655)
	-	-	-	-	-
Total Revenues	<u>1,100,000</u>	<u>-</u>	<u>17,345</u>	<u>17,345</u>	<u>(1,082,655)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	1,190,000	-	27,914	27,914	1,162,086
Revenues over expenditures	(90,000)	-	(10,569)	(10,569)	79,431
<b>Other Financing Sources (Uses):</b>					
Local contribution	90,000	-	8,509	8,509	81,491
Total Other Financing Sources (Uses)	<u>90,000</u>	<u>-</u>	<u>8,509</u>	<u>8,509</u>	<u>81,491</u>
<b>Revenues, Other Sources Over (Under) Expenditures and Other Uses</b>					
	\$ <u>-</u>	\$ <u>-</u>	(2,060)	\$ <u>(2,060)</u>	\$ <u>(2,060)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ <u>(2,060)</u>		

## CAPITAL PROJECT FUNDS

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

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Combining Balance Sheet

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Fountain Power Boats Water/Sewer

NC Crisis Housing

HMGP Buyout

HMGP Bonnie

Hospital Renovations

Delta City Sewer

Beaufort County, North Carolina  
**Capital Projects Funds**  
**Combining Balance Sheets**  
 June 30, 2002  
 (With Comparative Totals as of June 30, 2001)

Exhibit D-1

	Fountain Power Boats Water/Sewer	NC Crisis Housing	HMGP Buyout	HMGP Bonnie	Hospital Renovations	Delta City Sewer	Totals	
							June 30, 2002	June 30, 2001
<b>Assets</b>								
<b>Current Assets</b>								
Cash and Investments	\$ -	\$ -	\$ -	\$ 12,598	\$ 430,088	\$ 53,061	\$ 495,747	\$ 2,606,794
Accounts receivable	-	-	-	-	30,827	-	30,827	10,271
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,598</u>	<u>\$ 460,915</u>	<u>\$ 53,061</u>	<u>\$ 526,574</u>	<u>\$ 2,617,065</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts Payable	\$ -	\$ 86,009	\$ -	\$ -	\$ -	\$ 79,699	\$ 165,708	\$ 545,667
<b>Fund balances:</b>								
Reserved by state statute	-	-	-	-	30,827	-	30,827	10,271
<b>Unreserved:</b>								
Fund balances	-	(86,009)	-	12,598	430,088	(26,638)	330,039	2,061,127
<b>Total Fund Balances</b>	<u>-</u>	<u>(86,009)</u>	<u>-</u>	<u>12,598</u>	<u>460,915</u>	<u>(26,638)</u>	<u>360,866</u>	<u>2,071,398</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,598</u>	<u>\$ 460,915</u>	<u>\$ 53,061</u>	<u>\$ 526,574</u>	<u>\$ 2,617,065</u>

Beaufort County  
 Capital Projects Fund  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2002  
 (With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	Fountain Power Boats Water/Sewer	NC Crisis Housing	HMGP Buyout	HMGP Bonnie	Hospital Renovations	Delta City Sewer	Totals	
							June 30, 2002	June 30, 2001
<b>Revenues:</b>								
Restricted Intergovernmental	\$ 3,020	\$ 3,151,002	\$ 162,118	\$ 1,145,382	\$ -	\$ 563,898	\$ 5,025,420	\$ 1,768,859
Miscellaneous	-	-	-	-	19,714	-	19,714	-
Investment Income	-	-	-	-	26,995	-	26,995	102,830
<b>Total Revenues</b>	<u>3,020</u>	<u>3,151,002</u>	<u>162,118</u>	<u>1,145,382</u>	<u>46,709</u>	<u>563,898</u>	<u>5,072,129</u>	<u>1,871,689</u>
<b>Expenditures:</b>								
Capital outlay:								
Economic Development	-	3,026,392	160,664	1,132,784	1,674,785	788,036	6,782,661	5,721,572
Other	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>3,026,392</u>	<u>160,664</u>	<u>1,132,784</u>	<u>1,674,785</u>	<u>788,036</u>	<u>6,782,661</u>	<u>5,721,572</u>
<b>Revenues Over (Under) Expenditures</b>	<u>3,020</u>	<u>124,610</u>	<u>1,454</u>	<u>12,598</u>	<u>(1,628,076)</u>	<u>(224,138)</u>	<u>(1,710,532)</u>	<u>(3,849,883)</u>
<b>Other Financing Sources (Uses):</b>								
Transfer to in/(out)	-	-	-	-	-	-	-	-
Local contribution	-	-	-	-	-	-	-	201,000
Loan/Bond Proceeds	-	-	-	-	-	-	-	1,665,859
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,866,859</u>
<b>Revenues and Other Sources (Uses) Over (Under) Expenditures</b>	<u>3,020</u>	<u>124,610</u>	<u>1,454</u>	<u>12,598</u>	<u>(1,628,076)</u>	<u>(224,138)</u>	<u>(1,710,532)</u>	<u>(1,983,024)</u>
<b>Fund balances:</b>								
Beginning of year, July 1	<u>(3,020)</u>	<u>(210,619)</u>	<u>(1,454)</u>	<u>-</u>	<u>2,088,991</u>	<u>197,500</u>	<u>2,071,398</u>	<u>4,054,422</u>
End of year, June 30	<u>\$ -</u>	<u>\$ (86,009)</u>	<u>\$ -</u>	<u>\$ 12,598</u>	<u>\$ 460,915</u>	<u>\$ (26,638)</u>	<u>\$ 360,866</u>	<u>\$ 2,071,398</u>

Beaufort County, North Carolina  
**Capital Project Fund - Fountain Power Boats Water/Sewer**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2002**

Exhibit D-3

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total to Date	
<b>Revenues</b>					
Economic Development grant	\$ 925,000	\$ 397,844	\$ -	\$ 397,844	\$ (527,156)
CDBG Grant	432,512	428,628	3,020	431,648	(864)
<b>Total Revenues</b>	<u>1,357,512</u>	<u>826,472</u>	<u>3,020</u>	<u>829,492</u>	<u>(528,020)</u>
<b>Expenditures</b>					
Administration	42,800	39,781	-	39,781	3,019
Construction	1,314,712	789,711	-	789,711	525,001
<b>Total Expenditures</b>	<u>1,357,512</u>	<u>829,492</u>	<u>-</u>	<u>829,492</u>	<u>528,020</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(3,020)</u>	<u>3,020</u>	<u>-</u>	<u>-</u>
<b>Other financing sources:</b>					
Operating transfers in (out)	-	-	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ (3,020)</u>	<u>3,020</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>(3,020)</u>		
End of year, June 30			<u>\$ -</u>		

Beaufort County, North Carolina  
 Capital Project Fund - NC Crisis Housing  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit D-4

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
NC Crisis Housing	\$ 8,370,422	\$ 1,534,932	\$ 3,151,002	\$ 4,685,934	\$ (3,684,488)
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>8,370,422</u>	<u>1,534,932</u>	<u>3,151,002</u>	<u>4,685,934</u>	<u>(3,684,488)</u>
<b>Expenditures</b>					
Economic & Physical Development:					
Administration	799,000	76,512	141,792	218,304	580,696
Rehabilitation	3,086,430	272,145	788,146	1,060,291	2,026,139
Replacement	4,104,570	1,396,894	1,824,544	3,221,438	883,132
Relocation	277,211	-	219,806	219,806	57,405
Other	103,211	-	52,104	52,104	51,107
<b>Total Expenditures</b>	<u>8,370,422</u>	<u>1,745,551</u>	<u>3,026,392</u>	<u>4,771,943</u>	<u>3,547,372</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(210,619)</u>	<u>124,610</u>	<u>(86,009)</u>	<u>(137,116)</u>
<b>Other financing sources:</b>					
Transfer to General Fund	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-	-
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ (210,619)</u>	<u>124,610</u>	<u>\$ (86,009)</u>	<u>\$ (137,116)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>(210,619)</u>		
End of year, June 30			<u>\$ (86,009)</u>		

Beaufort County, North Carolina  
 Capital Project Fund - HMGP Buyout  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit D-5

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Grant funds	\$ 337,844	\$ 19,699	\$ 162,118	\$ 181,817	\$ (175,726)
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>337,844</u>	<u>19,699</u>	<u>162,118</u>	<u>181,817</u>	<u>(175,726)</u>
<b>Expenditures</b>					
<b>Economic &amp; Physical Development:</b>					
Administration	16,088	9,496	4,267	13,763	2,325
Support	11,100	-	3,458	3,458	7,642
Acquisition	310,656	11,657	152,939	164,596	146,060
<b>Total Expenditures</b>	<u>337,844</u>	<u>21,153</u>	<u>160,664</u>	<u>181,817</u>	<u>156,027</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(1,454)</u>	<u>1,454</u>	<u>-</u>	<u>(19,699)</u>
<b>Other financing sources:</b>					
Transfer to General Fund	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ (1,454)</u>	<u>1,454</u>	<u>\$ -</u>	<u>\$ (19,699)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>(1,454)</u>		
End of year, June 30			<u>\$ -</u>		

Beaufort County, North Carolina  
**Capital Project Fund - HMGP Bonnie**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit D-6

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Favorable (Unfavorable)
<b>Revenues</b>					
Grant funds	\$ 1,392,222	\$ 27,781	\$ 1,145,382	\$ 1,173,163	\$ (246,840)
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>1,392,222</u>	<u>27,781</u>	<u>1,145,382</u>	<u>1,173,163</u>	<u>(246,840)</u>
<b>Expenditures</b>					
<b>Economic &amp; Physical Development:</b>					
Administration	24,279	2,016	18,406	20,422	3,857
Survey/Easments	111,078	20,065	30,016	50,081	60,997
Relocation	18,150	-	8,750	8,750	9,400
Construction	1,238,715	5,700	1,075,612	1,081,312	157,403
<b>Total Expenditures</b>	<u>1,392,222</u>	<u>27,781</u>	<u>1,132,784</u>	<u>1,160,565</u>	<u>231,657</u>
Revenues Over (Under) Expenditures	-	-	12,598	12,598	(15,183)
<b>Other financing sources:</b>					
Transfer to General Fund	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	12,598	<u>\$ 12,598</u>	<u>\$ (15,183)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 12,598</u>		

Beaufort County, North Carolina  
**Capital Project Fund - Hospital Renovations**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit D-7

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Grant funds	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	19,714	19,714	19,714
Investment Income	210,000	203,663	26,995	230,658	20,658
<b>Total Revenues</b>	<u>210,000</u>	<u>203,663</u>	<u>46,709</u>	<u>250,372</u>	<u>40,372</u>
<b>Expenditures</b>					
<b>Economic &amp; Physical Development:</b>					
Construction	6,540,000	4,780,531	1,674,785	6,455,316	84,684
Contingency	170,000	-	-	-	170,000
<b>Total Expenditures</b>	<u>6,710,000</u>	<u>4,780,531</u>	<u>1,674,785</u>	<u>6,455,316</u>	<u>254,684</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(6,500,000)</u>	<u>(4,576,868)</u>	<u>(1,628,076)</u>	<u>(6,204,944)</u>	<u>295,056</u>
<b>Other financing sources:</b>					
Transfer in	1,500,000	165,859	-	165,859	(1,334,141)
Proceeds from long term debt	5,000,000	6,500,000	-	6,500,000	1,500,000
<b>Total Other Financing Sources (Uses)</b>	<u>6,500,000</u>	<u>6,665,859</u>	<u>-</u>	<u>6,665,859</u>	<u>165,859</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ 2,088,991</u>	<u>(1,628,076)</u>	<u>\$ 460,915</u>	<u>\$ 460,915</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>2,088,991</u>		
End of year, June 30			<u>\$ 460,915</u>		

Beaufort County, North Carolina  
 Capital Project Fund - Delta City Sewer  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2002

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Grant funds	\$ 1,719,365	\$ 175,782	\$ 563,898	\$ 739,680	\$ (979,685)
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>1,719,365</u>	<u>175,782</u>	<u>563,898</u>	<u>739,680</u>	<u>(979,685)</u>
<b>Expenditures</b>					
<b>Economic &amp; Physical Development:</b>					
Construction	1,920,365	179,282	788,036	967,318	953,047
Contingency	-	-	-	-	-
<b>Total Expenditures</b>	<u>1,920,365</u>	<u>179,282</u>	<u>788,036</u>	<u>967,318</u>	<u>953,047</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(201,000)</u>	<u>(3,500)</u>	<u>(224,138)</u>	<u>(227,638)</u>	<u>(26,638)</u>
<b>Other financing sources:</b>					
Local contribution	201,000	201,000	-	201,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>201,000</u>	<u>201,000</u>	<u>-</u>	<u>201,000</u>	<u>-</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ 197,500</u>	<u>(224,138)</u>	<u>\$ (26,638)</u>	<u>\$ (26,638)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>197,500</u>		
End of year, June 30			<u>\$ (26,638)</u>		

## ENTERPRISE FUNDS

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

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Combining Balance Sheet

Combining Statement of Revenues, Expenditures, and Changes in Retained Earnings

Combining Statement of Cash Flows

Water District I-Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)

Water District II-Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)

Water District III-Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)

Water District IV-Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)

Water District V-Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)

Water District VI-Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)

Water District VII-Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)

Water District I

Water District III

Water District IV- Water District IV (Phase II)

Water District V (Clean Water)

Water District V (Pantego)

Water District VI (Southside HS)

Water District VI (Chocowinity)

Water      Distric

Beaufort County, North Carolina  
Enterprise Fund  
Combining Balance Sheets  
June 30, 2002  
(With Comparative Totals for June 30, 2001)

Exhibit E-1

	Water District I	Water District II	Water District III	Water District IV
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Investments	\$ 296,619	\$ 260,152	\$ 130,746	\$ 313,831
Accounts Receivable (Net)	69,697	131,329	122,637	130,234
Due from other Water Districts	-	-	-	-
Due from General fund	-	-	-	-
<b>Total Current Assets</b>	<u>366,316</u>	<u>391,482</u>	<u>253,383</u>	<u>444,065</u>
<b>Restricted assets:</b>				
Cash	254,119	-	-	396,135
<b>Fixed Assets (Net)</b>	<u>7,898,231</u>	<u>3,983,853</u>	<u>5,286,719</u>	<u>12,493,304</u>
<b>Total Assets</b>	<u>\$ 8,518,666</u>	<u>\$ 4,375,335</u>	<u>\$ 5,540,102</u>	<u>\$ 13,333,504</u>
<b>Liabilities and Fund Equities</b>				
<b>Current Liabilities:</b>				
Accounts Payable & Accrued Expenses	\$ 9,103	\$ 19,924	\$ 32,618	\$ 14,066
Accounts payable from restricted assets	10	-	-	-
Due to other Water Districts	-	-	-	-
Due to General Fund	528	669	200,614	669
Customer Deposits	3,025	17,675	11,875	12,425
Notes payable	-	-	24,300	-
Bond \Long-term Debt - Current Maturities	-	61,000	72,000	98,500
<b>Total Current Liabilities</b>	<u>12,666</u>	<u>99,268</u>	<u>341,407</u>	<u>125,660</u>
<b>Other Liabilities:</b>				
Compensated Absences Payable	2,824	3,577	3,389	3,577
Notes payable	-	-	315,897	-
Bonds\Long-term Debt - Noncurrent	5,467,300	4,298,500	5,206,500	8,190,000
<b>Total Other Liabilities</b>	<u>5,470,124</u>	<u>4,302,077</u>	<u>5,525,786</u>	<u>8,193,577</u>
<b>Total Liabilities</b>	<u>5,482,790</u>	<u>4,401,345</u>	<u>5,867,193</u>	<u>8,319,237</u>
<b>Fund Equities:</b>				
Contributed Capital (Net)	-	-	100,000	3,289,443
Retained Earnings	3,035,876	(26,010)	(427,091)	1,724,824
<b>Total Fund Equities</b>	<u>3,035,876</u>	<u>(26,010)</u>	<u>(327,091)</u>	<u>5,014,267</u>
<b>Total Liabilities and Fund Equities</b>	<u>\$ 8,518,666</u>	<u>\$ 4,375,335</u>	<u>\$ 5,540,102</u>	<u>\$ 13,333,504</u>

Water District V	Water District VI	Water District VII	Totals	
			June 30, 2002	June 30, 2001
\$ 259,449	\$ 84,168	\$ 53,654	\$ 1,398,619	\$ 1,733,551
74,124	17,376	68,807	614,204	517,737
-	-	-	-	-
-	-	-	-	-
<u>333,573</u>	<u>101,544</u>	<u>122,461</u>	<u>2,012,823</u>	<u>2,251,288</u>
-	-	148,318	798,572	1,443,770
<u>9,123,500</u>	<u>873,728</u>	<u>7,400,166</u>	<u>47,059,501</u>	<u>45,230,322</u>
<u>\$ 9,457,073</u>	<u>\$ 975,272</u>	<u>\$ 7,670,945</u>	<u>\$ 49,870,896</u>	<u>\$ 48,925,380</u>
\$ 5,983	\$ 4,235	\$ 11,090	\$ 97,019	\$ 1,031,555
-	36	-	46	-
-	-	-	-	-
352	141	207,006	409,979	567,829
4,625	2,050	7,030	58,705	41,500
32,225	-	-	56,525	56,525
47,000	-	69,000	347,500	5,798,800
<u>90,185</u>	<u>6,462</u>	<u>294,126</u>	<u>969,774</u>	<u>7,496,209</u>
1,883	753	2,824	18,827	16,124
483,380	-	-	799,277	855,802
<u>3,863,500</u>	<u>-</u>	<u>5,801,500</u>	<u>32,827,300</u>	<u>27,707,500</u>
<u>4,348,763</u>	<u>753</u>	<u>5,804,324</u>	<u>33,645,404</u>	<u>28,579,426</u>
<u>4,438,948</u>	<u>7,215</u>	<u>6,098,450</u>	<u>34,615,178</u>	<u>36,075,635</u>
2,792,604	650,000	1,532,000	8,364,047	8,364,047
2,225,521	318,057	40,494	6,891,671	4,485,698
<u>5,018,125</u>	<u>968,057</u>	<u>1,572,494</u>	<u>15,255,718</u>	<u>12,849,745</u>
<u>\$ 9,457,073</u>	<u>\$ 975,272</u>	<u>\$ 7,670,944</u>	<u>\$ 49,870,896</u>	<u>\$ 48,925,380</u>

Beaufort County, North Carolina  
Enterprise Fund  
Combining Statement of Revenues, Expenses, and  
Changes in Retained Earnings  
For The Fiscal Year Ended June 30, 2002  
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

Exhibit E-2

	Water District I	Water District II	Water District III	Water District IV	Water District V
<b>Operating revenues:</b>					
Charges for Services	\$ 254,120	\$ 614,633	\$ 615,597	\$ 575,969	\$ 272,966
Water Taps	29,575	34,268	25,429	35,318	17,049
Other Operating Revenues	100,558	7,572	451	6,085	14,308
Total Operating Revenues	<u>384,253</u>	<u>656,473</u>	<u>641,477</u>	<u>617,372</u>	<u>304,323</u>
<b>Operating expenses:</b>					
Administration	43,445	31,175	27,810	33,631	13,170
Water treatment	16,950	21,487	21,110	22,247	11,324
Water distribution	160,765	208,278	194,724	208,278	105,997
Depreciation	1,346	86,715	115,280	6,656	32,156
Total operating expenses	<u>222,506</u>	<u>347,655</u>	<u>358,924</u>	<u>270,812</u>	<u>162,647</u>
Total Operating Income (Loss)	<u>161,747</u>	<u>308,818</u>	<u>282,553</u>	<u>346,560</u>	<u>141,676</u>
<b>Nonoperating Revenues(Expenses):</b>					
Sale of Assets	-	-	-	-	-
Grants	1,819,210	-	-	534,368	-
Transfer In (out)	-	-	-	-	-
Miscellaneous revenue	9,088	-	-	14,782	79,525
Loan reimbursement	-	-	-	-	-
Interest Earned on Investments	5,595	1,442	1,210	9,628	3,398
Interest on Long-term Debt	-	(268,486)	(338,204)	(398,169)	(205,523)
Total Nonoperating Revenues (Expenses)	<u>1,833,893</u>	<u>(267,044)</u>	<u>(336,994)</u>	<u>160,609</u>	<u>(122,600)</u>
Net income	1,995,640	41,774	(54,441)	507,169	19,076
Retained earnings, beginning of year	<u>1,040,236</u>	<u>(67,784)</u>	<u>(372,650)</u>	<u>1,217,655</u>	<u>2,206,445</u>
Retained earnings, end of year	<u>\$ 3,035,876</u>	<u>\$ (26,010)</u>	<u>\$ (427,091)</u>	<u>\$ 1,724,824</u>	<u>\$ 2,225,521</u>

Water District VI	Water District VII	Totals	
		June 30, 2002	June 30, 2001
\$ 113,832	\$ 409,715	\$ 2,856,832	\$ 2,455,659
3,807	18,588	164,034	485,042
-	-	128,974	97,761
<u>117,639</u>	<u>428,303</u>	<u>3,149,840</u>	<u>3,038,462</u>
49,740	36,201	235,172	172,397
6,078	16,603	115,799	114,908
76,283	100,607	1,054,932	820,602
17,579	4,216	263,948	252,534
<u>149,680</u>	<u>157,627</u>	<u>1,669,851</u>	<u>1,360,441</u>
(32,041)	270,676	1,479,989	1,678,021
-	-	-	-
28,507	-	2,382,085	2,899,685
-	-	-	(775,000)
7,253	279	110,927	-
(100,000)	-	(100,000)	-
1,658	2,407	25,338	237,059
-	(281,984)	(1,492,366)	(1,509,924)
<u>(62,582)</u>	<u>(279,298)</u>	<u>925,984</u>	<u>851,820</u>
(94,623)	(8,622)	2,405,973	2,529,841
412,680	49,116	4,485,698	1,955,857
<u>\$ 318,057</u>	<u>\$ 40,494</u>	<u>\$ 6,891,671</u>	<u>\$ 4,485,698</u>

Beaufort County, North Carolina  
 Enterprise Fund  
 Combining Statement of Cash Flows  
 For The Fiscal Year Ended June 30, 2002  
 (With Comparative Totals for the Fiscal Year Ended June 30, 2001)

Exhibit E-3

	Water District I	Water District II	Water District III	Water District IV	Water District V
<b>Cash Flows From Operating Activities:</b>					
Cash Received from Customers/others	\$ 343,024	\$ 642,806	\$ 630,312	\$ 603,150	\$ 288,100
Cash Paid for Goods, Services, & Employees	(541,125)	(240,757)	(224,635)	(1,023,750)	(177,705)
Net Cash Provided by (Used for) Operating Activities	<u>(198,101)</u>	<u>402,049</u>	<u>405,677</u>	<u>(420,600)</u>	<u>110,395</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Loan reimbursements	-	-	-	-	-
Operating Transfers In/(Out)	-	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and Construction of Capital Assets	(1,689,956)	(8,525)	(8,075)	(345,514)	(4,488)
Other financing activities	9,088	-	-	14,782	79,525
Principal Paid on Bond Maturities and Capital Leases	-	(57,500)	(92,800)	(94,000)	(77,726)
Interest Paid on Bond/Note Maturities and Capital Leases	-	(268,486)	(338,204)	(398,169)	(205,523)
Proceeds of Capital Leases, Bonds and Notes	-	-	-	-	-
Grants	1,819,210	-	-	534,368	-
Net Cash Provided (Used for) Capital and Related Financing Activities	<u>138,342</u>	<u>(334,511)</u>	<u>(439,079)</u>	<u>(288,533)</u>	<u>(208,212)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	5,595	1,442	1,209	9,628	3,399
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(54,164)	68,980	(32,193)	(699,505)	(94,418)
Cash and cash equivalents, July 1	604,902	191,172	162,939	1,409,471	353,867
Cash and cash equivalents, June 30	<u>\$ 550,738</u>	<u>\$ 260,152</u>	<u>\$ 130,746</u>	<u>\$ 709,966</u>	<u>\$ 259,449</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>					
Operating Activities:					
Operating Income (Loss)	\$ 161,747	\$ 308,818	\$ 282,553	\$ 346,560	\$ 141,676
Adjustments to Reconcile Operating Income to Net Cash Provided Operating Activities:					
Depreciation	1,346	86,715	115,280	6,656	32,156
Changes in Assets and Liabilities:					
(Increase) Decrease					
in Accounts Receivable	(41,229)	(13,677)	(11,165)	(14,222)	(15,603)
in Due from other funds	-	-	-	-	-
Increase (Decrease)					
in Accounts Payable & accrued liabilities	(321,199)	16,388	15,963	(658,288)	1,976
in Due to other funds	303	669	634	(105,245)	(52,606)
in Customer Deposits	525	2,625	1,925	3,425	2,525
in Compensated absences payable	406	511	487	514	271
Total Adjustments	<u>(359,848)</u>	<u>93,231</u>	<u>123,124</u>	<u>(767,160)</u>	<u>(31,281)</u>
Net Cash Provided by Operating Activities	<u>(198,101)</u>	<u>402,049</u>	<u>405,677</u>	<u>(420,600)</u>	<u>110,395</u>

	Water District VI	Water District VII	Totals	
			June 30, 2002	June 30, 2001
\$	120,631	\$ 424,740	3,052,763	\$ 3,236,241
	(126,262)	(142,950)	(2,477,184)	(1,139,908)
	<u>(5,631)</u>	<u>281,790</u>	<u>575,579</u>	<u>2,096,333</u>
	(100,000)	-	(100,000)	(658,826)
	-	-	-	(815,000)
	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>(1,473,826)</u>
	(30,301)	(6,808)	(2,093,667)	(8,563,610)
	7,253	279	110,927	-
	-	(66,000)	(388,026)	(342,525)
	-	(281,984)	(1,492,366)	(1,509,924)
	-	-	-	-
	<u>28,507</u>	<u>-</u>	<u>2,382,085</u>	<u>9,040,543</u>
	<u>5,459</u>	<u>(354,513)</u>	<u>(1,481,047)</u>	<u>(1,375,516)</u>
	<u>1,658</u>	<u>2,407</u>	<u>25,338</u>	<u>255,983</u>
	(98,514)	(70,316)	(980,130)	(497,026)
	<u>182,682</u>	<u>272,288</u>	<u>3,177,321</u>	<u>3,674,347</u>
	<u>84,168</u>	<u>201,972</u>	<u>2,197,191</u>	<u>\$ 3,177,321</u>
\$	<u>(32,041)</u>	<u>\$ 270,676</u>	<u>\$ 1,479,989</u>	<u>\$ 1,207,161</u>
	17,579	4,216	263,948	245,135
	2,992	(3,563)	(96,467)	(32,777)
	-	-	-	249,239
	3,615	7,596	(933,949)	(252,237)
	141	529	(155,575)	13,138
	1,975	1,930	14,930	8,025
	108	406	2,703	543
	<u>26,410</u>	<u>11,114</u>	<u>(904,410)</u>	<u>231,066</u>
	<u>(5,631)</u>	<u>281,790</u>	<u>575,579</u>	<u>1,438,227</u>

Beaufort County, North Carolina  
 Enterprise Fund - Water District I  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2002

Exhibit E-4

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating Revenues</b>				
Water sales		\$ 254,120		\$ 37,086
Tap on Fees		29,575		74,405
Miscellaneous		100,558		9,500
<b>Total Operating Revenues</b>	\$ 211,325	384,253	\$ 172,928	120,991
<b>Nonoperating Revenues</b>				
Interest on Investments	25,000	5,595	(19,405)	66,310
<b>Total Revenues</b>	236,325	389,848	153,523	187,301
<b>Expenditures:</b>				
<b>Administration:</b>				
Supplies		602		-
Telephone		6,030		-
Travel		3,587		-
Utilities		8,187		-
Other administration expenses		25,039		20,150
<b>Total</b>	44,363	43,445	918	20,150
<b>Water treatment:</b>				
Supplies		16,603		1,152
Testing		347		-
<b>Total</b>	18,727	16,950	1,777	1,152
<b>Water distribution</b>				
Salaries and employee benefits		62,059		5,563
Billing service		29,887		2,007
Water purchase		55,767		599
Maintenance		13,052		-
<b>Total</b>	165,752	160,765	4,987	8,169
<b>Budgetary Appropriations:</b>				
Capital Outlay		6,728		-
Interest Paid		-		-
Debt Principal		-		-
<b>Total</b>	7,483	6,728	755	-
<b>Total Expenditures</b>	236,325	227,888	8,437	29,471
<b>Revenues Over (Under) Expenditures</b>	-	161,960	161,960	157,830

Beaufort County, North Carolina  
**Enterprise Fund - Water District I**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2002

Exhibit E-4

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Other Financing Sources and (Uses):				
Grants		-		869,026
Operating Transfer to other funds		-		(815,000)
Operating Transfer from other funds				-
Total Other Financing Sources (Uses)	-	-	-	54,026
Revenues and Other Sources Over (Under) Expenses and Other Uses	-	161,960	161,960	211,856
Appropriated Fund Balance	-	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ 161,960	\$ 161,960	\$ 211,856

**Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:**

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ 161,960	\$ 211,856
Budgetary Appropriations:		
Capital Outlay	6,728	-
Capital contributions - grant	1,819,210	-
Capital project - miscellaneous income	9,088	-
Principal Payments	-	-
Adjustments:		
Depreciation	(1,346)	-
Total reconciling items	1,833,680	-
Net Income	\$ 1,995,640	\$ 211,856

Beaufort County, North Carolina  
 Enterprise Fund - Water District II  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2002

Exhibit E-5

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating Revenues</b>				
Water sales		\$ 614,633		\$ 600,638
Tap on Fees		34,268		21,325
Miscellaneous		7,572		12,595
<b>Total Operating Revenues</b>	<b>\$ 720,115</b>	<b>656,473</b>	<b>\$ (63,642)</b>	<b>634,558</b>
<b>Nonoperating Revenues</b>				
Interest on Investments	24,000	1,442	(22,558)	32,521
<b>Total Revenues</b>	<b>744,115</b>	<b>657,915</b>	<b>(86,200)</b>	<b>667,079</b>
<b>Expenditures:</b>				
<b>Administration:</b>				
Supplies		762		740
Telephone		7,638		7,036
Travel		4,560		4,987
Utilities		11,077		12,701
Other administration expenses		7,138		11,402
<b>Total</b>	<b>34,782</b>	<b>31,175</b>	<b>3,607</b>	<b>36,866</b>
<b>Water treatment:</b>				
Supplies		21,057		18,084
Testing		430		2,086
<b>Total</b>	<b>23,964</b>	<b>21,487</b>	<b>2,477</b>	<b>20,170</b>
<b>Water distribution</b>				
Salaries and employee benefits		78,439		77,487
Billing service		37,857		22,798
Water purchase		75,450		79,771
Maintenance		16,532		9,492
<b>Total</b>	<b>214,823</b>	<b>208,278</b>	<b>6,545</b>	<b>189,548</b>
<b>Budgetary Appropriations:</b>				
Capital Outlay		8,525		7,000
Interest Paid		268,486		271,799
Debt Principal		57,500		54,500
<b>Total</b>	<b>335,638</b>	<b>334,511</b>	<b>1,127</b>	<b>333,299</b>
<b>Total Expenditures</b>	<b>609,207</b>	<b>595,451</b>	<b>13,756</b>	<b>579,883</b>
<b>Revenues Over (Under) Expenditures</b>	<b>134,908</b>	<b>62,464</b>	<b>(72,444)</b>	<b>87,196</b>

Beaufort County, North Carolina  
Enterprise Fund - Water District II  
Schedule of Revenues and Expenditures  
Budget and Actual - (Non-GAAP)  
For the Fiscal Year Ended June 30, 2002

Exhibit E-5

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Other Financing Sources and (Uses):				
Bond Proceeds		-		-
Operating Transfer to other funds		-		-
Operating Transfer from other funds		-		-
Total Other Financing Sources (Uses)	<u>(228,480)</u>	<u>-</u>	<u>228,480</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	(93,572)	62,464	156,036	87,196
Appropriated Fund Balance	<u>93,572</u>	<u>-</u>	<u>(93,572)</u>	<u>-</u>
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 62,464</u>	<u>\$ 62,464</u>	<u>\$ 87,196</u>

**Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:**

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>62,464</u>	\$ <u>87,196</u>
Budgetary Appropriations:		
Capital Outlay	8,525	12,011
Principal Payments	57,500	51,000
Adjustments:		
Loss on disposal of asset	-	(933)
Depreciation	<u>(86,715)</u>	<u>(103,981)</u>
Total reconciling items	<u>(20,690)</u>	<u>(41,903)</u>
Net Income	<u>\$ 41,774</u>	<u>\$ 45,293</u>

Beaufort County, North Carolina  
 Enterprise Fund - Water District III  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2002

Exhibit E-6

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating Revenues</b>				
Water sales		\$ 615,597		\$ 571,368
Tap on Fees		25,429		14,100
Miscellaneous		451		11,944
<b>Total Operating Revenues</b>	<b>\$ 661,697</b>	<b>641,477</b>	<b>\$ (20,220)</b>	<b>597,412</b>
<b>Nonoperating Revenues</b>				
Interest on Investments	6,000	1,210	(4,790)	29,576
<b>Total Revenues</b>	<b>667,697</b>	<b>642,687</b>	<b>(25,010)</b>	<b>626,988</b>
<b>Expenditures:</b>				
<b>Administration:</b>				
Supplies		722		562
Telephone		7,237		5,347
Travel		4,317		3,790
Utilities		10,113		9,538
Other administration expenses		5,421		8,599
<b>Total</b>	<b>38,740</b>	<b>27,810</b>	<b>10,930</b>	<b>27,836</b>
<b>Water treatment:</b>				
Supplies		19,943		13,744
Testing		1,167		1,585
<b>Total</b>	<b>33,319</b>	<b>21,110</b>	<b>12,209</b>	<b>15,329</b>
<b>Water distribution</b>				
Salaries and employee benefits		74,309		61,296
Billing service		35,864		17,327
Water purchase		68,889		62,385
Maintenance		15,662		7,214
<b>Total</b>	<b>204,855</b>	<b>194,724</b>	<b>10,131</b>	<b>148,222</b>
<b>Budgetary Appropriations:</b>				
Capital Outlay		8,075		5,320
Interest Paid		338,204		343,481
Debt Principal		92,800		88,800
<b>Total</b>	<b>440,114</b>	<b>439,079</b>	<b>1,035</b>	<b>437,601</b>
<b>Total Expenditures</b>	<b>717,028</b>	<b>682,723</b>	<b>34,305</b>	<b>628,988</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(49,331)</b>	<b>(40,036)</b>	<b>9,295</b>	<b>(2,000)</b>

Beaufort County, North Carolina  
**Enterprise Fund - Water District III**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2002

Exhibit E-6

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Other Financing Sources and (Uses):</b>				
Bond Proceeds		-		-
Operating Transfer to other funds		-		-
Operating Transfer from other funds		-		-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	<u>(49,331)</u>	<u>(40,036)</u>	<u>9,295</u>	<u>(2,000)</u>
<b>Appropriated Fund Balance</b>	<u>49,331</u>	<u>-</u>	<u>(49,331)</u>	<u>-</u>
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	<u>\$ -</u>	<u>\$ (40,036)</u>	<u>\$ (40,036)</u>	<u>\$ (2,000)</u>

**Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:**

<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	<u>\$ (40,036)</u>	<u>\$ (2,000)</u>
<b>Budgetary Appropriations:</b>		
Capital Outlay	8,075	5,225
Principal Payments	92,800	85,300
<b>Adjustments:</b>		
Loss on disposal of asset	-	(627)
Depreciation	<u>(115,280)</u>	<u>(126,914)</u>
<b>Total reconciling items</b>	<u>(14,405)</u>	<u>(37,016)</u>
<b>Net Income</b>	<u>\$ (54,441)</u>	<u>\$ (39,016)</u>

Beaufort County, North Carolina  
 Enterprise Fund - Water District IV  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2002

Exhibit E-7

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating Revenues</b>				
Water sales		\$ 575,969		\$ 534,407
Tap on Fees		35,318		22,100
Miscellaneous		6,085		35,258
<b>Total Operating Revenues</b>	<b>\$ 682,988</b>	<b>617,372</b>	<b>\$ (65,616)</b>	<b>591,765</b>
<b>Nonoperating Revenues</b>				
Interest on Investments	6,000	9,628	3,628	64,332
<b>Total Revenues</b>	<b>688,988</b>	<b>627,000</b>	<b>(61,988)</b>	<b>656,097</b>
<b>Expenditures:</b>				
<b>Administration:</b>				
Supplies		762		740
Telephone		7,638		8,093
Travel		4,560		4,987
Utilities		11,077		12,551
Other administration expenses		9,594		7,553
<b>Total</b>	<b>57,040</b>	<b>33,631</b>	<b>23,409</b>	<b>33,924</b>
<b>Water treatment:</b>				
Supplies		21,057		18,087
Testing		1,190		4,001
<b>Total</b>	<b>48,964</b>	<b>22,247</b>	<b>26,717</b>	<b>22,088</b>
<b>Water distribution</b>				
Salaries and employee benefits		78,439		79,311
Billing service		37,857		22,798
Water purchase		75,450		79,582
Maintenance		16,532		9,492
<b>Total</b>	<b>219,823</b>	<b>208,278</b>	<b>11,545</b>	<b>191,183</b>
<b>Budgetary Appropriations:</b>				
Capital Outlay		8,525		7,000
Interest Paid		398,169		400,995
Debt Principal		94,000		59,500
<b>Total</b>	<b>501,821</b>	<b>500,694</b>	<b>1,127</b>	<b>467,495</b>
<b>Total Expenditures</b>	<b>827,648</b>	<b>764,850</b>	<b>62,798</b>	<b>714,690</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(138,660)</b>	<b>(137,850)</b>	<b>810</b>	<b>(58,593)</b>

Beaufort County, North Carolina  
 Enterprise Fund - Water District IV  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2002

Exhibit E-7

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Other Financing Sources and (Uses):</b>				
Grants		-		581,432
Operating Transfer to other funds		-		-
Operating Transfer from other funds		-		-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>581,432</u>
<b>Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	(138,660)	(137,850)	810	522,839
<b>Appropriated Fund Balance</b>	<u>138,660</u>	<u>-</u>	<u>(138,660)</u>	<u>-</u>
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	<u>\$ -</u>	<u>\$ (137,850)</u>	<u>\$ (137,850)</u>	<u>\$ 522,839</u>

**Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:**

<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ <u>(137,850)</u>	\$ <u>522,839</u>
<b>Budgetary Appropriations:</b>		
Capital Outlay	8,525	14,629
Principal Payments	94,000	73,019
<b>Adjustments:</b>		
Loss on disposal of asset	-	(102)
Capital contribution - grant	534,368	
Capital project - other revenue	14,782	
Depreciation	<u>(6,656)</u>	<u>(6,176)</u>
<b>Total reconciling items</b>	<u>645,019</u>	<u>81,370</u>
<b>Net Income</b>	<u>\$ 507,169</u>	<u>\$ 604,209</u>

Beaufort County, North Carolina  
Enterprise Fund - Water District V  
Schedule of Revenues and Expenditures  
Budget and Actual - (Non-GAAP)  
For the Fiscal Year Ended June 30, 2002

Exhibit E-8

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating Revenues</b>				
Water sales	\$	\$ 272,966	\$	\$ 261,206
Tap on Fees		17,049		326,287
Miscellaneous		14,308		49,328
<b>Total Operating Revenues</b>		<u>346,459</u>	<u>(42,136)</u>	<u>636,821</u>
<b>Nonoperating Revenues</b>				
Interest on Investments		6,000	(2,602)	19,950
<b>Total Revenues</b>		<u>352,459</u>	<u>(44,738)</u>	<u>656,771</u>
<b>Expenditures:</b>				
<b>Administration:</b>				
Supplies		401		414
Telephone		4,020		6,584
Travel		2,400		2,793
Utilities		5,297		7,028
Other administration expenses		1,052		3,948
<b>Total</b>		<u>59,684</u>	<u>46,514</u>	<u>20,767</u>
<b>Water treatment:</b>				
Supplies		11,092		10,127
Testing		232		14,300
<b>Total</b>		<u>12,182</u>	<u>858</u>	<u>24,427</u>
<b>Water distribution</b>				
Salaries and employee benefits		41,285		45,654
Billing service		19,925		12,767
Water purchase		36,085		48,054
Maintenance		8,702		73,765
<b>Total</b>		<u>111,735</u>	<u>5,738</u>	<u>180,240</u>
<b>Budgetary Appropriations:</b>				
Capital Outlay		4,488		3,920
Interest Paid		205,523		208,649
Debt Principal		77,726		76,225
<b>Total</b>		<u>288,024</u>	<u>287</u>	<u>288,794</u>
<b>Total Expenditures</b>		<u>471,625</u>	<u>53,397</u>	<u>514,228</u>
<b>Revenues Over (Under) Expenditures</b>		<u>(119,166)</u>	<u>8,659</u>	<u>142,543</u>

Beaufort County, North Carolina  
**Enterprise Fund - Water District V**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2002

Exhibit E-8

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Other Financing Sources and (Uses):</b>				
Damage reimbursement		79,525		1,100,245
Operating Transfer to other funds		-		-
Operating Transfer from other funds		-		-
<b>Total Other Financing Sources (Uses)</b>	26,741	79,525	52,784	1,100,245
<b>Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	(92,425)	(30,982)	61,443	1,242,788
<b>Appropriated Fund Balance</b>	92,425	-	(92,425)	-
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ -	\$ (30,982)	\$ (30,982)	\$ 1,242,788

**Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:**

<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ (30,982)	\$ 1,242,788
<b>Budgetary Appropriations:</b>		
Capital Outlay	4,488	7,314
Principal Payments	77,726	115,181
<b>Adjustments:</b>		
Loss on disposal of asset		(51)
Depreciation	(32,156)	(3,086)
<b>Total reconciling items</b>	50,058	119,358
<b>Net Income</b>	\$ 19,076	\$ 1,362,146

Beaufort County, North Carolina  
 Enterprise Fund - Water District VI  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2002

Exhibit E-9

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating Revenues</b>				
Water sales		\$ 113,832		\$ 34,567
Tap on Fees		3,807		15,250
Miscellaneous		-		6,688
<b>Total Operating Revenues</b>	<b>\$ 90,438</b>	<b>117,639</b>	<b>\$ 27,201</b>	<b>56,505</b>
<b>Nonoperating Revenues</b>				
Interest on Investments	5,000	1,658	(3,342)	5,998
<b>Total Revenues</b>	<b>95,438</b>	<b>119,297</b>	<b>23,859</b>	<b>62,503</b>
<b>Expenditures:</b>				
<b>Administration:</b>				
Supplies		160		-
Telephone		1,608		-
Travel		957		-
Utilities		2,408		-
Other administration expenses		44,607		3,442
<b>Total</b>	<b>54,455</b>	<b>49,740</b>	<b>4,715</b>	<b>3,442</b>
<b>Water treatment:</b>				
Supplies		4,435		-
Testing		1,643		700
<b>Total</b>	<b>6,081</b>	<b>6,078</b>	<b>3</b>	<b>700</b>
<b>Water distribution</b>				
Salaries and employee benefits		16,515		3,820
Billing service		7,970		2,673
Water purchase		16,402		2,975
Maintenance		35,396		-
<b>Total</b>	<b>76,979</b>	<b>76,283</b>	<b>696</b>	<b>9,468</b>
<b>Budgetary Appropriations:</b>				
Capital Outlay		1,794		-
Interest Paid		-		-
Debt Principal		-		-
<b>Total</b>	<b>1,846</b>	<b>1,794</b>	<b>52</b>	<b>-</b>
<b>Total Expenditures</b>	<b>139,361</b>	<b>133,895</b>	<b>5,466</b>	<b>13,610</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(43,923)</b>	<b>(14,598)</b>	<b>29,325</b>	<b>48,893</b>

Beaufort County, North Carolina  
 Enterprise Fund - Water District VI  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2002

Exhibit E-9

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Other Financing Sources and (Uses):</b>				
Grants		-		348,892
Repayment of advance		(100,000)		-
Operating Transfer to other funds		-		-
Operating Transfer from other funds		-		-
Total Other Financing Sources (Uses)	-	(100,000)	(100,000)	348,892
<b>Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	(43,923)	(114,598)	(70,675)	397,785
<b>Appropriated Fund Balance</b>	44,463	-	(44,463)	-
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ 540	\$ (114,598)	\$ (115,138)	\$ 397,785

**Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:**

<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ (114,598)	\$ 397,785
<b>Budgetary Appropriations:</b>		
Capital Outlay	1,794	-
Principal Payments	-	-
<b>Adjustments:</b>		
Loss on disposal of asset		-
Capital contribution - grant	28,507	
Capital project - other income	7,253	
Depreciation	(17,579)	-
Total reconciling items	19,975	-
<b>Net Income</b>	\$ (94,623)	\$ 397,785

Beaufort County, North Carolina  
**Enterprise Fund - Water District VII**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2002

Exhibit E-10

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating Revenues</b>				
Water sales		\$ 409,715		\$ 416,387
Tap on Fees		18,588		11,575
Miscellaneous		279		12,448
<b>Total Operating Revenues</b>	<b>\$ 487,585</b>	<b>428,582</b>	<b>\$ (59,003)</b>	<b>440,410</b>
<b>Nonoperating Revenues</b>				
Interest on Investments	5,000	2,407	(2,593)	18,372
<b>Total Revenues</b>	<b>492,585</b>	<b>430,989</b>	<b>(61,596)</b>	<b>458,782</b>
<b>Expenditures:</b>				
<b>Administration:</b>				
Supplies		602		503
Telephone		6,030		5,898
Travel		3,598		4,456
Utilities		15,367		10,135
Other administration expenses		10,604		8,420
<b>Total</b>	<b>49,583</b>	<b>36,201</b>	<b>13,382</b>	<b>29,412</b>
<b>Water treatment:</b>				
Supplies		16,603		12,747
Testing		-		18,295
<b>Total</b>	<b>17,071</b>	<b>16,603</b>	<b>468</b>	<b>31,042</b>
<b>Water distribution</b>				
Salaries and employee benefits		61,924		54,871
Billing service		29,887		15,503
Water purchase		-		17,013
Maintenance		8,796		6,585
<b>Total</b>	<b>130,390</b>	<b>100,607</b>	<b>29,783</b>	<b>93,972</b>
<b>Budgetary Appropriations:</b>				
Capital Outlay		6,728		4,760
Interest Paid		281,984		285,000
Debt Principal		66,000		63,500
<b>Total</b>	<b>355,468</b>	<b>354,712</b>	<b>756</b>	<b>353,260</b>
<b>Total Expenditures</b>	<b>552,512</b>	<b>508,123</b>	<b>44,389</b>	<b>507,686</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(59,927)</b>	<b>(77,134)</b>	<b>(17,207)</b>	<b>(48,904)</b>

Beaufort County, North Carolina  
 Enterprise Fund - Water District VII  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2002

Exhibit E-10

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2001)

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Other Financing Sources and (Uses):				
Bond Proceeds		-		-
Operating Transfer to other funds				-
Operating Transfer from other funds				-
Total Other Financing Sources (Uses)	-	-	-	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	(59,927)	(77,134)	(17,207)	(48,904)
Appropriated Fund Balance	59,927	-	(59,927)	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (77,134)	\$ (77,134)	\$ (48,904)

**Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:**

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (77,134)	\$ (48,904)
Budgetary Appropriations:		
Capital Outlay	6,728	13,061
Principal Payments	66,000	-
Adjustments:		
Loss on disposal of asset	-	(68)
Depreciation	(4,216)	(4,978)
Total reconciling items	68,512	8,015
Net Income	\$ (8,622)	\$ (40,889)

Beaufort County, North Carolina  
Water District Capital Project Fund - Water District I  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit E-11

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant - Clean water grant	\$ 3,502,652	\$ 858,019	\$ 1,819,210	\$ 2,677,229	\$ (825,423)
Developer contribution	13,747	11,007	9,088	20,095	6,348
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>3,516,399</u>	<u>869,026</u>	<u>1,828,298</u>	<u>2,697,324</u>	<u>(819,075)</u>
<b>Expenditures:</b>					
Administration	14,238	13,735	31,080	44,815	(30,577)
Engineering	325,821	337,378	49,177	386,555	(60,734)
Inspection	28,750	93,742	58,062	151,804	(123,054)
Construction	9,343,947	5,764,766	1,544,909	7,309,675	2,034,272
<b>Total Expenditures</b>	<u>9,712,756</u>	<u>6,209,621</u>	<u>1,683,228</u>	<u>7,892,849</u>	<u>1,819,907</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(6,196,357)</u>	<u>(5,340,595)</u>	<u>145,070</u>	<u>(5,195,525)</u>	<u>1,000,832</u>
<b>Other financing sources:</b>					
Bond anticipation notes	5,467,300	5,467,300	-	5,467,300	-
Transfer from/to General Fund	729,057	815,000	-	815,000	85,943
<b>Total Other Financing Sources (Uses)</b>	<u>6,196,357</u>	<u>6,282,300</u>	<u>-</u>	<u>6,282,300</u>	<u>85,943</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ 941,705</u>	<u>\$ 145,070</u>	<u>\$ 1,086,775</u>	<u>\$ 1,086,775</u>

Beaufort County, North Carolina  
 Water District Capital Project Fund - Water District III  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit E-12

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 46,280	\$ -	\$ -	\$ -	\$ (46,280)
Investment Income	-	-	-	-	-
Total Revenues	<u>46,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,280)</u>
<b>Expenditures:</b>					
Engineering	4,194	4,323	-	4,323	(129)
Construction	117,250	109,623	-	109,623	7,627
Interest	-	-	-	-	-
Contingency	34,893	-	-	-	34,893
Total Expenditures	<u>156,337</u>	<u>113,946</u>	<u>-</u>	<u>113,946</u>	<u>42,391</u>
Revenues Over (Under) Expenditures	<u>(110,057)</u>	<u>(113,946)</u>	<u>-</u>	<u>(113,946)</u>	<u>(3,889)</u>
<b>Other financing sources:</b>					
Transfer from other funds	<u>110,057</u>	<u>113,946</u>	<u>-</u>	<u>113,946</u>	<u>3,889</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Beaufort County, North Carolina  
**Water District Capital Project Fund - Water District IV**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit E-13

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 3,267,800	\$ 2,226,749	\$ 534,368	\$ 2,761,117	\$ (506,683)
Tap fees	47,700	-	-	-	(47,700)
Other	-	-	14,782	14,782	14,782
Investment Income	-	74,514	-	74,514	74,514
Total Revenues	<u>3,315,500</u>	<u>2,301,263</u>	<u>549,150</u>	<u>2,850,413</u>	<u>(465,087)</u>
<b>Expenditures:</b>					
Engineering	610,057	478,942	45,589	524,531	85,526
Construction	6,258,520	5,732,949	291,234	6,024,183	234,337
Interest	604,252	525,168	-	525,168	79,084
Administrative services	700	700	166	866	(166)
Legal and accounting	51,354	51,354	-	51,354	-
Land purchase	35,000	35,000	-	35,000	-
Water district I expenses	442,536	441,159	-	441,159	1,377
Water district V expenses	362,612	362,612	-	362,612	-
Contingency	451,896	-	-	-	451,896
Total Expenditures	<u>8,816,927</u>	<u>7,627,884</u>	<u>336,989</u>	<u>7,964,873</u>	<u>852,054</u>
Revenues Over (Under) Expenditures	<u>(5,501,427)</u>	<u>(5,326,621)</u>	<u>212,161</u>	<u>(5,114,460)</u>	<u>386,967</u>
<b>Other financing sources:</b>					
From District IV Phase II	53,543	53,543	-	53,543	-
From District V	47,884	47,884	-	47,884	-
Proceeds from long term debt	5,400,000	5,400,000	-	5,400,000	-
Total other financing sources	<u>5,501,427</u>	<u>5,501,427</u>	<u>-</u>	<u>5,501,427</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 174,806</u>	<u>\$ 212,161</u>	<u>\$ 386,967</u>	<u>\$ 386,967</u>

Beaufort County, North Carolina  
 Water District Capital Project Fund - Water District IV - Phase II  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit E-14

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 5,236,000	\$ 2,194,000	\$ -	\$ 2,194,000	\$ (3,042,000)
Tap fees	-	18,924	-	18,924	18,924
Investment Income	-	18,924	-	18,924	18,924
Total Revenues	<u>5,236,000</u>	<u>2,231,848</u>	<u>-</u>	<u>2,231,848</u>	<u>(3,004,152)</u>
<b>Expenditures:</b>					
Engineering	358,500	353,713	-	353,713	4,787
Construction	7,309,530	4,247,097	-	4,247,097	3,062,433
Interest	263,769	114,822	-	114,822	148,947
Legal and accounting	41,982	216,150	-	216,150	(174,168)
Land purchase	1,000	1,000	-	1,000	-
Water district V expenses	249,676	249,676	-	249,676	-
Contingency	-	-	-	-	-
Total Expenditures	<u>8,224,457</u>	<u>5,182,458</u>	<u>-</u>	<u>5,182,458</u>	<u>3,041,999</u>
Revenues Over (Under) Expenditures	<u>(2,988,457)</u>	<u>(2,950,610)</u>	<u>-</u>	<u>(2,950,610)</u>	<u>37,847</u>
<b>Other financing sources (uses):</b>					
To District IV	(53,543)	53,543	-	53,543	107,086
Proceeds from long term debt	3,042,000	3,042,000	-	3,042,000	-
Total other financing sources & uses	<u>2,988,457</u>	<u>3,095,543</u>	<u>-</u>	<u>3,095,543</u>	<u>107,086</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 144,933</u>	<u>\$ -</u>	<u>\$ 144,933</u>	<u>\$ 144,933</u>

Beaufort County, North Carolina  
 Water District Capital Project Fund - Water District V - Clean Water  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit E-15

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 1,819,900	\$ 1,100,245	\$ -	\$ 1,100,245	\$ (719,655)
Tap fees	-	-	-	-	-
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>1,819,900</u>	<u>1,100,245</u>	<u>-</u>	<u>1,100,245</u>	<u>(719,655)</u>
<b>Expenditures:</b>					
Engineering	101,218	89,292	-	89,292	11,926
Construction	1,575,454	1,113,555	-	1,113,555	461,899
Inspections	90,151	68,717	-	68,717	21,434
Legal and accounting	7,500	5,167	-	5,167	2,333
Land purchase	30,000	30,000	-	30,000	-
Contingency	15,577	-	-	-	15,577
<b>Total Expenditures</b>	<u>1,819,900</u>	<u>1,306,731</u>	<u>-</u>	<u>1,306,731</u>	<u>513,169</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(206,486)</u>	<u>-</u>	<u>(206,486)</u>	<u>(206,486)</u>
<b>Other financing sources:</b>					
Proceeds from long term debt	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (206,486)</u>	<u>\$ -</u>	<u>\$ (206,486)</u>	<u>\$ (206,486)</u>

Beaufort County, North Carolina  
**Water District Capital Project Fund - Water District V Pantego Capital Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit E-16

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Varinace</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 1,895,100	\$ 1,895,100	\$ -	\$ 1,895,100	\$ -
Tap fees	645,388	612,652	-	612,652	(32,736)
Investment Income	-	32,736	-	32,736	32,736
Total Revenues	<u>2,540,488</u>	<u>2,540,488</u>	<u>-</u>	<u>2,540,488</u>	<u>-</u>
<b>Expenditures:</b>					
Engineering	475,435	466,608	-	466,608	8,827
Construction	5,246,933	5,247,302	-	5,247,302	(369)
Interest	380,000	388,457	-	388,457	(8,457)
Administrative services	905	906	-	906	(1)
Legal and accounting	45,015	45,015	-	45,015	-
Land purchase	37,810	37,810	-	37,810	-
Water district I expenses	306,506	306,506	-	306,506	-
Contingency	-	-	-	-	-
Total Expenditures	<u>6,492,604</u>	<u>6,492,604</u>	<u>-</u>	<u>6,492,604</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(3,952,116)</u>	<u>(3,952,116)</u>	<u>-</u>	<u>(3,952,116)</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Transfer to Water District IV	(47,884)	(47,884)	-	(47,884)	-
Proceeds from long term debt	4,000,000	4,000,000	-	4,000,000	-
	<u>3,952,116</u>	<u>3,952,116</u>	<u>-</u>	<u>3,952,116</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Beaufort County, North Carolina  
**Water District Capital Project Fund - Water District VI Southside HS**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit E-17

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Varinace Favorable (Unfavorable)</u>
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
Investment Income	-	4,492	-	4,492	4,492
<b>Total Revenues</b>	<u>100,000</u>	<u>104,492</u>	<u>-</u>	<u>104,492</u>	<u>4,492</u>
<b>Expenditures:</b>					
Engineering	57,500	57,394	-	57,394	106
Construction	471,859	459,121	-	459,121	12,738
Legal	2,500	-	-	-	2,500
Contingency	118,141	-	-	-	118,141
<b>Total Expenditures</b>	<u>650,000</u>	<u>516,515</u>	<u>-</u>	<u>516,515</u>	<u>133,485</u>
Revenues Over (Under) Expenditures	<u>(550,000)</u>	<u>(412,023)</u>	<u>-</u>	<u>(412,023)</u>	<u>137,977</u>
<b>Other financing sources:</b>					
Transfer from/to other funds	<u>550,000</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 137,977</u>	<u>\$ -</u>	<u>\$ 137,977</u>	<u>\$ 137,977</u>

Beaufort County, North Carolina  
**Water District Capital Project Fund - Water District VI Chocowinity**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit E-18

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 3,000,000	\$ 341,694	\$ 28,507	\$ 370,201	\$ (2,629,799)
Other	-	-	7,253	7,253	7,253
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>3,000,000</u>	<u>341,694</u>	<u>35,760</u>	<u>377,454</u>	<u>(2,622,546)</u>
<b>Expenditures:</b>					
Engineering	155,850	28,182	10,000	38,182	117,668
Construction	2,670,398	298,028	18,507	316,535	2,353,863
Land purchase	17,000	1,700	-	1,700	15,300
Inspection	143,350	21,072	-	21,072	122,278
Contingency	113,402	-	-	-	113,402
<b>Total Expenditures</b>	<u>3,100,000</u>	<u>348,982</u>	<u>28,507</u>	<u>377,489</u>	<u>2,722,511</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(100,000)</u>	<u>(7,288)</u>	<u>7,253</u>	<u>(35)</u>	<u>99,965</u>
<b>Other financing sources:</b>					
Transfer from/to other funds	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ (7,288)</u>	<u>\$ 7,253</u>	<u>\$ (35)</u>	<u>\$ (35)</u>

Beaufort County, North Carolina  
Water District Capital Project Fund - Water District VII  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2002

Exhibit E-19

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 1,532,000	\$ 1,532,000	\$ -	\$ 1,532,000	\$ -
Tap fees	31,000	178,963		178,963	147,963
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>1,563,000</u>	<u>1,710,963</u>	<u>-</u>	<u>1,710,963</u>	<u>147,963</u>
<b>Expenditures:</b>					
Engineering	572,042	572,708	-	572,708	(666)
Construction	6,404,050	6,402,050	-	6,402,050	2,000
Interest	524,506	525,566	-	525,566	(1,060)
Legal and accounting	62,402	62,402	80	62,482	(80)
Contingency	-	-	-	-	-
<b>Total Expenditures</b>	<u>7,563,000</u>	<u>7,562,726</u>	<u>80</u>	<u>7,562,806</u>	<u>194</u>
Revenues Over (Under) Expenditures	<u>(6,000,000)</u>	<u>(5,851,763)</u>	<u>(80)</u>	<u>(5,851,843)</u>	<u>148,157</u>
<b>Other financing sources:</b>					
Proceeds from long term debt	<u>6,000,000</u>	<u>6,100,000</u>	<u>-</u>	<u>6,100,000</u>	<u>100,000</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 248,237</u>	<u>\$ (80)</u>	<u>\$ 248,157</u>	<u>\$ 248,157</u>

## AGENCY FUNDS

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Agency funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds.

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Combining Balance Sheets

Combining Statement of Changes in Assets and Liabilities

Beaufort County, North Carolina  
 Agency Funds  
 Combining Balance Sheets  
 June 30, 2002  
 (With Comparative Totals for the Fiscal Year Ended June 30, 2001)

Exhibit F-1

	Social Services	County Home	Inmate Account	Totals	
				June 30, 2002	June 30, 2001
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Investments	\$ 44,760	\$ 3,992	\$ 17,941	\$ 66,693	\$ 68,721
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<u>44,760</u>	<u>3,992</u>	<u>17,941</u>	<u>66,693</u>	<u>68,721</u>
<b>Liabilities and Fund Balances</b>					
Miscellaneous liabilities	<u>44,760</u>	<u>3,992</u>	<u>17,941</u>	<u>66,693</u>	<u>68,721</u>
Fund Balance	-	-	-	-	-
<b>Total Liabilities and Fund Balances</b>	<u>\$ 44,760</u>	<u>\$ 3,992</u>	<u>\$ 17,941</u>	<u>\$ 66,693</u>	<u>\$ 68,721</u>

Beaufort County, North Carolina  
 Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 For the Fiscal Year Ended June 30, 2002

Exhibit F-2

	<u>Balance</u> <u>July 1, 2001</u>	<u>Net</u> <u>Change</u>	<u>June 30, 2002</u>
<b>Social Services Fund:</b>			
Cash and Investments	\$ <u>59,588</u>	\$ <u>(14,828)</u>	\$ <u>44,760</u>
Liabilities	\$ <u>59,588</u>	\$ <u>(14,828)</u>	\$ <u>44,760</u>
<b>County Home Fund:</b>			
Cash and Investments	\$ <u>2,888</u>	\$ <u>1,104</u>	\$ <u>3,992</u>
Liabilities	\$ <u>2,888</u>	\$ <u>1,104</u>	\$ <u>3,992</u>
<b>Inmate Fund:</b>			
Cash and Investments	\$ <u>6,245</u>	\$ <u>11,696</u>	\$ <u>17,941</u>
Liabilities	\$ <u>6,245</u>	\$ <u>11,696</u>	\$ <u>17,941</u>
<b>Total - All Agency Funds:</b>			
Cash and Investments	\$ <u>68,721</u>	\$ <u>(2,028)</u>	\$ <u>66,693</u>
Liabilities	\$ <u>68,721</u>	\$ <u>(2,028)</u>	\$ <u>66,693</u>

## OTHER SCHEDULES

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

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy County-Wide Levy
- Schedule of Ten Largest Taxpayers
- Schedule of Transfers

Beaufort County, North Carolina  
 General Fund  
 Schedule of Ad Valorem Taxes Receivable  
 June 30, 2002

Exhibit H-1

Fiscal Year	Uncollected Balance June 30, 2001	Additions	Collections And Credits	Adjustment	Uncollected Balance June 30, 2002
2001-2002	\$	\$ 18,162,203	\$ 16,979,948	\$	\$ 1,182,255
2000-2001	1,197,067	1,198	674,750		523,515
1999-2000	471,147	5	137,378		333,774
1998-1999	264,770	5	53,923		210,852
1997-1998	180,495	5	29,558		150,942
1996-1997	135,418	-	17,377		118,041
1995-1996	113,613	-	9,337		104,276
1994-1995	86,110	-	5,666		80,444
1993-1994	83,970	-	4,150		79,820
1992-1993	62,614	-	2,030		60,584
1991-1992	71,857	-	71,857		-
<b>TOTALS</b>	<b>\$ <u>2,667,061</u></b>	<b>\$ <u>18,163,416</u></b>	<b>\$ <u>17,985,974</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>2,844,503</u></b>
Less: Allowance for uncollectable taxes					(390,000)
Ad valorem taxes - General Fund					<u>\$ 2,454,503</u>
<b>Reconciliation with revenues:</b>					
Ad valorem taxes - General Fund					<u>\$ 18,157,147</u>
Reconciling items:					
Penalties and Interest					(253,229)
Release of prior years taxes, discounts, etc.					<u>82,056</u>
Total Reconciling Items					<u>(171,173)</u>
Total Collections and Credits					<u>\$ 17,985,974</u>

Beaufort County, North Carolina  
 Analysis of Current Tax Levy  
 County - Wide Levy  
 For the Fiscal Year Ended June 30, 2002

Exhibit H - 2

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Taxes at Current Year Rate	\$ 2,455,120,597	0.6700%	\$ 16,449,308	\$ 15,938,916	510,392
Motor Vehicles Taxed at Prior Year Rate	261,660,317	0.6300%	1,648,460		1,648,460
Penalties			9,225	9,225	
<b>Total Original Levy</b>	<u>2,716,780,914</u>		<u>18,106,993</u>	<u>15,948,141</u>	<u>2,158,852</u>
Discoveries:					
Current year taxes	8,240,299	0.6700%	55,210	55,210	-
Penalties			-		-
<b>Total Discoveries</b>	<u>8,240,299</u>		<u>55,210</u>	<u>55,210</u>	<u>-</u>
Abatements					
Current Year Taxes	-	0.6700%	-		-
Penalties			-		-
<b>Total Abatements</b>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
<b>Total for Year</b>	<u>\$ 2,725,021,213</u>		<u>18,162,203</u>	<u>16,003,351</u>	<u>2,158,852</u>
Uncollected taxes at June 30, 2002			<u>1,182,255</u>	<u>785,242</u>	<u>397,013</u>
Current year's taxes collected			<u>\$ 16,979,948</u>	<u>\$ 15,218,109</u>	<u>\$ 1,761,839</u>
Current levy collection percentage			<u>93.49%</u>	<u>95.09%</u>	<u>81.61%</u>

Beaufort County, North Carolina  
Analysis of Current Tax Levy  
County - wide Levy  
For the Fiscal Year Ended June 30, 2002

Exhibit H-2a

**Secondary Market Disclosures:**

**Assessed Valuation:**

Assessment Ratio <sup>1</sup>	100 %
Real Property	\$ 1,708,024,866
Personal Property	957,741,720
Public Service Companies <sup>2</sup>	59,254,627
Total Assessed Valuation	<u>2,725,021,213</u>
Tax Rate per \$100	0.67
Levy (includes discoveries, releases and abatements) <sup>3</sup>	<u>\$ 18,257,642</u>

<sup>1</sup> Percentage of appraised value has been established by statute.

<sup>2</sup> Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

<sup>3</sup> The levy includes interest and penalties.

Beaufort County, North Carolina  
 Schedule of Ten Largest Taxpayers  
 For the Fiscal Year Ended June 30, 2002

Exhibit H-3

Taxpayer	Type of Business	2001 Assessed Valuation	Percentage of Total Assessed Valuation
PCS Phosphate Company, Inc.	Phosphate Mining/Acid Production	\$ 426,471,774	15.65 %
Weyerhaeuser Co.	Tree Farm Operation	44,975,234	1.65
Purified Acid Partnership	Acid Production	18,391,825	0.67
Tideland Electric Membership	Utilities	17,121,050	0.63
Weyerhaeuser Real Estate	Real Estate Development	15,903,842	0.58
Carolina Telephone & Telegraph	Communications	15,383,515	0.56
National Spinning Co., Inc	Textiles	15,968,763	0.59
Stanadyne Automotive Corp.	Automotive Diesel Components	15,018,117	0.55
Fountain Powerboats Inc.	Powerboats	11,104,919	0.41
Carolina Power & Light Co.	Utilities	9,596,264	0.35
<b>Total</b>		<b>\$ 589,935,303</b>	<b>21.65 %</b>

Beaufort County, North Carolina  
 Schedule of Transfers  
 For the Fiscal Year Ended June 30, 2002

Exhibit H-4

	Transfers	
	From	To
<b>Operating Transfers From/To Component Units</b>		
<u>Component Units</u>		
General Fund	56,163	
Warren Field Commission		56,163
Beaufort County ABC Board	53,254	
General Fund		53,254
	109,417	109,417
<b>Total Operating Transfers - Component Units</b>	<b>\$ 109,417</b>	<b>\$ 109,417</b>

COMPLIANCE SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of 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, 2002, and have issued our report thereon dated October 29, 2002. We did not audit the financial statements of the Beaufort County ABC Board, Beaufort County Hospital, or Warren Field 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, or Warren Field Commission is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Beaufort County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of Board, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

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

October 29, 2002

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

**CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Board of County Commissioners  
Beaufort County, North Carolina

Compliance

We have audited the compliance of the Beaufort County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2002. The Beaufort County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Beaufort County's management. Our responsibility is to express an opinion on the Beaufort County's compliance based on our audit.

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

In our opinion, the Beaufort County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

*Thompson, Price, Scott, Adams & Co., P.A.  
October 29, 2002*

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

To the Board of County Commissioners  
Beaufort County, North Carolina

Compliance

We have audited the compliance of the Beaufort County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major state programs for the year ended June 30, 2002. The Beaufort County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Beaufort County's management. Our responsibility is to express an opinion on the Beaufort County's compliance based on our audit.

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

In our opinion, the Beaufort County complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Thompson, Price, Scott, Adams & Co., P.A.  
October 29, 2002



Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2002

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Dollar threshold used to distinguish  
between Type A and Type B Programs      \$ 1,380,607

Auditee qualified as low-risk auditee?       yes       no

State Awards

Internal control over major state programs:

- Material weakness(es) identified?       yes       no
- Reportable condition(s) identified  
that are not considered to be  
material weaknesses       yes       none reported

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

Any audit findings disclosed that are  
required to be reported in accordance  
with Audit Manual for Governmental  
Auditors in N.C.       yes       no

Identification of major state programs:

---

Name of State Program or Cluster

Special Assistance – Aged and Disabled  
Crisis Housing Assistance Funds  
Hazard Mitigation Grant  
Child Care Cluster

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

Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2002

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**Section II – Financial Statement Findings**

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None reported.

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

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None reported.

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**Section IV – State Award Findings and Questioned Costs**

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None reported.

Beaufort County, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2002

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**Section II – Financial Statement Findings**

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None reported.

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

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None reported.

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**Section IV – State Award Findings and Questioned Costs**

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None reported.

Beaufort County, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2002

Status: N/A

Beaufort County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>				
<u>U.S. Dept. of Agriculture</u>				
Passed-through N.C. Dept. of Agriculture:				
Water system development	10.760	\$ 2,612,702	\$ -	\$ -
Total USDA		<u>2,612,702</u>	<u>-</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Food Stamp Cluster:				
Food Stamp Program - Noncash	10.551	4,330,495	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561	260,798	-	260,798
Total Food Stamp Cluster		<u>4,591,293</u>	<u>-</u>	<u>260,798</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Women and Children:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	157,803	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	970,145	-	-
Passed-through Mid East Commission Council of Governments:				
USDA Supplement	10.550	13,725	-	-
Total U.S. Dept. of Agriculture		<u>8,345,668</u>	<u>-</u>	<u>260,798</u>
<u>U.S. Dept. of Transportation</u>				
Passed-through the N.C. Department of Transportation:				
HMEP Grant	20.703	3,300	-	-
<u>U.S. Dept. of Justice</u>				
<u>Bureau of Justice Assistance</u>				
Public Safety:				
Byrne Formula Grant Program	16.579	23,988	-	-
Violence Against Women	16.588	40,048	-	-
<u>Office of Community Oriented Policing Services</u>				
Direct Program:				
Local Law Enforcement Block Grant	16.592	14,048	-	-
Total U.S. Dept. of Justice		<u>78,084</u>	<u>-</u>	<u>-</u>
<u>Environmental Protection Agency</u>				
Passed-through the N.C. Department of Environmental & Natural Resources:				
Section 319 Grant	66.460	12,473	-	-
Total EPA		<u>12,473</u>	<u>-</u>	<u>-</u>
<u>Federal Emergency Management Agency</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Emergency Management - Assistance	83.552	8,713	-	-
Hazard Mitigation Grant	83.548	1,330,564	443,521	-
Public Disaster Assistance	83.544	54,168	-	-
Total Federal Emergency Management Agency		<u>1,393,445</u>	<u>443,521</u>	<u>-</u>

Beaufort County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>U.S. Dept. of Health &amp; Human Services</b>				
<b>Administration on Aging:</b>				
Aging Cluster				
Passed-through Mid East Commission Council of Governments:				
Home & Community Care Block Grant:				
Access - Title III-B	93.044	10,040	591	1,062
In-home Services:				
Title III-B	93.044	63,159	1,805	6,496
SSBG	93.667	16,468	471	1,694
Congregate Nutrition Title III-C	93.045	32,090	1,888	2,673
Home - Delivered Nutrition - Title III-C	93.045	54,299	3,194	5,750
Total Aging Cluster		176,056	7,949	17,675
<b>Administration for Children and Families</b>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Temporary Assistance for Needy Families	93.558	896,655	(131)	279
Work First Administration	93.558	76,205	-	89,797
Work First Service	93.558	310,257	-	524,929
TANF Up	93.558	515	(156)	-
Child Support Enforcement	93.563	380,061	-	195,789
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568	204,446	-	-
Child Care Development Fund	93.596	75,879	-	-
Child Welfare Services-State Grants	93.645	14,919	41,921	10,600
Social Services Block Grant	93.667	219,440	22,667	73,152
Independent Living Grant	93.674	796	199	-
Foster Care and Adoption Cluster:				
Title IV-E Foster Care	93.658	274,620	56,340	199,492
Adoption Subsidy	93.659	198,516	56,782	53,707
Total Foster Care and Adoption Cluster		473,136	113,122	253,199
Division of Child Development:				
Subsidized Child Care Cluster:				
Child Care and Development Block Grant	93.575	640,745	-	-
Child Care and Development Fund	93.596	557,821	3,010	-
Social Services Block Grant	93.667	25,332	-	-
Temporary Assistance for Needy Families	93.558	160,265	-	-
Smart Start		-	-	-
State Appropriations		-	398,304	-
TANF - Maintenance		-	187,814	-
Total Subsidized Child Care Cluster		1,384,163	589,128	-
<b>Health Care Financing Administration</b>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	31,122,266	16,205,595	2,685,436
Division of Social Services:				
Medical Assistance Program	93.778	439,608	31,865	370,365
Administration:				
Health Choice	93.767	10,621	2,888	998
<b>Centers for Disease Control</b>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Epidemiology:				
Aids prevention	93.940	13,337	-	-
Immunization Action Plan	93.268	16,379	-	-
Project assist	93.562	500	-	-
Drug User Program	93.959	8,577	-	-
Elimination Program	93.997	1	-	-
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Community Health:				
Women's Preventive Health	93.991	26,649	-	-
Breast and cervical cancer	93.919	14,260	-	-

Beaufort County, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Health Resources and Services Administration</b>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Women and Children:				
Child Health Services Block Grant	93.994	93,918	-	-
Temporary Assistance for Needy Families	93.558	10,012	-	-
Family Planning	93.217	20,285	-	-
<b>Total U.S. Dept. of Health and Human Services</b>		<b>35,988,941</b>	<b>17,015,047</b>	<b>4,222,219</b>
<b>Dept. of Housing and Urban Development(HUD)</b>				
Direct Benefit Payments Special Assistance DRI	NONE	82,942	-	-
Single Family Rehab Program	14.239	98,048	-	-
CDBG Grant	14.228	17,345	-	-
<b>Total Dept. of Housing and Urban Development(HUD)</b>		<b>198,335</b>	-	-
<b>Total Federal Awards</b>		<b>46,020,246</b>	<b>17,458,568</b>	<b>4,483,017</b>
<b>State Awards:</b>				
<u>N.C. Dept. of Health and Human Services</u>				
Division of Social Services:				
AFDC Incentive		-	364	-
TANF		-	2,168	-
F/C at Risk		-	15,578	9,694
State to Counties		-	48,410	-
CP & L Energy Program		-	4,030	-
State/County Special Assistance for Adults		-	502,618	553,572
State Foster Care Benefits Program		-	18,237	18,237
Division of Community Health:				
Communicable disease		-	2,750	-
General Health		-	28,030	-
Maternal Health		-	16,301	-
TB Medical Services		-	1,975	-
Child Health		-	10,555	-
Healthy Carolinians		-	11,396	-
Women's Preventative Health		-	32,603	-
Maternal Care Coordination		-	24,885	-
Child Care Coordination		-	31,424	-
Tuberculosis		-	24,356	-
Aids		-	3,923	-
Direct Grant: State appropriation - soil & water		-	32,280	-
Division of Aging:				
90 % State Funds		-	236,059	23,202
<b>Total N. C. Department of Health and Human Services</b>		-	<b>1,047,942</b>	<b>604,705</b>
<u>Office of the Governor</u>				
Community Based Alternatives		-	157,429	-
<b>Total Office of Governor</b>		-	<b>157,429</b>	-
<u>N.C. Dept. of Transportation</u>				
Elderly and Disabled Transportation Assistance Program (E&DTAP)		-	59,177	-
ROAP - Work First		-	8,828	-
Rural General Public		-	27,985	-
Governor's Highway Safety		-	7,540	-
<b>Total N. C. Dept. Of Transportation</b>		-	<b>103,530</b>	-
<u>N.C. Dept. of Industrial Development Fund</u>				
		-	36,424	-
<u>N.C. Dept. of Commerce</u>				
Container grant		-	3,250	-
SARF Grant		-	187,769	-
Crisis Housing Assistance Funds		-	3,026,392	-
<b>Total N.C. Dept. of Commerce</b>		-	<b>3,217,411</b>	-

Beaufort County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2002

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>N.C. Dept. of Health &amp; Natural Resources</u>				
Scrap Tire Grant		-	22,452	-
Total N.C. Dept. of Health & Natural Resources		-	22,452	-
 <u>N.C. Dept. of Public Instruction</u>				
Public School Bond Fund		-	79,963	-
 <u>N.C. Dept. of Corrections</u>				
Criminal Justice Partnership Program			70,849	
 <u>N.C. Dept. of Administration</u>				
Veterans		-	2,000	-
Total State Awards		-	4,740,000	604,705
Total Federal and State Awards		\$ 46,020,246	\$ 22,198,568	\$ 5,087,722

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. **Basis of Presentation**  
 The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Carolina County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements. Benefit payments are paid directly to recipients and are not included in the county's general purpose financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.
  
2. **Subrecipients**  
 Of the federal and State expenditures presented in the schedule, Beaufort County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Public School Bond Fund		-	79,963	-

MANAGEMENT LETTER

Thompson, Price, Scott, Adams & Co., P.A.  
—CERTIFIED PUBLIC ACCOUNTANTS—  
4024 Oleander Drive Suite 2  
Wilmington, North Carolina 28403  
Telephone (910) 799-4872 Fax (910) 395-4872

MANAGEMENT LETTER

Members of The Board of County Commissioners  
Beaufort County  
Washington, North Carolina

In planning and performing our audit of the general purpose financial statements of the Beaufort County, for the year ended June 30, 2002, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control. We noted no matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Beaufort County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. No reportable conditions were noted. This is due to the hard work and dedication of the County's management team.

We would like to thank Mr. Davenport, Mrs. Wilson and the county staff for all the assistance given to us during the audit. It was a pleasure to work with the County staff and we look forward to serving you in the future.

This report is intended solely for the information and use of the Board of Commissioners and management and is not intended to be and should not be used by anyone other than these specified parties.

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

Thompson, Price, Scott, Adams & Co., P.A.  
October 29, 2002