

BEAUFORT COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2004

TABLE OF CONTENTS
June 30, 2004

FINANCIAL SECTION	<u>Page(s)</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2-13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15-16
Fund Financial Statements:	
Balance Sheet-Governmental Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	18-19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual - General Fund	20
Statement of Net Assets – Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	22
Statement of Cash Flows – Proprietary Funds	23-24
Statement of Agency Net Assets- Agency Funds	25
Notes to the Financial Statements	26-50
Required Supplemental Financial Data:	
Law Enforcement Officers' Special Separation Allowance- Schedule of Funding Progress	51
Law Enforcement Officers' Special Separation Allowance- Schedule of Employer Contributions	52
Combining and Individual Fund Statements and Schedules:	
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund - Budget and Actual	53-57
Combining Balance Sheet – Nonmajor Governmental Funds	58-60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	61-63
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Revaluation Fund	64
Economic Development Fund	65

Water District Capital Project Fund- Water District II	106
Water District Capital Project Fund- Water District III	107
Water District Capital Project Fund- Water District IV	108
Water District Capital Project Fund- Water District IV-Phase II	109
Water District Capital Project Fund- Water District V- Clean Water	110
Water District Capital Project Fund- Water District V Pantego Capital Project	111
Water District Capital Project Fund- Water District VI Southside HS	112
Water District Capital Project Fund- Water District VI Chocowinity	113
Water District Capital Project Fund- Water District VII	114
Combining Statement of Fiduciary Assets and Liabilities:	
Agency Funds	115
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	116
Analysis of Current Tax Levy County-Wide Levy	117-118
Secondary Market Disclosures	119
Schedule of Transfers	120

COMPLIANCE SECTION

**Report Internal Control over Financial And On Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

**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**

**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**

**Schedule of Findings and Questioned Costs
Corrective Action Plan
Summary Schedule of Prior Year Audit Findings
Schedule of Expenditures of Federal and State Awards**

Data Collection Form

Management Letter

Washington Administrative Unit	66
Fire District Funds (All Fire Districts)	67
Arbitrage Reserve	68
E911 Fund	69
NC Housing Finance Agency	70
Hazardous Mitigation	71
Disaster Relief Initiative Fund	72
NC Disaster Relief Initiative Fund	73
Capital Reserve Fund	74
CDBG Fund	75
Industrial Recruitment Fund	76
State and Federal Seizure Fund	77
Capital Project Funds-Fountain Power Boats Water/Sewer	78
Capital Project Fund-NC Crisis Housing	79
Capital Project Fund- HMGP Buyout	80
Capital Project Fund- HMGP Bonnie	81
Capital Project Fund-Hospital Renovations	82
Capital Project Fund- Delta City Sewer	83
Capital Project Fund- Animal Shelter	84
Enterprise Funds:	
Combining Balance Sheets-Enterprise Funds	85-86
Combining Statement of Revenues, Expenses, and Changes In Retained Earnings-Enterprise Funds	87-88
Combining Statement of Cash Flows -Enterprise Funds	89-90
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Enterprise Fund- Water District I	91-92
Enterprise Fund- Water District II	93-94
Enterprise Fund- Water District III	95-96
Enterprise Fund- Water District IV	97-98
Enterprise Fund- Water District V	99-100
Enterprise Fund- Water District VI	101-102
Enterprise Fund- Water District VII	103-104
Water District Capital Project Fund- Water District I	105

FINANCIAL SECTION



CERTIFIED PUBLIC ACCOUNTANTS

Gregory S. Adams, CPA
R. Bryon Scott, CPA
Alan W. Thompson, CPA

4024 Oleander Drive, Suite 2
Wilmington, North Carolina 28403
Telephone (910) 799-4872
Fax (910) 395-4872

Offices:
Wilmington, NC
Elizabethtown, NC
Whiteville, NC

Independent Auditor's Report

To the Board of County Commissioners
Beaufort County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Beaufort County's management. Our responsibility is to express an opinion on these basic 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina as of June 30, 2004, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

In accordance with Government Auditing Standards, we have also issued our report dated January 3, 2005 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 financial statements that collectively comprise the basic financial statements of Beaufort County, North Carolina. The combining and individual nonmajor fund 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 Non-Profit Organizations* and the State Single Audit Implementation Act, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Thompson, Price, Scott, Adams & Co., P.A.
January 3, 2005

Management's Discussion and Analysis

As management of Beaufort County, we offer readers of Beaufort County's financial statements this narrative overview and analysis of the financial activities of Beaufort County for the fiscal year ended June 30, 2004. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

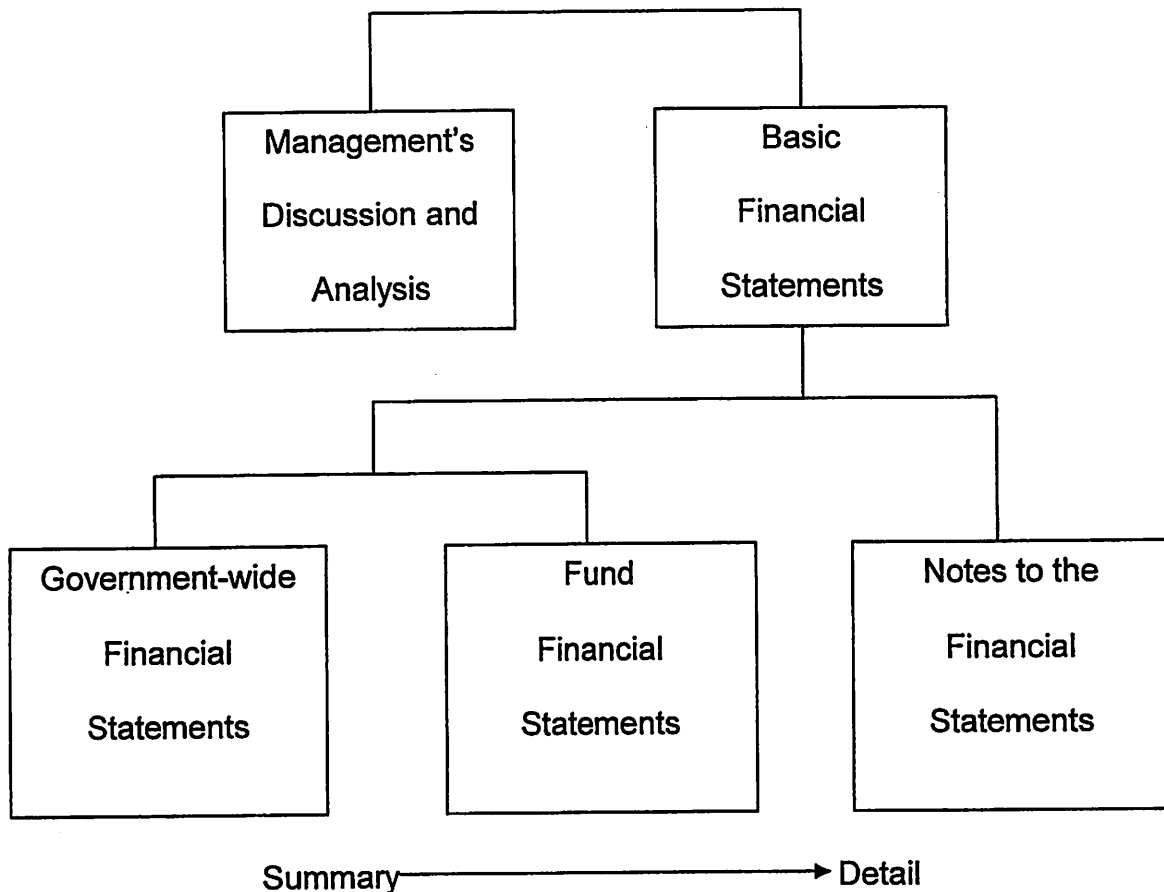
- The assets of Beaufort County exceeded its liabilities at the close of the fiscal year by \$36,414,105 (*net assets*).
- The government's total net assets increased by \$9,069,219, primarily due to increased net assets in the General Fund.
- As of the close of the current fiscal year, Beaufort County's governmental funds reported combined ending fund balances of \$ 16,552,053, an increase of \$3,306,256 in comparison with the prior year. Approximately 71 percent of this total amount, or \$11,718,366, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$11,718,366, or 30 percent of total general fund expenditures for the fiscal year.
- Beaufort County's total debt decreased by \$2,415,981 during the current fiscal year. The key factors in this decrease were the ongoing payments of all debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Beaufort County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Beaufort County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show

details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

Government-wide Financial Statements

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

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gage the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Beaufort County. The final category is the component units. Beaufort County Hospital is a public hospital operated by a not-for-profit corporation that has leased the hospital from the County for a period of 99 years. The County appoints the board of trustees for the hospital and has issued debt on its behalf. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

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

Fund Financial Statements

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

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

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

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Beaufort County has one agency fund.

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

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

Government-Wide Financial Analysis

The government-wide financial statements for the fiscal year ended June 30, 2004, are the beginning of a new era in financial reporting for Beaufort County, and many other units of government across the United States.

The changes in the financial statement reporting model are mandated by the Government Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in Beaufort County's financial reports as well as those of many other units of government. While Beaufort County was required to implement these changes for the fiscal year ended June 30, 2003, other units were required to implement Statement 34 in 2002, and any remaining governments will be implementing in 2004.

Because of the new reporting model, comparative data for all facets of this report are not available. When comparative numbers are accessible, they have been included, such as with net assets. Future years' reports will have more comparative data that will allow more opportunities for comparative analysis.

Beaufort County's Net Assets

BEAUFORT COUNTY'S NET ASSETS

	Governmental Activities		Business-type Activities		Total 2004
	2003	2004	2003	2004	
Current and other assets	\$ 21,267,780	\$ 24,970,458	\$ 10,676,903	\$ 2,375,884	\$ 27,346,342
Capital assets	4,401,413	4,139,030	52,349,733	63,524,409	67,663,439
Total assets	<u>25,669,193</u>	<u>29,109,488</u>	<u>63,026,636</u>	<u>65,900,293</u>	<u>95,009,781</u>
Long-term liabilities outstanding	12,301,974	10,366,018	44,349,091	43,866,402	54,232,420
Other liabilities	3,779,015	3,985,122	1,327,320	378,134	4,363,256
Total liabilities	<u>16,080,989</u>	<u>14,351,140</u>	<u>45,676,411</u>	<u>44,244,536</u>	<u>58,595,676</u>
Net assets:					
Invested in capital assets, net of related debt	2,941,170	3,093,343	16,992,349	20,606,042	23,699,385
Restricted	810,708	34,448	-	-	34,448
Unrestricted	5,836,328	11,630,557	764,333	1,049,715	12,680,272
Total net assets	<u>\$ 9,588,204</u>	<u>\$ 14,758,348</u>	<u>\$ 17,756,682</u>	<u>\$ 21,655,757</u>	<u>\$ 36,414,105</u>

Figure 2

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Beaufort County exceeded liabilities by \$36,414,105 as of June 30, 2004. The County's net assets increased by \$9,069,219 for the fiscal year ended June 30, 2004. One of the largest portions reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Beaufort County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Beaufort County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Beaufort County's net assets \$34,448 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,680,272 is unrestricted.

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 93.71%.
- Increased charges for services revenue due to growth in the County.

Figure 3

BEAUFORT COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total
	2003	2004	2003	2004	2004
Revenues:					
Program revenues:					
Charges for services	\$ 4,657,792	\$ 4,197,141	\$ 3,353,601	\$ 3,544,450	\$ 7,741,591
Operating grants and contributions	12,348,189	8,356,772	199,545	-	8,356,772
Capital grants and contributions	-	2,239,767	2,420,021	3,727,742	5,967,509
General revenues:					
Property taxes	23,173,730	22,573,015	-	-	22,573,015
Other taxes	7,312,714	8,296,660	-	-	8,296,660
Grants and contributions not restricted to specific programs	1,758,323	1,175,879	-	-	1,175,879
Other	(46,601)	213,609	14,739	104,801	318,410
Total revenues	49,204,147	47,052,843	5,987,906	7,376,993	54,429,836
Expenses:					
General government	3,564,125	3,663,168	-	-	3,663,168
Public safety	5,699,253	6,122,041	-	-	6,122,041
Economic and physical development	5,702,869	2,666,498	-	-	2,666,498
Human services	14,690,720	15,025,814	-	-	15,025,814
Cultural and recreation	193,585	192,477	-	-	192,477
Education	10,485,585	10,609,396	-	-	10,609,396
Interest on long-term debt	685,211	539,246	-	-	539,246
Environmental Protection	2,850,747	2,955,767	-	-	2,955,767
Water and sewer	-	-	3,486,942	3,477,918	3,477,918
Total expenses	43,872,095	41,774,407	3,486,942	3,477,918	45,252,325
Increase in net assets before transfers and special items	-	-	-	-	-
Transfers	5,332,052	(108,292)	2,500,964	-	(108,292)
Increase in net assets	5,332,052	5,170,144	2,500,964	3,899,075	9,069,219
Net assets, July 1	4,256,152	9,588,204	15,255,718	17,756,685	27,344,889
Net assets, June 30	\$ 9,588,204	\$14,758,348	\$ 17,756,682	\$ 21,655,757	\$ 36,414,105

Governmental activities. Governmental activities increased the County's net assets by \$5,170,145, thereby accounting for 53% of the total growth in the net assets of Beaufort County. Key elements of this increase are as follows:

- Solid cost cutting strategies
- Maintenance of the County's high tax collection rate of 93.71%

Business-type activities: Business-type activities increased Beaufort County's net assets by \$3,899,075, accounting for 22% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Water and sewer fee collections and grant revenues that helped cover the cost of providing the service

Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of Beaufort County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$11,718,366, while total fund balance reached \$14,901,866. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 30 percent of total General Fund expenditures, while total fund balance represents 79 percent of that same amount.

At June 30, 2004, the governmental funds of Beaufort County reported a combined fund balance of \$16,552,053, a \$3,306,256 increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increase revenues by only \$882,250.

Proprietary Funds. Beaufort County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer District equaled \$1,049,715. The total growth in net assets was \$3,899,075. Other factors concerning the finances of this fund has already been addressed in the discussion of Beaufort County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Beaufort County's capital assets for its governmental and business – type activities as of June 30, 2004, totals \$67,663,439 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchased new land
- Purchased new vehicles for the County
- Addition of construction in progress on Water Districts

BEAUFORT COUNTY'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-type Activities		Total
	2003	2004	2003	2004	2004
Land	\$ 1,525,454	\$ 1,601,367	\$ 75,961	\$ 75,961	\$ 1,677,328
Buildings and system Improvements other than buildings	2,495,959	2,292,574	11,438,801	11,210,025	13,502,599
Equipment and vehicles	-	-	-	-	-
Infrastructure	380,000	245,089	135,578	108,462	353,551
Construction in progress	-	-	40,699,393	52,129,961	52,129,961
Total	\$ 4,401,413	\$ 4,139,030	\$ 52,349,733	\$ 63,524,409	\$ 67,663,439

Figure 4

Additional information on the County's capital assets can be found in the notes to the financial statements of this audited financial report.

Long-term Debt. As of June 30, 2004, Beaufort County had total bonded debt outstanding of \$45,458,800 all of which is debt backed by the full faith and credit of the County.

**Beaufort County's Outstanding Debt
General Obligation and Revenue Bonds**

	Governmental Activities		Business-type Activities		Total
	2003	2004	2003	2004	2004
General obligation bonds	\$ 3,365,000	\$ 2,355,000	\$ 43,569,300	\$ 43,103,800	\$ 45,458,800

Figure 5

Beaufort County's total debt increased by \$2,415,981 during the past fiscal year, primarily due to the payment of bonds.

As mentioned in the financial highlights section of this document, Beaufort County maintained its A bond rating from Moody's Investor Service. This bond rating is a clear indication of the sound financial condition of Beaufort County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Beaufort County is \$236,582,442. The County has no in bonds authorized but un-issued at June 30, 2004.

Additional information regarding Beaufort County's long-term debt can be found in the notes to the financial statements of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The County is enjoying a low unemployment rate.
- Retail vacancy rates are low.

Budget Highlights for the Fiscal Year Ending June 30, 2005

Governmental Activities: Property taxes (benefiting from the economic growth) and revenues from permits and fees are expected to lead the increase in revenue projections. The County will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to remain constant.

Business – type Activities: The water and sewer rates in the County will remain constant. Revenues should increase along with increased usage. General operating expenses will increase to cover increased personnel costs, costs of material, supplies, and other operating expenses.

Requests for Information

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

County Manager
121 West 3rd Street
Washington, NC 27889

BASIC FINANCIAL STATEMENTS

Beaufort County, North Carolina
Statement of Net Assets
June 30, 2004

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Warren Field Commission	Beaufort County Hospital Inc.	Beaufort County ABC Board
ASSETS						
Cash and cash equivalents	\$ 16,304,612	\$ 1,309,082	\$ 17,613,694	\$ 45,395	\$ 1,362,658	\$ 398,098
Receivables (net)	8,169,315	635,148	8,804,463	47,357	9,222,543	-
Due from other governments	-	-	-	-	-	-
Other assets	-	-	-	-	2,273,441	-
Inventories	-	-	-	-	1,958,249	310,524
Prepaid items	-	-	-	-	236,232	1,044
Internal balances	496,531	(496,531)	-	-	-	-
Restricted cash and cash equivalents	-	928,185	928,185	156,742	-	133
Capital assets:						
Land, improvements, and construction in progress	1,601,367	52,205,922	53,807,289	671,699	1,931,525	147,594
Other capital assets, net of depreciation	2,537,663	11,318,487	13,856,150	1,188,714	17,580,442	200,033
Total capital assets	4,139,030	63,524,409	67,663,439	1,860,413	19,511,967	347,627
Total assets	29,109,488	65,900,293	95,009,781	2,109,907	34,565,090	1,057,426
LIABILITIES						
Accounts payable and accrued expenses	2,925,512	268,295	3,193,807	34,969	6,779,125	268,730
Unearned revenue	1,059,610	-	1,059,610	156,742	626,689	-
Accrued interest payable	-	-	-	-	72,211	-
Customer deposits	-	97,250	97,250	-	-	-
Liabilities to be paid from restricted assets	-	12,589	12,589	-	-	-
Long-term liabilities:						
Due within one year	1,893,275	11,561,025	13,454,300	-	1,140,033	-
Due in more than one year	8,472,743	32,305,377	40,778,120	-	6,915,889	-
Total liabilities	14,351,140	44,244,536	58,595,676	191,711	15,533,947	268,730
NET ASSETS						
Invested in capital assets, net of related debt	3,093,343	20,606,042	23,699,385	1,860,413	11,456,045	-
Restricted for:						
Register of Deeds	34,448	-	34,448	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted (deficit)	11,630,557	1,049,715	12,680,272	57,783	7,575,098	788,696
Total net assets	\$ 14,758,348	\$ 21,655,757	\$ 36,414,105	\$ 1,918,196	\$ 19,031,143	\$ 788,696

Beaufort County, North Carolina
Statement of Activities
For the Year Ended June 30, 2004

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:				
Governmental Activities:				
General government	\$ 3,663,168	\$ 728,054	\$ 9,500	\$ -
Public safety	6,122,041	753,092	417,316	-
Cultural and recreation	192,477	-	-	-
Economic and physical development	2,774,790	-	-	1,955,602
Human services	15,025,814	1,181,626	7,929,956	-
Education	10,609,396	-	-	-
Environmental protection	2,955,767	1,534,369	-	284,165
Interest on long-term debt	539,246	-	-	-
Total governmental activities	41,882,699	4,197,141	8,356,772	2,239,767
Business-type activities:				
Water and Sewer	3,477,918	3,544,450	-	3,727,742
Total business-type activities	3,477,918	3,544,450	-	3,727,742
	\$ 45,360,617	\$ 7,741,591	\$ 8,356,772	\$ 5,967,509
Component units:				
Hospital	\$ 44,550,858	\$ 45,655,180	\$ 38,171	\$ -
Warren Field Commission	494,439	168,135	108,292	581,343
ABC Board	3,102,932	3,163,367	-	-
Total component units	\$ 48,148,229	\$ 48,986,682	\$ 146,463	\$ 581,343
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local option sales tax				
Other taxes and licenses				
Grants and contributions not restricted to specific programs				
Investment earnings, unrestricted				
Miscellaneous, unrestricted				
Transfers				
Total general revenues, special items, and transfers				
Change in net assets				
Net assets-beginning				
Net assets-ending				

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Warren Field Commission	Beaufort County Hospital Inc.	Beaufort County ABC Board
\$ (2,925,614)	\$ -	\$ (2,925,614)	\$ -	\$ -	\$ -
(4,951,633)	-	(4,951,633)	-	-	-
(192,477)	-	(192,477)	-	-	-
(819,188)	-	(819,188)	-	-	-
(5,914,232)	-	(5,914,232)	-	-	-
(10,609,396)	-	(10,609,396)	-	-	-
(1,137,233)	-	(1,137,233)	-	-	-
(539,246)	-	(539,246)	-	-	-
<u>(27,089,019)</u>	<u>-</u>	<u>(27,089,019)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	3,794,274	3,794,274	-	-	-
-	3,794,274	3,794,274	-	-	-
\$ <u>(27,089,019)</u>	\$ <u>3,794,274</u>	\$ <u>(23,294,745)</u>			
				1,142,493	-
			363,331	-	-
			-	-	60,435
			<u>363,331</u>	<u>1,142,493</u>	<u>60,435</u>
22,573,015	-	22,573,015	-	-	-
8,131,699	-	8,131,699	-	-	-
164,961	-	164,961	-	-	-
1,175,879	-	1,175,879	-	-	-
107,268	104,801	212,069	439	25,412	2,546
106,341	-	106,341	-	-	-
-	-	-	108,292	-	(60,746)
<u>32,259,163</u>	<u>104,801</u>	<u>32,363,964</u>	<u>108,731</u>	<u>25,412</u>	<u>(58,200)</u>
5,170,144	3,899,075	9,069,219	472,062	1,167,905	2,235
9,588,204	17,756,682	27,344,886	1,446,134	17,863,238	786,461
\$ <u>14,758,348</u>	\$ <u>21,655,757</u>	\$ <u>36,414,105</u>	\$ <u>1,918,196</u>	\$ <u>19,031,143</u>	\$ <u>788,696</u>

Beaufort County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2004

	<u>General</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 14,549,143	\$ 1,755,469	\$ 16,304,612
Receivables, net	6,296,073	236,849	6,532,922
Due from other governments	-	-	-
Due from other funds	505,802	-	505,802
Installment obligation receivable	1,059,610	-	1,059,610
Total assets	<u>\$ 22,410,628</u>	<u>\$ 1,992,318</u>	<u>\$ 24,402,946</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	2,796,329	129,183	2,925,512
Miscellaneous liabilities	-	-	-
Due to other funds	-	9,271	9,271
Unearned revenue	-	-	-
Deferred revenue	4,712,433	203,677	4,916,110
Total liabilities	<u>7,508,762</u>	<u>342,131</u>	<u>7,850,893</u>
Fund balances:			
Reserved for:			
State statute	3,149,052	33,172	3,182,224
Register of Deeds	34,448	-	34,448
Unreserved	11,718,366	-	11,718,366
Unreserved, reported in nonmajor:			
Special revenue funds	-	814,324	814,324
Capital projects funds	-	802,691	802,691
Total fund balances	<u>14,901,866</u>	<u>1,650,187</u>	<u>16,552,053</u>
Total liabilities and fund balances	<u>\$ 22,410,628</u>	<u>\$ 1,992,318</u>	

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

Accrued interest receivable less amount claimed as unearned.	576,783
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,139,030
Liabilities for earned but deferred revenues in fund statements.	3,856,500
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	<u>(10,366,018)</u>
Net assets of governmental activities	<u>\$ 14,758,348</u>

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

Beaufort County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2004

	General Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 21,266,826	\$ 1,115,875	\$ 22,382,701
Local option sales taxes	8,131,699	-	8,131,699
Other taxes and licenses	290,462	-	290,462
Unrestricted intergovernmental	136,508	-	136,508
Restricted intergovernmental	9,453,836	2,352,103	11,805,939
Permits and fees	436,031	-	436,031
Sales and services	3,510,873	-	3,510,873
Investment earnings	89,678	17,490	107,168
Miscellaneous	59,478	3,668	63,146
Total revenues	<u>43,375,391</u>	<u>3,489,136</u>	<u>46,864,527</u>
EXPENDITURES			
Current:			
General government	3,565,503	-	3,565,503
Public safety	4,537,092	1,466,092	6,003,184
Economic and physical development	705,706	2,060,677	2,766,383
Human services	15,028,155	-	15,028,155
Cultural and recreational	192,477	-	192,477
Environmental protection	2,976,421	-	2,976,421
Intergovernmental:			
Education	10,609,166	230	10,609,396
Debt service:			
Principal	1,877,506	-	1,877,506
Interest	539,246	-	539,246
Total expenditures	<u>40,031,272</u>	<u>3,526,999</u>	<u>43,558,271</u>
Excess (deficiency) of revenues over expenditures	<u>3,344,119</u>	<u>(37,863)</u>	<u>3,306,256</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	873,495	873,495
Transfers to other funds	(873,495)	-	(873,495)
Capital lease obligations issued	-	-	-
Installment purchase obligations issued	-	-	-
Transfers (to)/from Component Units	-	-	-
Sale of capital assets	-	-	-
Total other financing sources and uses	<u>(873,495)</u>	<u>873,495</u>	<u>-</u>
Net change in fund balance	2,470,624	835,632	3,306,256
Fund balances-beginning	12,431,242	814,555	13,245,797
Fund balances-ending	<u>\$ 14,901,866</u>	<u>\$ 1,650,187</u>	<u>\$ 16,552,053</u>

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

Beaufort County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2004

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

Net changes in fund balances - total governmental funds	\$	3,306,256
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
		(260,382)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		190,314
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		1,877,506
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		<u>56,450</u>
Total changes in net assets of governmental activities	\$	<u><u>5,170,144</u></u>

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

Beaufort County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 19,923,602	\$ 20,015,402	\$ 21,266,826	\$ 1,251,424
Local option sales tax	8,461,802	8,461,802	8,131,699	(330,103)
Other taxes and licenses	187,500	187,500	290,462	102,962
Unrestricted intergovernmental	334,000	146,000	136,508	(9,492)
Restricted intergovernmental	8,435,992	9,182,096	9,453,836	271,740
Permits and fees	370,700	370,700	436,031	65,331
Sales and services	3,523,836	3,627,547	3,510,873	(116,674)
Investment earnings	50,000	50,000	89,678	39,678
Miscellaneous	3,500	21,220	59,478	38,258
Total revenues	<u>41,290,932</u>	<u>42,062,267</u>	<u>43,375,391</u>	<u>1,313,124</u>
Expenditures				
Current:				
General government	3,681,181	3,869,144	3,565,503	303,641
Public safety	4,392,288	4,542,942	4,537,092	5,850
Economic and physical development	496,787	727,001	705,706	21,295
Human services	15,727,146	15,988,516	15,028,155	960,361
Environmental protection	2,833,625	2,993,966	2,976,421	17,545
Cultural and recreational	196,677	196,677	192,477	4,200
Intergovernmental:				
Education	10,609,166	10,609,166	10,609,166	-
Debt service:				
Principal retirement	1,865,020	1,878,020	1,877,506	514
Interest and other charges	568,421	555,421	539,246	16,175
Total expenditures	<u>40,370,311</u>	<u>41,360,853</u>	<u>40,031,272</u>	<u>1,329,581</u>
Revenues over (under) expenditures	920,621	701,414	3,344,119	2,642,705
Other financing sources (uses):				
Transfers to other funds			(873,495)	
Transfers (to)/from Component Units			-	
Fund Balance Appropriated			-	
Total other financing sources (uses)	<u>(920,621)</u>	<u>(701,414)</u>	<u>(873,495)</u>	<u>(172,081)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	2,470,624	<u>\$ 2,470,624</u>
Fund balances:				
Beginning of year, July 1			12,431,242	
End of year, June 30			<u>\$ 14,901,866</u>	

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

Beaufort County, North Carolina
Statement of Net Assets
Proprietary Fund
June 30, 2004

	Water Districts
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,309,082
Receivables, net	635,148
Total current assets	1,944,230
Noncurrent assets:	
Restricted cash and cash equivalents	928,185
Capital assets:	
Land, improvements, and construction in progress	52,205,922
Other capital assets, net of depreciation	11,318,487
Total capital assets	63,524,409
Total noncurrent assets	64,452,594
Total assets	\$ 66,396,824
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 268,295
Customer deposits	97,250
Due to primary government	496,531
Notes payable	56,525
Bond Anticipation Notes	10,700,000
General obligation bonds payable	804,500
Total current liabilities	12,423,101
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Accounts payable	12,589
Compensated absences	19,850
Notes payable	686,227
General obligation bonds payable	31,599,300
Total noncurrent liabilities	32,317,966
Total liabilities	44,741,067
NET ASSETS	
Invested in capital assets, net of related debt	20,606,042
Unrestricted	1,049,715
Total net assets	\$ 21,655,757

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

Beaufort County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2004

		<u>Water Districts</u>
OPERATING REVENUES		
Charges for services	\$	3,128,380
Water and sewer taps		152,625
Other Operating Revenues		263,445
Total operating revenues		3,544,450
OPERATING EXPENSES		
Administration		195,488
Water treatment		153,890
Water distribution		1,154,172
Depreciation		255,893
Total operating expenses		1,759,443
Operating income (loss)		1,785,007
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue		104,801
Interest on Long-term Debt		(1,718,475)
Total nonoperating revenue (expenses)		(1,613,674)
Income (loss) before contributions and transfers		171,333
Transfers from other funds		-
Capital contributions		3,727,742
Change in net assets		3,899,075
Total net assets - beginning		17,756,682
Total net assets - ending	\$	21,655,757

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

Beaufort County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2004

Exhibit 8

	Water Districts
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 3,650,588
Cash Paid for Goods and Services and Employees	(1,552,413)
Other Operating Revenue	-
Net Cash Used by Operating Activities	2,098,175
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(11,430,567)
Principal Paid on Bond and Equipment Contracts	(480,025)
Interest Paid on Bonds and Equipment Contracts	(1,718,475)
Grants Received	3,727,742
Proceeds from Capital Leases, Bonds and Notes	-
Net Cash Used by Capital and Related Financing Activities	(9,901,325)
Cash Flows from Investing Activities:	
Interest on Investments	104,801
Net Increase (Decrease) in Cash and Cash Equivalents	(7,698,349)
Cash and Cash Equivalents, July 1	9,935,616
Cash and Cash Equivalents, June 30	\$ 2,237,267

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

Water
Districts

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ <u>1,785,007</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	255,893
Changes in Assets and Liabilities:	
(Increase) Decrease	
in Receivables and other assets	106,138
in Due from other funds	-
Increase (Decrease)	
in Accounts Payable and Accrued Liabilities	(69,949)
in Accrued Vacation Payable	(2,663)
in Customer Deposits	<u>23,749</u>
Total Adjustments	<u>313,168</u>
Net cash provided by operating activities	\$ <u><u>2,098,175</u></u>

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

Beaufort County, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

Exhibit 9

	Social Services	County Home	Inmate Account	Totals June 30, 2004
Assets				
Current Assets:				
Cash and Investments	\$ 33,332	\$ 4,373	\$ 6,474	\$ 44,179
Due from other funds	-	-	-	-
Total Assets	<u>33,332</u>	<u>4,373</u>	<u>6,474</u>	<u>44,179</u>
Liabilities and Net Assets				
Miscellaneous liabilities	<u>33,332</u>	<u>4,373</u>	<u>6,474</u>	<u>44,179</u>
Net Assets	-	-	-	-
Total Liabilities and Net Assets	<u>\$ 33,332</u>	<u>\$ 4,373</u>	<u>\$ 6,474</u>	<u>\$ 44,179</u>

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

BEAUFORT COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2004

I. 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. Beaufort County Water District (*the District*) exists to provide and maintain a water system for the county residents within the district. The District is reported as an enterprise fund in the County's financial statements. Beaufort County Hospital (*the Hospital*), which has a September 30 year-end, Beaufort County ABC Board (*the Board*) and Warren Field Airport Commission (*the Airport*), which each have a June 30 year-end, are presented as if they are separate proprietary funds of the County (discrete presentations). The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Beaufort County Water Districts I-VII	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District	None issued
Beaufort County Hospital	Discrete	The Hospital is a public hospital operated by a not-for-profit corporation which has leased the hospital facilities from the County for a period of 99 years. The County appoints the board of trustees for the Hospital. The County has also issued general obligation debt on behalf of the hospital.	Beaufort County Hospital 628 East 12th Street Washington, NC 27889
Beaufort County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County	Beaufort County ABC Board P.O. Box 552 Washington, NC 27889
Warren Field Airport Commission	Discrete	The Commission was empowered to operate, maintain, and improve Warren Field for the City and the County. The Commission is governed by a five member board; three from the County and two from the City.	Warren Field Airport Commission P.O. Box 610 Airport Road Washington, NC 27889

B. Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

Notes to the financial statements

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

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

The County reports the following major governmental fund:

General Fund: This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The County reports the following major enterprise funds:

Beaufort County Water Districts I-VII Funds: These funds are used to account for the operations of the water districts within the County. All are major funds. The individual district statements are shown as supplementary statements.

The County reports the following fund types:

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.

Measurement Focus, Basis of Accounting

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

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

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

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

Notes to the financial statements

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 2003 to February 2004 apply to the fiscal year ended June 30, 2004. 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, 2004 because they are intended to finance the County's operations during the 2004 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.

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

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The County has implemented GASB Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments* and related standard. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

C. 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 and capital project funds), and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the grant 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 all annually budgeted funds and at the object level for multi-year funds. Amendments are required for any revision that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Notes to the financial statements

D. 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 are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at 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. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

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, 2003. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventories and Prepaid Items

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.

Notes to the financial statements

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. Capital Assets

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

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
Parking lots and road	10-25 years
Clearing & Excavation	25 years
Lighting, taxiways and runways	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

8. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

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

9. Compensated Absences

The vacation policies of the County, the Hospital, and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, the Hospital, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policy of the County, the Hospital, and the ABC Board provides for an unlimited accumulation of

Notes to the financial statements

earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, reservations or restrictions of equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance 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

Reserved for Shelter - Portion of fund balance not available for appropriation because it represents the amount contributed towards construction of an animal shelter.

Reserved for Encumbrances - Portion of fund balance available to pay for any commitments related to purchase orders and contracts that remain unperformed at year-end.

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 that 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 2004-2005 budget ordinance.

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

E. Reconciliation of Government-wide and Fund Financial Statements

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

The government fund balance sheet included a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. The net adjustment of (\$1,793,705) consists of several elements as follows:

Notes to the financial statements

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 14,950,178
Less accumulated depreciation	<u>(10,811,148)</u>
Net capital assets	4,139,030
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	576,783
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	3,856,500
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment	(9,696,148)
Compensated absences	(480,527)
Accrued landfill charges payable	<u>(189,343)</u>
Total adjustment	\$ <u><u>(1,793,705)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances included a reconciliation between net changes in fund balance-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$1,863,888 as follows:

Notes to the financial statements

Description	Amount
Capital outlay expenditures in the fund statements but capitalized as assets in the statement of activities	\$ 325,384
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(585,766)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statement.	1,877,506
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	58,450
Other revenues.	(2,000)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/03	(3,891,425)
Recording of tax receipts deferred in the fund statement as of 6/30/04	3,856,500
Increase in accrued taxes receivable for year ended 6/30/04	225,239
Total adjustment	\$ <u>1,863,888</u>

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-Related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

The County's repurchase agreement is not in accordance with State law. State law [G.S. 159-30(c)(12)] requires that the security be delivered to the County or its safekeeping agent other than the provider of the repurchase agreement and the security must be in the County's name. The underlying security is held by the financial institution providing the transaction and is not in the County's name. The County will establish a custodial agreement with a separate financial institution that will hold the security in the County's name.

B. Deficit Fund Balance or Net Assets of Individual Funds

None.

C. Excess of Expenditures over Appropriations

None.

III. Detail Notes on All Funds and Account Groups

A. Assets

1. Deposits

Notes to the financial statements

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, 2004, the County's deposits had a carrying amount of \$7,901,211 and a bank balance of \$8,691,821. Of the bank balance, \$306,474 was covered by federal depository insurance, the remaining \$8,385,347 was covered by collateral and held under the Pooling Method.

At September 30, 2003, the Hospital's deposits had a carrying amount of \$1,362,658 and a bank balance of \$1,325,062. Of the bank balance, \$200,000 was covered by federal depository insurance, the remaining \$1,125,062 was covered by collateral held under the Pooling Method.

At June 30, 2004, the carry amount of deposits for Beaufort County ABC Board was \$398,098 and the bank balance was \$354,979. Of the bank balance, \$117,811 was covered by federal depository insurance and \$237,168 was collateralized under the Pooling Method.

At June 30, 2004, the Airport's deposits had a carrying amount of \$202,137 and a bank balance of \$263,984 with \$100,000 of the amount being covered by federal depository insurance, and \$163,984 collateralized under the Pooling Method.

2. Investments

The County's, the Hospital's, the ABC Board's, and the Airport's investments are categorized to give an indication of the level of custodial risk assumed by each of these entities at year-end. In the following tables, Column A includes investments that are insured or registered or for which the securities are held by the County, the Hospital, the ABC Board, or the Airport, or their agents in the entity's name. Column B includes uninsured and unregistered investments for which the securities are 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, 2004, the County's investment balances were as follows:

Categories	A	B	Reported Value	Fair Value
Repurchase Agreements	\$ -	\$ -	\$ 3,764	\$ 7,500
Common Stock	3,764	-		
Total	\$ 3,764	\$ -		
NC Capital Management Trust:				
Cash Portfolio			10,640,668	10,640,668
Total Investment			\$ 10,644,432	\$ 10,648,168

The underlying security is held by the financial institution providing the transaction and is not in the County's name.

Notes to the financial statements

At June 30, 2004, the ABC Board had no money in the above type investments.

At September 30, 2003, the Beaufort County Hospital's had no money in the above type investments.

At June 30, 2004, 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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2001	371,387	89,133	460,520
2002	675,687	99,326	775,013
2003	637,265	36,643	673,908
Total	<u>\$ 1,684,339</u>	<u>\$ 225,102</u>	<u>\$ 1,909,441</u>

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:

<u>Fund</u>	<u>30-Jun-04</u>
Property Taxes Receivable	
General Fund	\$ 590,000
Accounts Receivable	
Enterprise Fund	<u>219,844</u>
Total	<u>\$ 809,844</u>

Notes to the financial statements

Receivables at the government-wide level at June 30, 2004, were as follows:

	Accounts	Taxes & Related Accrued Interest	Fees	Due From Other Governments	Other	Total
Governmental Activities:						
General	\$ 151,787	\$ 3,652,823	\$ -	\$ 2,478,246	\$ 1,059,610	\$ 7,342,466
Other Governmental	-	203,677	-	33,172	-	236,849
Total Receivables	151,787	3,856,500	-	2,511,418	1,059,610	7,579,315
Allowance for Doubt Accounts	-	(590,000)	-	-	-	(590,000)
Total Governmental Activities	\$ 151,787	\$ 3,266,500	\$ -	\$ 2,511,418	\$ 1,059,610	\$ 8,169,315
Business-Type Activities						
Water Districts	\$ 854,992	\$ -	\$ -	\$ -	\$ -	\$ 854,992
Allowance for Doubtful Accounts	(219,844)	-	-	-	-	(219,844)
Total Business-Type Activities	\$ 635,148	\$ -	\$ -	\$ -	\$ -	\$ 635,148

5. Capital Assets

Capital asset activity for the year ended June 30, 2004, was as follows:

	Beginning Balances	Adjustments	Increases	Decreases	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,525,454	\$ -	\$ 75,913	\$ -	\$ 1,601,367
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	1,525,454	-	75,913	-	1,601,367
Capital assets being depreciated:					
Buildings	9,434,171	-	-	-	9,434,171
Equipment and Vehicles	3,835,388	-	249,471	170,219	3,914,640
Total capital assets being depreciated	13,269,559	-	249,471	170,219	13,348,811
Less accumulated depreciation for:					
Buildings	6,938,212	-	203,385	-	7,141,597
Equipment and Vehicles	3,455,388	-	382,382	168,219	3,669,551
Total accumulated depreciation	10,393,600	-	\$585,767	\$ -	10,811,148
Total capital assets being depreciated, net	2,875,959				2,537,663
Governmental activity capital assets, net	\$ 4,401,413				\$ 4,139,030

Notes to the financial statements

Primary Government

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

General government	\$ 224,860
Public safety	302,447
Environmental protection	5,783
Economic and physical development	3,780
Human services	48,898
Total depreciation expense	<u>\$ 585,767</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Beaufort County Water District I-VII				
Capital assets not being depreciated:				
Land	\$ 75,961		\$ -	\$ 75,961
Construction in progress	40,699,393	11,430,568	-	52,129,961
Total capital assets not being depreciated	<u>40,775,354</u>	<u>11,430,568</u>	-	<u>52,205,922</u>
Capital assets being depreciated:				
Plant and distribution	12,939,230		-	12,939,230
Furniture & maintenance equipment	204,226		-	204,226
Vehicles	113,725		-	113,725
Total capital assets being depreciated	<u>13,257,181</u>		-	<u>13,257,181</u>
Less accumulated depreciation for:				
Plant and distribution	1,500,429	228,776	-	1,729,205
Furniture & maintenance equipment	126,169	15,612	-	141,781
Vehicles	56,204	11,504	-	67,708
Total accumulated depreciation	<u>1,682,802</u>	<u>\$ 255,892</u>	<u>\$ -</u>	<u>1,938,694</u>
Total capital assets being depreciated, net	<u>11,574,379</u>			<u>11,318,487</u>
Beaufort County Water District I-VII capital assets, net	<u>52,349,733</u>			<u>63,524,409</u>
Business-type activities capital assets, net	<u>\$ 52,605,625</u>			<u>\$ 63,524,409</u>

Construction commitments

The government has active construction projects as of June 30, 2004. The projects include the water district projects. At June 30, 2004, the government's had commitments with contractors.

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2004, was as follows:

	Useful Life	Cost	Accumulated Depreciation	Net
Land and Improvements	-	\$ 147,594	\$ -	\$ 147,594
Buildings	25 yrs	506,202	345,497	160,705
Furniture and Equipment	5-10 yrs	296,754	260,102	36,652
Motor Vehicles	4 yrs	15,277	12,601	2,676
Total		<u>\$ 965,827</u>	<u>\$ 618,200</u>	<u>\$ 347,627</u>

Notes to the financial statements

Activity for the Warren Airport Commission for the year ended June 30, 2004, was as follows:

	Beginnings Balances	Increases	Decreases and Adjustments	Transfers	Ending Balances
Business-type activities:					
Capital assets not being depreciated:					
Land and easement	\$ 577,232	\$ -	\$ -	\$ -	\$ 577,232
Construction in progress	79,212	234,515	-	(219,260)	94,467
Total capital assets not being depreciated	656,444	234,515	-	(219,260)	671,699
Capital assets being depreciated:					
Buildings	448,429	11,424	-	-	459,853
Parking lot and road	37,689	-	-	-	37,689
Clearing and excavation	2,730	-	-	-	2,730
Lighting, taxiways and runways	2,675,031	320,860	-	219,260	3,215,151
Fuel tanks and pumps	57,212	-	-	-	57,212
Equipment	447,602	21,345	-	-	468,947
Total capital assets being depreciated	3,668,693	353,629	-	219,260	4,241,582
Less accumulated depreciation for:					
Buildings	366,023	11,966	-	-	377,989
Parking lot and road	17,429	2,026	-	-	19,455
Clearing and excavation	2,098	109	-	-	2,207
Lighting, taxiways and runways	2,245,222	60,236	-	-	2,305,458
Fuel tanks and pumps	47,641	1,368	-	-	49,009
Equipment	265,233	33,517	-	-	298,750
Total accumulated depreciation	2,943,646	\$ 109,222	\$ -	\$ -	3,052,868
Total capital assets being depreciated, net	725,047				1,188,714
Commission capital assets, net	\$ 1,381,491				\$ 1,860,413

Activity for the Beaufort County Hospital for the year ended September 30, 2003, was as follows:

Please see the separately issued financial report of Beaufort County Hospital for a complete description of the Hospital's capital assets.

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2004, were as follows :

Notes to the financial statements

	Vendors	Salaries and Benefits	Others	Total
Governmental Activities:				
General	\$ 1,572,135	\$ 101,414	\$ 1,251,963	\$ 2,925,512
Other Governmental	-	-	-	-
Total-governmental activities	<u>\$ 1,572,135</u>	<u>\$ 101,414</u>	<u>\$ 1,251,963</u>	<u>\$ 2,925,512</u>
Business-type Activities				
Water and Sewer Districts	\$ 268,295	\$ -	\$ -	\$ 268,295
Total - business-type activities	<u>\$ 268,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,295</u>

2. 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 4.94% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.24% 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, 2004, 2003, and 2002 were \$440,677, \$435,819 and \$431,232, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2004 was \$13,999. 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 Separation Allowance is reported in the County's report as a pension trust fund.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2003, the Separation Allowance's membership consisted of:

Notes to the financial statements

Retirees Receiving Benefits	0
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	-
Active Plan Members	<u>44</u>
Total	<u>44</u>

(2) Summary of Significant Accounting Policies

Basis of Accounting - Financial statement for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

(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 necessary to cover the benefits earned by making contributions based on actuarial valuations. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2003 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. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2003 was 27 years.

3 Year Trend Information				
For Year Ended	Annual Pension Cost	Percentage of APC	Net Pension	
	(APC)	Contributed	Obligation	
2002	\$ 32,178	50.76%	\$	82,172
2003	\$ 33,541	0.00%	\$	116,734
2004	\$ 33,926	0.00%	\$	150,660

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, 2004 were \$148,223, which consisted of \$65,724 from the County and \$82,499 from the law enforcement officers.

Notes to the 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, 2004, the County's required and actual contributions were \$14,840.

e. Other Post employment Benefits-Beaufort County

According to a County resolution, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the County. The County pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. The County obtains health care coverage through private insurers.

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2004, the County made contributions to the State for death benefits of \$440,677. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 4.94% and 4.78% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

f. Beaufort County Hospital Pension Plan

Please see the separately issued financial report of Beaufort County Hospital for a complete description of the Hospital pension plan.

g. Warren Field Airport Commission

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

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, 2004 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.

Notes to the financial statements

4. Deferred/ Unearned Revenues

The balance in deferred or unearned revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following:

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Taxes receivable, net (General)	\$ 2,834,927	\$ -
Taxes receivable, net (Special revenue)	203,677	-
Landfill taxes	817,896	-
Installment Obligation Receivable	1,059,610	1,059,610
Total	\$ 4,916,110	\$ 1,059,610

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions injuries to employees; and natural disasters. The County participates in two self-funded risk financing 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.

6. Contingent Liabilities

At June 30, 2004, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-term Obligations

a. Capital Leases

Notes to the financial statements

The Hospital has leased equipment used for professional and administrative services. Amortization of equipment acquired under capital leases is included in depreciation and amortization expense. The following classes of equipment have been accounted for as capital leases and the original costs are classified separately in the balance sheet.

Description	2003
Information systems	\$ 197,379
Laboratory	176,460
Radiology	2,043,316
CCU	214,390
Telephone system	136,638
Obstetric	101,716
Patient rooms	49,800
	<u>2,919,699</u>
Less allowance for depreciation	2,052,389
Total	<u>\$ 867,310</u>

At September 30, 2003, the future minimum payments under the Hospital's capital leases consist of the following:

Year Ending June 30	Minimum Payment	Principal Payments
2004	\$ 294,133	\$ 211,118
2005	294,133	238,250
2006	339,243	313,174
Total minimum lease payments	927,509	762,542
Less: amount representing interest	164,967	-
Present value of the minimum lease payments	<u>\$ 762,542</u>	<u>\$ 762,542</u>

b. Installment Purchase

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%.

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%.

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.

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.

Notes to the financial statements

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, 2003, the Hospital had drawn down on these loans by incurring project expenditures of \$6,500,000. The County of Beaufort had contributed the remaining \$37,283 to cover the costs in excess of the loans.

For Beaufort County, the future minimum payments as of June 30, 2004 include interest of \$2,002,041 in the Governmental Activities and \$196,386 for the Business Type Activities is as follows:

Year Ending June 30,	Business Type Activities	Governmental Activities	Total
2005	\$ 87,046	\$ 1,255,925	\$ 1,342,971
2006	84,530	951,147	1,035,677
2007	82,091	943,930	1,026,021
2008	79,662	936,710	1,016,372
2009	76,151	930,395	1,006,546
2010-2014	343,832	3,672,863	4,016,695
2015-2019	185,826	652,219	838,045
Total	\$ 939,138	\$ 9,343,189	\$ 10,282,327

Notes Payable

Bank of America

The Hospital issued an installment note payable to the Bank 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 the Bank 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 the Bank 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. Of that original tract, the Hospital sold 2.6 acres for purposes of medical office development in fiscal year ended September 30, 2000.

Notes to the financial statements

First Citizens Bank and Trust

The Hospital entered into an installment purchase contract with the Bank, 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.

The Hospital entered into an installment purchase contract with the Bank, in October 2001. The contract requires 60 monthly installments of \$7,987 including interest at 4.36% annually. This contract enabled the Hospital to purchase an X-ray system for diagnostic angiography programs that also serves as the security for this agreement.

The Hospital entered into an installment purchase contract with the Bank, in June 2003. The contract requires 60 monthly installments of \$13,252 including interest at 3.35% annually. This contract enabled the Hospital to purchase an X-ray system for diagnostic angiography programs that also serves as the security 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 November 8, 1999, the County of Beaufort secured financing for the Hospital's Expansion and Renovation Project, in the amount of \$5,000,000. On June 13, 2001, the County of Beaufort secured an additional loan for \$1,500,000 to be used 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 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, 2002, the Hospital had been advanced on these loans \$6,500,000 for project expenditures. The County of Beaufort contributed capital, provided by the interest earned on the \$6.5 million during the construction period, to cover costs in excess of the loans in the amounts of \$344,897 and \$37,283 for the years ended September 30, 2003 and 2002, respectively.

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

2004	928,915
2005	706,424
2006	758,513
2007	669,743
2008	565,476
Thereafter	<u>3,664,309</u>
Total Payable	7,293,380
Less Current Maturities	<u>(1,140,033)</u>
Long Term Portion	<u>\$ 6,153,347</u>

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2004:

Notes to the financial statements

	Balance 07/01/03	Additions	Retirements	Balance 6/30/2004
Governmental Activities:				
General Obligation Bonds	\$ 3,365,000	\$ -	\$ (1,010,000)	\$ 2,355,000
Installment Purchases	8,208,654	-	(867,506)	7,341,148
Compensated Absences	538,977	-	(58,450)	480,527
Landfill Postclosure Care	189,343	-	-	189,343
Total	\$ 12,301,974	\$ -	\$ (1,935,956)	\$ 10,366,018

	Balance 07/01/03	Additions	Retirements	Balance 6/30/2004
Business Type Activities:				
General Obligation Bonds	\$ 43,527,300	\$ -	\$ (423,500)	\$ 43,103,800
Installment Purchases	799,277	-	(56,525)	742,752
Total	\$ 44,326,577	\$ -	\$ (480,025)	\$ 43,846,552

At June 30, 2004, Beaufort County had a legal debt margin of \$236,582,442.

- d. General Obligations Indebtedness- 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 the financial statements

The County's general obligation bonds payable at June 30, 2004 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% \$ 900,000

\$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% \$ 1,455,000

Total \$ 2,355,000

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% \$ 3,105,000

\$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% \$ 2,304,800

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% \$ 3,839,000

\$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% \$ 395,000

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% \$ 3,388,000

\$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% \$ 347,000

\$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% \$ 1,213,000

\$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% \$ 182,000

Notes to the 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% \$ 2,938,500

\$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 \$ 4,284,500

\$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 \$ 864,500

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 \$ 3,073,500

\$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 \$ 740,000

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 \$ 2,570,500

\$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 \$ 3,158,500

Bond Anticipation Notes

\$10,700,000 Water Improvement Notes issued in April 2003 at 1.6%. The notes will be repaid with a bond issue expected to be sold in the next fiscal year. \$ 10,700,000

Total \$ 43,103,800

Notes to the financial statements

Annual debt service requirements to maturity for the County's and the District's general obligation bonds and bond anticipation notes are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 990,000	\$ 122,520	\$ 11,142,500	\$ 1,663,551
2006	765,000	76,860	466,500	1,642,576
2007	200,000	39,000	491,500	1,616,931
2008	400,000	39,000	516,500	1,592,797
2009	-	-	541,500	1,566,198
2010-2014	-	-	3,138,500	7,365,190
2015-2019	-	-	4,038,000	6,458,029
2020-2024	-	-	5,063,000	5,289,445
2025-2029	-	-	5,883,000	3,864,882
2030-2034	-	-	6,740,500	2,277,470
2035-2039	-	-	4,639,000	706,442
2040-2044	-	-	443,300	32,010
Total	\$ 2,355,000	\$ 277,380	\$ 43,103,800	\$ 34,075,521

IV. 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.

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, 2004. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$123,800 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 \$1,184,263 and \$372,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2004. 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, 2004. 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 \$137,000 to the Center during fiscal year ended June 30, 2004. Complete financial statements for the Center can be obtained from the Center's administrative offices at 1308 Highland Drive, Washington, NC 27889.

Notes to the financial statements

V. 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 \$11,240 to the Council during the fiscal year ended June 30, 2004.

VI. Benefit Payments Issued by the State

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

	Federal	State
Food Stamp Program	\$ 5,123,834	\$ -
TANF Aid to Families with Dependent Children	570,017	-
Medicinal Assistance Program	40,477,325	17,852,479
Special Supplemental Food Program for Women, Infants and Children	999,747	-
Energy Assistance Payment	251,331	-
CWS Adopt Subsidy & Vendor	13,805	-
IV-E Adopt Subsidy & Vendor	233,463	68,228
Special Assistance-Aged & Disabled	-	469,859
IV-E Foster Home	332,827	60,763
State Foster Home	16,289	73,011

VII. Summary Disclosure of Significant Commitments and 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.

VIII. Major Taxpayer

Beaufort County had property tax revenue from one taxpayer in 2004 of approximately \$3,169,506, which accounted for approximately 14.19% of net property tax levied.

Supplementary Statements

The section contains additional statements required by the Local Government Commission
in North Carolina.

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

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%	1,318,945	16.76%
31-Dec-02	-	197,573	197,573	0.0%	1,319,836	14.97%
31-Dec-03	-	231,208	231,208	0.0%	1,322,765	17.48%

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

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation End of Year</u>
2002	32,178	50.76%	82,172
2003	33,541	0.00%	116,734
2004	33,926	0.00%	150,660

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, 2003
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	27 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

Beaufort County, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Sales and Services:			
Rent and Concessions		150,420	
Rescue squad		81,267	
Prisoners' reimbursements		230,086	
Court costs		66,634	
Environmental Health Fees		56,690	
IV-D Deputy travel		45,232	
Patient fees - Nursing home & Health Dept.		1,079,704	
School resource officer		113,514	
Animal control fees		6,657	
Candidate fees		496	
Sheriff's fees		23,494	
Lanfill fees/charges		1,534,369	
Collection fees		77,017	
Cable fees		45,293	
Total	<u>3,627,547</u>	<u>3,510,873</u>	<u>(116,674)</u>
Investment Earnings	<u>50,000</u>	<u>89,678</u>	<u>39,678</u>
Miscellaneous:			
Sale of Assets/Insurance Claims		41,814	
Donations		9,500	
Miscellaneous		8,164	
Total	<u>21,220</u>	<u>59,478</u>	<u>38,258</u>
TOTAL REVENUES	<u>42,062,267</u>	<u>43,375,391</u>	<u>1,313,124</u>
Expenditures:			
General Government:			
Governing body		84,979	
County manager		787,636	
Elections		107,882	
Finance		234,527	
Tax assessor		936,078	
Legal		44,938	
Register of deeds		316,306	
Public buildings		848,286	
Court facilities		204,871	
Tax collector		-	
Land records		-	
Total general government	<u>3,869,144</u>	<u>3,565,503</u>	<u>303,641</u>

Beaufort County, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Safety:			
Sheriff		2,267,443	
Jail		1,078,282	
Criminal justice partnership		61,772	
Emergency communications		339,462	
Emergency management		118,007	
Fire protection		93,944	
Inspections		224,328	
Ambulance/Rescue service		189,820	
Animal control		128,459	
Medical examiner		35,575	
Total	<u>4,542,942</u>	<u>4,537,092</u>	<u>5,850</u>
Economic and physical development:			
Economic development		428,858	
Agricultural extension		188,416	
Soil/water conservation		88,432	
Total	<u>727,001</u>	<u>705,706</u>	<u>21,295</u>
Human services:			
Administration - general		184,137	
Aids control		30,917	
TB program		35,383	
Immunization		165,269	
Health promotion		144,547	
Child health		115,796	
Maternal health		431,720	
WIC - Administration		201,309	
Enviromental health		430,196	
Family planning		356,362	
Other health programs		128,628	
Total human services	<u>2,370,752</u>	<u>2,224,264</u>	<u>146,488</u>
Mental Health:			
General appropriation		127,000	
Alcohol rehab		17,000	
Total	<u>144,000</u>	<u>144,000</u>	<u>-</u>
Beaufort County Develop Center	<u>50,000</u>	<u>50,000</u>	<u>-</u>
NC Elderly handicapped transportation	<u>20,045</u>	<u>20,045</u>	<u>-</u>

Beaufort County, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$	\$ 20,935,672	\$
Penalties and Interest		331,154	
Total	<u>20,015,402</u>	<u>21,266,826</u>	<u>1,251,424</u>
Local Option Sales Taxes:			
Article 39 One Percent		3,192,083	
Article 40 One - Half of One Percent		1,746,099	
Article 42 One - Half of One Percent		1,730,193	
Article 44 One - Half of One Percent		1,463,324	
Total	<u>8,461,802</u>	<u>8,131,699</u>	<u>(330,103)</u>
Other Taxes and Licenses:			
Documentary stamps		139,821	
Scrap tire disposal tax		79,556	
White goods disposal tax		42,632	
Privilege tax		9,080	
Rental vehicles receipt tax		19,373	
Total	<u>187,500</u>	<u>290,462</u>	<u>102,962</u>
Unrestricted Intergovernmental:			
Beer and wine tax		136,508	
Other		-	
Sales and gas tax refunds		-	
Total	<u>146,000</u>	<u>136,508</u>	<u>(9,492)</u>
Restricted Intergovernmental:			
State and Federal Grants		8,391,688	
Loan reimbursements		878,621	
FEMA disaster funds		114,915	
ABC Tax		68,612	
Total	<u>9,182,096</u>	<u>9,453,836</u>	<u>271,740</u>
Permits and Fees:			
Building Permits and Inspection Fees		105,035	
Register of Deeds		290,453	
Other		40,543	
Total	<u>370,700</u>	<u>436,031</u>	<u>65,331</u>

Beaufort County, North Carolina
 General Fund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues over Expenditures	<u>701,414</u>	<u>3,344,119</u>	<u>2,642,705</u>
Other financing sources (uses):			
Proceeds From Capital Leases		-	
Fund Balance Appropriated		-	
Operating Transfers (to)/from Other Funds:			
Capital Projects		(787,909)	
Special revenue fund - federal & state seizure fund		(62,027)	
Special revenue fund - industrial recruitment		(23,559)	
Operating Transfers (to)/from Component Units			
Beaufort County ABC Board			
Warren Field Airport Commission		-	
Total Other Financing Sources (Uses)	<u>(701,414)</u>	<u>(873,495)</u>	<u>(172,081)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>2,470,624</u>	<u>\$ 2,470,624</u>
Fund balances:			
Beginning of year, July 1		<u>12,431,242</u>	
End of year, June 30		<u>\$ 14,901,866</u>	

Beaufort County, North Carolina
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2004

	<u>Revaluation</u>	<u>Economic Development</u>	<u>Washington Administrative Unit</u>	<u>Fire Tax Districts</u>	<u>Arbitrage Reserve</u>	<u>E911 Service</u>
Assets:						
Cash and Cash Equivalents	\$ 11,701	\$ 18,193	\$ -	\$ -	\$ 154,114	\$ 347,881
Accounts Receivable	-	939	-	-	-	30,260
Taxes Receivable (Net)	-	-	11,469	192,208	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	\$ 11,701	\$ 19,132	\$ 11,469	\$ 192,208	\$ 154,114	\$ 378,141
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	\$ 3,318	\$ -	\$ -	\$ -	\$ 16,359
Due to other funds	-	-	-	-	-	4,734
Deferred Revenue	-	-	11,469	192,208	-	-
Total Liabilities	-	3,318	11,469	192,208	-	21,093
Fund Balances:						
Reserved by State Statute	-	939	-	-	-	30,260
Undesignated	11,701	14,875	-	-	154,114	326,788
Total Fund Balances	11,701	15,814	-	-	154,114	357,048
Total Liabilities and Fund Balances	\$ 11,701	\$ 19,132	\$ 11,469	\$ 192,208	\$ 154,114	\$ 378,141

<u>NC Housing Finance Agency</u>	<u>Hazardous Mitigation</u>	<u>Disaster Relief Initiative</u>	<u>NC Disaster Relief Initiative</u>	<u>Capital Reserve</u>	<u>Industrial Recruitment</u>	<u>State & Federal Seizures</u>	<u>CDBG Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 26,161	\$ 2,121	\$ -	\$ -	\$ 319,294	\$ -	\$ 53,672	\$ -	\$ 933,137
-	-	-	-	-	-	1,973	-	33,172
-	-	-	-	-	-	-	-	203,677
-	-	-	-	-	-	-	-	-
<u>\$ 26,161</u>	<u>\$ 2,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319,294</u>	<u>\$ -</u>	<u>\$ 55,645</u>	<u>\$ -</u>	<u>\$ 1,169,986</u>
\$ -	\$ -	\$ 25,564	\$ 3,799	\$ -	\$ -	\$ 660	\$ 59,842	\$ 109,542
-	-	-	-	-	-	4,537	-	9,271
-	-	-	-	-	-	-	-	203,677
-	-	25,564	3,799	-	-	5,197	59,842	322,490
-	-	-	-	-	-	1,973	-	33,172
26,161	2,121	(25,564)	(3,799)	319,294	-	48,475	(59,842)	814,324
<u>26,161</u>	<u>2,121</u>	<u>(25,564)</u>	<u>(3,799)</u>	<u>319,294</u>	<u>-</u>	<u>50,448</u>	<u>(59,842)</u>	<u>847,496</u>
<u>\$ 26,161</u>	<u>\$ 2,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319,294</u>	<u>\$ -</u>	<u>\$ 55,645</u>	<u>\$ -</u>	<u>\$ 1,169,986</u>

<u>Fountain Power Boats Water/Sewer</u>	<u>NC Crisis Housing</u>	<u>HMGP Buyout</u>	<u>HMGP Bonnie</u>	<u>Hospital Renovations</u>	<u>Delta City Sewer</u>	<u>Animal Shelter</u>	<u>Total Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 60,933	\$ 220	\$ -	\$ -	\$ 57,352	\$ 703,827	\$ 822,332	\$ 1,755,469
-	-	-	-	-	-	-	-	33,172
-	-	-	-	-	-	-	-	203,677
-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 60,933</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,352</u>	<u>\$ 703,827</u>	<u>\$ 822,332</u>	<u>\$ 1,992,318</u>
\$ -	\$ -	\$ -	\$ 11,999	\$ 7,642	\$ -	\$ -	\$ 19,641	\$ 129,183
-	-	-	-	-	-	-	-	9,271
-	-	-	-	-	-	-	-	203,677
-	-	-	11,999	7,642	-	-	19,641	342,131
-	-	-	-	-	-	-	-	33,172
-	60,933	220	(11,999)	(7,642)	57,352	703,827	802,691	1,617,015
-	60,933	220	(11,999)	(7,642)	57,352	703,827	802,691	1,650,187
<u>\$ -</u>	<u>\$ 60,933</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,352</u>	<u>\$ 703,827</u>	<u>\$ 822,332</u>	<u>\$ 1,992,318</u>

Beaufort County, North Carolina
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2004

	Revaluation	Economic Development	Washington Administrative Unit	Fire Tax Districts	Arbitrage Reserve	E911 Service
Revenues:						
Ad Valorem Taxes	\$ -	\$ -	\$ 230	\$ 1,115,645	\$ -	\$ -
Investment Earnings	-	415	-	-	1,365	-
Sales Tax Revenue	-	-	-	-	-	-
Restricted Intergovernmental	-	255,993	-	-	-	300,173
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>256,408</u>	<u>230</u>	<u>1,115,645</u>	<u>1,365</u>	<u>300,173</u>
Expenditures:						
Current:						
Public Safety	-	-	-	1,115,645	-	268,045
Education	-	-	230	-	-	-
Debt Service	-	-	-	-	-	-
Economic and Physical Development	-	249,263	-	-	-	-
Total Expenditures	<u>-</u>	<u>249,263</u>	<u>230</u>	<u>1,115,645</u>	<u>-</u>	<u>268,045</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>7,145</u>	<u>-</u>	<u>-</u>	<u>1,365</u>	<u>32,128</u>
Other Financing Sources:						
Transfers In	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-
From Primary Government	-	-	-	-	-	-
Proceeds from Installment Loan	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>-</u>	<u>7,145</u>	<u>-</u>	<u>-</u>	<u>1,365</u>	<u>32,128</u>
Fund balances:						
Beginning of Year, July 1	<u>11,701</u>	<u>8,669</u>	<u>-</u>	<u>-</u>	<u>152,749</u>	<u>324,920</u>
End of year, June 30	<u>\$ 11,701</u>	<u>\$ 15,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,114</u>	<u>\$ 357,048</u>

NC Housing Finance Agency	Hazardous Mitigation	Disaster Relief Initiative	NC Disaster Relief Initiative	Capital Reserve	Industrial Recruitment	State & Federal Seizures	CDBG Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,115,875
-	-	-	-	2,414	-	-	-	4,194
-	25,881	-	-	-	337,500	70,447	623,131	1,613,125
-	-	-	-	-	-	376	3,292	3,668
-	<u>25,881</u>	-	-	<u>2,414</u>	<u>337,500</u>	<u>70,823</u>	<u>626,423</u>	<u>2,736,862</u>
-	-	-	-	-	-	82,402	-	1,466,092
-	-	-	-	-	-	-	-	230
-	-	94,500	-	-	361,059	-	625,206	1,330,028
-	-	<u>94,500</u>	-	-	<u>361,059</u>	<u>82,402</u>	<u>625,206</u>	<u>2,796,350</u>
-	25,881	(94,500)	-	2,414	(23,559)	(11,579)	1,217	(59,488)
-	-	-	-	-	23,559	62,027	-	85,586
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	<u>23,559</u>	<u>62,027</u>	-	<u>85,586</u>
-	25,881	(94,500)	-	2,414	-	50,448	1,217	26,098
<u>26,161</u>	<u>(23,760)</u>	<u>68,936</u>	<u>(3,799)</u>	<u>316,880</u>	<u>-</u>	<u>-</u>	<u>(61,059)</u>	<u>821,398</u>
<u>\$ 26,161</u>	<u>\$ 2,121</u>	<u>\$ (25,564)</u>	<u>\$ (3,799)</u>	<u>\$ 319,294</u>	<u>\$ -</u>	<u>\$ 50,448</u>	<u>\$ (59,842)</u>	<u>\$ 847,496</u>

Fountain Power Boats Water/Sewer	NC Crisis Housing	HMGP Buyout	HMGP Bonnie	Hospital Renovations	Delta City Sewer	Animal Shelter	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,115,875
-	-	-	-	8,492	-	4,804	13,296	17,490
-	733,158	220	5,600	-	-	-	738,978	2,352,103
-	-	-	-	-	-	-	-	3,668
-	<u>733,158</u>	<u>220</u>	<u>5,600</u>	<u>8,492</u>	-	<u>4,804</u>	<u>752,274</u>	<u>3,489,136</u>
-	-	-	-	-	-	-	-	1,466,092
-	-	-	-	-	-	-	-	230
-	615,600	-	26,163	-	-	88,886	730,649	2,060,677
-	<u>615,600</u>	-	<u>26,163</u>	-	-	<u>88,886</u>	<u>730,649</u>	<u>3,526,999</u>
-	117,558	220	(20,563)	8,492	-	(84,082)	21,625	(37,863)
-	-	-	-	-	-	787,909	787,909	873,495
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	<u>787,909</u>	<u>787,909</u>	<u>873,495</u>
-	117,558	220	(20,563)	8,492	-	703,827	809,534	835,632
-	(56,625)	-	8,564	(16,134)	57,352	-	(6,843)	814,555
\$ -	\$ <u>60,933</u>	\$ <u>220</u>	\$ <u>(11,999)</u>	\$ <u>(7,642)</u>	\$ <u>57,352</u>	\$ <u>703,827</u>	\$ <u>802,691</u>	\$ <u>1,650,187</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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Miscellaneous	\$	\$ -	\$
Investment Earnings	-	-	-
Total Revenue	-	-	-
Expenditures			
Total Economic & Physical Development	-	-	-
Total Expenditures	-	-	-
Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses):			
Operating Transfers from General Fund	-	-	-
Proceeds from Lease Purchase	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	-	-
Fund Balance Appropriated	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$	-	\$
Fund Balance:			
Beginning of Year, July 1		11,701	
End of Year, June 30		\$ 11,701	

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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Ad valorem taxes	\$ _____	\$ _____ 230	\$ _____ 230
Expenditures:			
Education - School current expense	_____	230	
Total Expenditures	_____	230	(230)
Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses):			
Operating Transfers from 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	\$ _____ -	-	\$ _____ -
Fund Balance:			
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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Ad valorem taxes:			
Total Revenues	\$ 1,019,903	1,115,645	\$ 95,742
Expenditures:			
Public safety:			
Total Expenditures	1,019,903	1,115,645	(95,742)
Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses):			
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	\$ -	-	\$ -
Fund Balance:			
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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Investment Earnings	\$ -	\$ 1,365	\$ 1,365
Expenditures	-	-	-
Revenues Over (Under) Expenditures	-	1,365	1,365
Other Financing Sources (Uses):			
Operating Transfers in	-	-	-
Total Other Financing	-	-	-
Sources (Uses)	-	-	-
Revenues and Other Financing			
Sources Over (Under) Uses	-	1,365	1,365
Fund Balance Appropriated	-	-	-
Revenues, Other Sources and Appropriated			
Transfer in(out)	-	-	-
Fund Balance Over (Under)	-	-	-
Expenditures and Other Uses	\$ -	1,365	\$ 1,365
Fund Balance:			
Beginning of Year, July 1		152,749	
End of Year, June 30		\$ 154,114	

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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Emergency Telephone System Charges		\$ 300,173	
Total Revenues	\$ 250,000	300,173	\$ 50,173
Expenditures:			
Public safety:			
E 911 Service		174,035	
Capital Outlay		94,010	
Total Expenditures	250,000	268,045	(18,045)
Revenues Over (Under) Expenditures	-	32,128	32,128
Other Financing Sources (Uses):			
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	-	32,128	32,128
Fund Balance Appropriated		-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	32,128	\$ 32,128
Fund Balance:			
Beginning of Year, July 1		324,920	
End of Year, June 30		\$ 357,048	

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, 2004

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental Emergency Management Grant	\$ 500,000	\$ 455,587	\$ -	\$ 455,587	\$ (44,413)
Total Revenues	<u>500,000</u>	<u>455,587</u>	<u>-</u>	<u>455,587</u>	<u>(44,413)</u>
Expenditures:					
Current:					
Economic and physical development	515,000	444,426	-	444,426	70,574
Revenues over expenditures	(15,000)	11,161	-	11,161	26,161
Other Financing Sources (Uses):					
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>
Revenues, Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 26,161</u>	<u>-</u>	<u>\$ 26,161</u>	<u>\$ 26,161</u>
Fund balances:					
Beginning of year, July 1			<u>26,161</u>		
End of year, June 30			<u>\$ 26,161</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, 2004

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental					
Emergency management & State grant	4,412,844	4,523,358	25,881	4,549,239	136,395
Total Revenues	<u>4,412,844</u>	<u>4,523,358</u>	<u>25,881</u>	<u>4,549,239</u>	<u>136,395</u>
Expenditures:					
Current:					
Economic and physical development:	4,412,844	4,547,118	-	4,547,118	(134,274)
Revenues over expenditures	-	(23,760)	25,881	2,121	2,121
Other Financing Sources (Uses):					
Residual Equity Transfer from General Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, Other Sources Over (Under) Expenditures and Other Uses	\$ <u>-</u>	\$ <u>(23,760)</u>	25,881	\$ <u>2,121</u>	\$ <u>2,121</u>
Fund balances:					
Beginning of year, July 1			(23,760)		
End of year, June 30			<u>\$ 2,121</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, 2004

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 1,621,128	\$ 1,618,686	\$ -	\$ 1,618,686	\$ (2,442)
Interest Income	-	-	-	-	-
Total Revenues	<u>1,621,128</u>	<u>1,618,686</u>	<u>-</u>	<u>1,618,686</u>	<u>(2,442)</u>
Expenditures:					
Current:					
Economic and physical development:	<u>1,201,128</u>	<u>1,139,750</u>	<u>94,500</u>	<u>1,234,250</u>	<u>(33,122)</u>
Revenues over expenditures	420,000	478,936	(94,500)	384,436	(35,564)
Other Financing Sources (Uses):					
Transfers to other funds	<u>(420,000)</u>	<u>(410,000)</u>	<u>-</u>	<u>(410,000)</u>	<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>(420,000)</u>	<u>(410,000)</u>	<u>-</u>	<u>(410,000)</u>	<u>(10,000)</u>
Revenues, Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 68,936</u>	(94,500)	<u>\$ (25,564)</u>	<u>\$ (25,564)</u>
Fund balances:					
Beginning of year, July 1			<u>68,936</u>		
End of year, June 30			<u>\$ (25,564)</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, 2004

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 850,000	\$ 603,456	\$ -	\$ 603,456	\$ (246,544)
Interest Income	-	-	-	-	-
Total Revenues	<u>850,000</u>	<u>603,456</u>	<u>-</u>	<u>603,456</u>	<u>(246,544)</u>
Expenditures:					
Current:					
Economic and physical development:	<u>850,000</u>	<u>847,255</u>	<u>-</u>	<u>847,255</u>	<u>2,745</u>
Revenues over expenditures	-	(243,799)	-	(243,799)	(243,799)
Other Financing Sources (Uses):					
Transfers to other funds	<u>-</u>	<u>240,000</u>	<u>-</u>	<u>240,000</u>	<u>(240,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>240,000</u>	<u>-</u>	<u>240,000</u>	<u>(240,000)</u>
Revenues, Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (3,799)</u>	<u>-</u>	<u>\$ (3,799)</u>	<u>\$ (3,799)</u>
Fund balances:					
Beginning of year, July 1			<u>(3,799)</u>		
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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Investment Earnings	\$ -	\$ 2,414	\$ 2,414
Expenditures	98,523	-	98,523
Revenues Over (Under) Expenditures	(98,523)	2,414	100,937
Other Financing Sources (Uses):			
Operating Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Financing Sources Over (Under) Uses	(98,523)	2,414	100,937
Fund Balance Appropriated	98,523	-	(98,523)
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	2,414	\$ 2,414
Fund Balance:			
Beginning of Year, July 1		316,880	
End of Year, June 30		\$ 319,294	

Beaufort County, North Carolina
CDBG Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2004

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 400,000	\$ 329,956	\$ 3,849	\$ 333,805	\$ (66,195)
Restricted intergovernmental	700,000	132,545	619,282	751,827	51,827
Interest Income	-	-	-	-	-
Total Revenues	<u>1,100,000</u>	<u>462,501</u>	<u>623,131</u>	<u>1,085,632</u>	<u>(14,368)</u>
Expenditures:					
Current:					
Economic and physical development:	<u>1,190,000</u>	<u>532,069</u>	<u>625,206</u>	<u>1,157,275</u>	<u>32,725</u>
Revenues over expenditures	(90,000)	(69,568)	(2,075)	(71,643)	18,357
Other Financing Sources (Uses):					
Local contribution	<u>90,000</u>	<u>8,509</u>	<u>3,292</u>	<u>11,801</u>	<u>78,199</u>
Total Other Financing Sources (Uses)	<u>90,000</u>	<u>8,509</u>	<u>3,292</u>	<u>11,801</u>	<u>78,199</u>
Revenues, Other Sources Over (Under) Expenditures and Other Uses	\$ <u>-</u>	\$ <u>(61,059)</u>	1,217	\$ <u>(59,842)</u>	\$ <u>(59,842)</u>
Fund balances:					
Beginning of year, July 1			<u>(61,059)</u>		
End of year, June 30			\$ <u>(59,842)</u>		

Beaufort County, North Carolina
Industrial Recruitment
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Restricted Intergovernmental	\$	\$ 337,500	\$
Miscellaneous		-	
Investment Earnings		-	
Total Revenue	<u>112,500</u>	<u>337,500</u>	<u>225,000</u>
Expenditures		<u>361,059</u>	
Total Economic & Physical Development	<u>136,059</u>	<u>361,059</u>	<u>(225,000)</u>
Total Expenditures	<u>136,059</u>	<u>361,059</u>	<u>(225,000)</u>
Revenues Over (Under) Expenditures	<u>(23,559)</u>	<u>(23,559)</u>	-
Other Financing Sources (Uses):			
Operating Transfers from General Fund	23,559	23,559	-
Proceeds from Lease Purchase	-	-	-
Total Other Financing Sources (Uses)	<u>23,559</u>	<u>23,559</u>	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	-	-
Fund Balance Appropriated	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>-</u>	-	\$ <u>-</u>
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		\$ <u>-</u>	

Beaufort County, North Carolina
State and Federal Seizures Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Restricted Intergovernmental	\$	\$ 70,447	
Miscellaneous		376	
Investment Earnings		-	
Total Revenue	<u>108,357</u>	<u>70,823</u>	<u>(37,534)</u>
Expenditures		82,402	
Total Economic & Physical Development	<u>108,357</u>	<u>82,402</u>	<u>25,955</u>
Total Expenditures	<u>108,357</u>	<u>82,402</u>	<u>25,955</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(11,579)</u>	<u>(11,579)</u>
Other Financing Sources (Uses):			
Operating Transfers from General Fund	-	62,027	62,027
Proceeds from Lease Purchase	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>62,027</u>	<u>62,027</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	50,448	50,448
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>50,448</u>	<u>\$ 50,448</u>
Fund Balance:			
Beginning of Year, July 1		<u>-</u>	
End of Year, June 30		<u>\$ 50,448</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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Economic Development grant	\$ 925,000	\$ 397,844	\$ -	\$ 397,844	\$ (527,156)
CDBG Grant	432,512	431,648	-	431,648	(864)
Total Revenues	<u>1,357,512</u>	<u>829,492</u>	<u>-</u>	<u>829,492</u>	<u>(528,020)</u>
Expenditures					
Administration	42,800	39,781	-	39,781	3,019
Construction	1,314,712	789,711	-	789,711	525,001
Total Expenditures	<u>1,357,512</u>	<u>829,492</u>	<u>-</u>	<u>829,492</u>	<u>528,020</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:					
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:					
Beginning of year, July 1			<u>-</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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
NC Crisis Housing	\$ 8,370,422	\$ 7,416,618	\$ 733,158	\$ 8,149,776	\$ (220,646)
Investment Income	-	-	-	-	-
Total Revenues	<u>8,370,422</u>	<u>7,416,618</u>	<u>733,158</u>	<u>8,149,776</u>	<u>(220,646)</u>
Expenditures					
Economic & Physical Development:					
Administration	799,000	604,125	115,694	719,819	79,181
Rehabilitation	3,086,430	2,364,374	396,662	2,761,036	325,394
Replacement	4,104,570	4,201,240	102,844	4,304,084	(199,514)
Relocation	277,211	222,690	-	222,690	54,521
Other	103,211	80,814	400	81,214	21,997
Total Expenditures	<u>8,370,422</u>	<u>7,473,243</u>	<u>615,600</u>	<u>8,088,843</u>	<u>281,579</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(56,625)</u>	<u>117,558</u>	<u>60,933</u>	<u>60,933</u>
Other financing sources:					
Transfer to General Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (56,625)</u>	<u>117,558</u>	<u>\$ 60,933</u>	<u>\$ 60,933</u>
Fund balances:					
Beginning of year, July 1			<u>(56,625)</u>		
End of year, June 30			<u>\$ 60,933</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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues					
Grant funds	\$ 337,844	\$ 222,519	\$ 220	\$ 222,739	\$ (115,105)
Investment Income	-	-	-	-	-
Total Revenues	<u>337,844</u>	<u>222,519</u>	<u>220</u>	<u>222,739</u>	<u>(115,105)</u>
Expenditures					
Economic & Physical Development:					
Administration	16,088	13,763	-	13,763	2,325
Support	11,100	3,458	-	3,458	7,642
Acquisition	310,656	205,298	-	205,298	105,358
Total Expenditures	<u>337,844</u>	<u>222,519</u>	<u>-</u>	<u>222,519</u>	<u>115,325</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>220</u>	<u>220</u>	<u>220</u>
Other financing sources:					
Transfer to General Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>220</u>	<u>\$ 220</u>	<u>\$ 220</u>
Fund balances:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 220</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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues					
Grant funds	\$ 1,392,222	\$ 1,382,792	\$ 5,600	\$ 1,388,392	\$ (3,830)
Investment Income	-	-	-	-	-
Total Revenues	<u>1,392,222</u>	<u>1,382,792</u>	<u>5,600</u>	<u>1,388,392</u>	<u>(3,830)</u>
Expenditures					
Economic & Physical Development:					
Administration	24,279	23,668	-	23,668	611
Survey/Easments	111,078	67,379	5,600	72,979	38,099
Relocation	18,150	10,450	-	10,450	7,700
Construction	1,238,715	1,272,731	20,563	1,293,294	(54,579)
Total Expenditures	<u>1,392,222</u>	<u>1,374,228</u>	<u>26,163</u>	<u>1,400,391</u>	<u>(8,169)</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>8,564</u>	<u>(20,563)</u>	<u>(11,999)</u>	<u>(11,999)</u>
Other financing sources:					
Transfer to General Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(20,563)</u>	<u>\$ (11,999)</u>	<u>\$ (11,999)</u>
Fund balances:					
Beginning of year, July 1			<u>8,564</u>		
End of year, June 30			<u>\$ (11,999)</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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues					
Grant funds	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	19,714	-	19,714	19,714
Investment Income	210,000	245,541	8,492	254,033	44,033
Total Revenues	<u>210,000</u>	<u>265,255</u>	<u>8,492</u>	<u>273,747</u>	<u>63,747</u>
Expenditures					
Economic & Physical Development:					
Construction	6,540,000	6,947,248	-	6,947,248	(407,248)
Contingency	170,000	-	-	-	170,000
Total Expenditures	<u>6,710,000</u>	<u>6,947,248</u>	<u>-</u>	<u>6,947,248</u>	<u>(237,248)</u>
Revenues Over (Under) Expenditures	<u>(6,500,000)</u>	<u>(6,681,993)</u>	<u>8,492</u>	<u>(6,673,501)</u>	<u>(173,501)</u>
Other financing sources:					
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
Total Other Financing Sources (Uses)	<u>6,500,000</u>	<u>6,665,859</u>	<u>-</u>	<u>6,665,859</u>	<u>165,859</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (16,134)</u>	<u>8,492</u>	<u>\$ (7,642)</u>	<u>\$ (7,642)</u>
Fund balances:					
Beginning of year, July 1			<u>(16,134)</u>		
End of year, June 30			<u>\$ (7,642)</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, 2004

	Project Authorization	Prior Years	Actual		Total to Date	Variance Positive (Negative)
			Current Year			
Revenues						
Grant funds	\$ 1,719,365	\$ 1,228,349	\$ -	\$ -	\$ 1,228,349	\$ (491,016)
Investment Income	-	-	-	-	-	-
Total Revenues	<u>1,719,365</u>	<u>1,228,349</u>	<u>-</u>	<u>-</u>	<u>1,228,349</u>	<u>(491,016)</u>
Expenditures						
Economic & Physical Development:						
Construction	1,920,365	1,371,997	-	-	1,371,997	548,368
Contingency	-	-	-	-	-	-
Total Expenditures	<u>1,920,365</u>	<u>1,371,997</u>	<u>-</u>	<u>-</u>	<u>1,371,997</u>	<u>548,368</u>
Revenues Over (Under) Expenditures	<u>(201,000)</u>	<u>(143,648)</u>	<u>-</u>	<u>-</u>	<u>(143,648)</u>	<u>57,352</u>
Other financing sources:						
Local contribution	201,000	201,000	-	-	201,000	-
Total Other Financing Sources (Uses)	<u>201,000</u>	<u>201,000</u>	<u>-</u>	<u>-</u>	<u>201,000</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 57,352</u>	<u>-</u>	<u>-</u>	<u>\$ 57,352</u>	<u>\$ 57,352</u>
Fund balances:						
Beginning of year, July 1			<u>57,352</u>			
End of year, June 30			<u>\$ 57,352</u>			

Beaufort County, North Carolina
Capital Project Fund - Animal Shelter
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Grant funds	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	4,804	4,804	4,804
Total Revenues	<u>-</u>	<u>-</u>	<u>4,804</u>	<u>4,804</u>	<u>4,804</u>
Expenditures					
Economic & Physical Development:					
Construction	787,909	-	88,886	88,886	699,023
Contingency	-	-	-	-	-
Total Expenditures	<u>787,909</u>	<u>-</u>	<u>88,886</u>	<u>88,886</u>	<u>699,023</u>
Revenues Over (Under) Expenditures	<u>(787,909)</u>	<u>-</u>	<u>(84,082)</u>	<u>(84,082)</u>	<u>703,827</u>
Other financing sources:					
Transfer in from general fund	787,909	-	787,909	787,909	-
Total Other Financing Sources (Uses)	<u>787,909</u>	<u>-</u>	<u>787,909</u>	<u>787,909</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	703,827	<u>\$ 703,827</u>	<u>\$ 703,827</u>
Fund balances:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 703,827</u>		

Beaufort County, North Carolina
Enterprise Fund
Combining Balance Sheets
June 30, 2004

	Water District <u>I</u>	Water District <u>II</u>	Water District <u>III</u>	Water District <u>IV</u>
Assets				
Current Assets:				
Cash and Investments	\$ 186,182	\$ 467,476	\$ 121,329	\$ 84,180
Accounts Receivable (Net)	96,904	137,084	119,737	131,334
Due from other Water Districts	-	-	-	-
Due from General fund	-	-	-	-
Total Current Assets	<u>283,086</u>	<u>604,560</u>	<u>241,066</u>	<u>215,514</u>
Restricted assets:				
Cash	205,014	124,007	-	240,755
Capital Assets (Net)	<u>7,950,922</u>	<u>3,925,072</u>	<u>5,536,053</u>	<u>13,082,612</u>
Total Assets	<u>\$ 8,439,022</u>	<u>\$ 4,653,639</u>	<u>\$ 5,777,119</u>	<u>\$ 13,538,881</u>
Liabilities and Fund Equities				
Current Liabilities:				
Accounts Payable & Accrued Expenses	\$ 27,644	\$ 42,490	\$ 52,974	\$ 43,960
Accounts payable from restricted assets	-	-	12,589	-
Due to other Water Districts	-	-	-	-
Due to General Fund	11,383	17,714	216,382	18,336
Customer Deposits	14,900	25,300	17,000	21,075
Notes payable	-	-	24,300	-
Bond \Long-term Debt - Current Maturities	59,000	68,500	442,500	106,500
Total Current Liabilities	<u>112,927</u>	<u>154,004</u>	<u>765,745</u>	<u>189,871</u>
Other Liabilities:				
Compensated Absences Payable	2,513	3,876	3,620	4,047
Notes payable	-	-	267,297	-
Bonds \Long-term Debt - Noncurrent	5,350,800	4,165,500	4,687,500	7,981,000
Total Other Liabilities	<u>5,353,313</u>	<u>4,169,376</u>	<u>4,958,417</u>	<u>7,985,047</u>
Total Liabilities	<u>5,466,240</u>	<u>4,323,380</u>	<u>5,724,162</u>	<u>8,174,918</u>
Net Assets:				
Invested in Capital Assets, net of related debt	2,746,136	(184,921)	114,456	5,235,867
Unrestricted	226,646	515,180	(61,499)	128,096
Total Fund Equities	<u>2,972,782</u>	<u>330,259</u>	<u>52,957</u>	<u>5,363,963</u>
Total Liabilities and Fund Equities	<u>\$ 8,439,022</u>	<u>\$ 4,653,639</u>	<u>\$ 5,777,119</u>	<u>\$ 13,538,881</u>

Water District V	Water District VI	Water District VII	Totals
\$ 47,668	\$ 402,247	\$ -	\$ 1,309,082
75,962	12,586	61,541	635,148
-	-	-	-
-	-	-	-
<u>123,630</u>	<u>414,833</u>	<u>61,541</u>	<u>1,944,230</u>
-	260,188	98,221	928,185
<u>9,106,206</u>	<u>14,732,340</u>	<u>9,191,204</u>	<u>63,524,409</u>
<u>\$ 9,229,836</u>	<u>\$ 15,407,361</u>	<u>\$ 9,350,966</u>	<u>\$ 66,396,824</u>
\$ 22,748	\$ 8,997	\$ 69,482	\$ 268,295
-	-	-	12,589
-	-	-	-
9,460	3,471	219,785	496,531
8,000	2,800	8,175	97,250
32,225	-	-	56,525
<u>52,000</u>	<u>10,700,000</u>	<u>76,000</u>	<u>11,504,500</u>
<u>124,433</u>	<u>10,715,268</u>	<u>373,442</u>	<u>12,435,690</u>
2,088	766	2,940	19,850
418,930	-	-	686,227
<u>3,761,500</u>	<u>-</u>	<u>5,653,000</u>	<u>31,599,300</u>
<u>4,182,518</u>	<u>766</u>	<u>5,655,940</u>	<u>32,305,377</u>
<u>4,306,951</u>	<u>10,716,034</u>	<u>6,029,382</u>	<u>44,741,067</u>
4,841,551	4,292,528	3,560,425	20,606,042
81,334	398,799	(238,841)	1,049,715
<u>4,922,885</u>	<u>4,691,327</u>	<u>3,321,584</u>	<u>21,655,757</u>
<u>\$ 9,229,836</u>	<u>\$ 15,407,361</u>	<u>\$ 9,350,966</u>	<u>\$ 66,396,824</u>

Beaufort County, North Carolina
Enterprise Fund
Combining Statement of Revenues, Expenses, and
Changes in Retained Earnings
For The Fiscal Year Ended June 30, 2004

	Water District I	Water District II	Water District III	Water District IV	Water District V
Operating revenues:					
Charges for Services	\$ 395,263	\$ 630,972	\$ 634,995	\$ 620,197	\$ 294,260
Water Taps	17,675	12,850	10,000	30,125	13,625
Other Operating Revenues	11,877	18,815	33,378	10,074	22,426
Total Operating Revenues	<u>424,815</u>	<u>662,637</u>	<u>678,373</u>	<u>660,396</u>	<u>330,311</u>
Operating expenses:					
Administration	22,395	35,847	32,542	39,330	19,360
Water treatment	19,479	30,057	28,071	31,380	16,191
Water distribution	157,201	241,390	222,868	247,111	129,374
Depreciation	2,245	83,415	109,661	6,858	31,553
Total operating expenses	<u>201,320</u>	<u>390,709</u>	<u>393,142</u>	<u>324,679</u>	<u>196,478</u>
Total Operating Income (Loss)	<u>223,495</u>	<u>271,928</u>	<u>285,231</u>	<u>335,717</u>	<u>133,833</u>
Nonoperating Revenues(Expenses):					
Sale of Assets	-	-	-	-	-
Grants	-	-	-	26,566	34,225
Transfer In (out)	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-
Loan reimbursement	-	-	-	-	-
Interest Earned on Investments	4,324	5,424	2,192	5,241	1,610
Interest on Long-term Debt	(266,531)	(261,281)	(327,010)	(389,025)	(199,057)
Total Nonoperating Revenues (Expenses)	<u>(262,207)</u>	<u>(255,857)</u>	<u>(324,818)</u>	<u>(357,218)</u>	<u>(163,222)</u>
Net income	(38,712)	16,071	(39,587)	(21,501)	(29,389)
Net Assets, beginning of year	<u>3,011,494</u>	<u>314,188</u>	<u>92,544</u>	<u>5,385,464</u>	<u>4,952,274</u>
Net Assets, end of year	<u>\$ 2,972,782</u>	<u>\$ 330,259</u>	<u>\$ 52,957</u>	<u>\$ 5,363,963</u>	<u>\$ 4,922,885</u>

Water District VI	Water District VII	June 30, 2004
\$ 122,065	\$ 430,628	\$ 3,128,380
59,350	9,000	152,625
134,500	32,375	263,445
<u>315,915</u>	<u>472,003</u>	<u>3,544,450</u>
8,602	37,412	195,488
5,941	22,771	153,890
49,587	106,641	1,154,172
17,752	4,409	255,893
<u>81,882</u>	<u>171,233</u>	<u>1,759,443</u>
<u>234,033</u>	<u>300,770</u>	<u>1,785,007</u>
-	-	-
2,619,326	1,047,625	3,727,742
-	-	-
-	-	-
84,265	1,745	104,801
-	<u>(275,571)</u>	<u>(1,718,475)</u>
<u>2,703,591</u>	<u>773,799</u>	<u>2,114,068</u>
2,937,624	1,074,569	3,899,075
<u>1,753,703</u>	<u>2,247,015</u>	<u>17,756,682</u>
<u>\$ 4,691,327</u>	<u>\$ 3,321,584</u>	<u>\$ 21,655,757</u>

Beaufort County, North Carolina
Enterprise Fund
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2004

	Water District I	Water District II	Water District III	Water District IV	Water District V
Cash Flows From Operating Activities:					
Cash Received from Customers/others	\$ 425,064	\$ 753,967	\$ 702,644	\$ 655,214	\$ 330,232
Cash Paid for Goods, Services, & Employees	(162,858)	(252,307)	(222,545)	(261,222)	(171,603)
Net Cash Provided by (Used for) Operating Activities	<u>262,206</u>	<u>501,660</u>	<u>480,099</u>	<u>393,992</u>	<u>158,629</u>
Cash Flows from Noncapital Financing Activities:					
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>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	-	-	-	(134,410)	-
Other financing activities	-	-	-	-	-
Principal Paid on Bond Maturities and Capital Leases	(57,500)	(64,500)	(100,800)	(102,500)	(82,225)
Interest Paid on Bond\Note Maturities and Capital Leases	(266,531)	(261,281)	(327,010)	(389,025)	(199,057)
Proceeds of Capital Leases, Bonds and Notes	-	-	-	-	-
Grants	-	-	-	26,566	34,225
Net Cash Provided (Used for) Capital and Related Financing Activities	<u>(324,031)</u>	<u>(325,781)</u>	<u>(427,810)</u>	<u>(599,369)</u>	<u>(247,057)</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>4,324</u>	<u>5,424</u>	<u>2,192</u>	<u>5,241</u>	<u>1,610</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(57,501)	181,303	54,481	(200,136)	(86,818)
Cash and cash equivalents, July 1	<u>448,697</u>	<u>410,180</u>	<u>66,848</u>	<u>525,071</u>	<u>134,486</u>
Cash and cash equivalents, June 30	<u>\$ 391,196</u>	<u>\$ 591,483</u>	<u>\$ 121,329</u>	<u>\$ 324,935</u>	<u>\$ 47,668</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 223,495	\$ 271,928	\$ 285,231	\$ 335,717	\$ 133,833
Adjustments to Reconcile Operating Income to Net Cash Provided					
Operating Activities:					
Depreciation	2,245	83,415	109,661	6,858	31,553
Changes in Assets and Liabilities:					
(Increase) Decrease					
in Accounts Receivable	249	91,330	24,271	(5,182)	(79)
in Due from other funds	-	-	-	-	-
Increase (Decrease)					
in Accounts Payable & accrued liabilities	31,256	48,513	58,544	50,605	(8,665)
in Due to other funds	-	-	-	-	-
in Customer Deposits	6,075	6,175	2,824	6,225	2,375
in Compensated absences payable	(1,114)	299	(432)	(231)	(388)
Total Adjustments	<u>38,711</u>	<u>229,732</u>	<u>194,868</u>	<u>58,275</u>	<u>24,796</u>
Net Cash Provided by Operating Activities	<u>\$ 262,206</u>	<u>\$ 501,660</u>	<u>\$ 480,099</u>	<u>\$ 393,992</u>	<u>\$ 158,629</u>

Water District VI	Water District VII	Totals June 30, 2004
\$ 313,379	\$ 470,088	\$ 3,650,588
(358,116)	(123,762)	(1,552,413)
(44,737)	346,326	2,098,175
-	-	-
-	-	-
(10,216,293)	(1,079,864)	(11,430,567)
-	-	-
-	(72,500)	(480,025)
-	(275,571)	(1,718,475)
-	-	-
2,619,326	1,047,625	3,727,742
(7,596,967)	(380,310)	(9,901,325)
84,265	1,745	104,801
(7,557,439)	(32,239)	(7,698,349)
8,219,874	130,460	9,935,616
\$ 662,435	\$ 98,221	\$ 2,237,267
\$ 234,033	\$ 300,770	\$ 1,785,007
17,752	4,409	255,893
(2,536)	(1,915)	106,138
-	-	-
(294,001)	43,799	(69,949)
150	(75)	23,749
(135)	(662)	(2,663)
(278,770)	45,556	313,168
\$ (44,737)	\$ 346,326	\$ 2,098,175

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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 395,263	\$
Tap on Fees		17,675	
Miscellaneous		11,877	
Total Operating Revenues	<u>413,000</u>	<u>424,815</u>	<u>11,815</u>
Nonoperating Revenues			
Interest on Investments	<u>1,000</u>	<u>4,324</u>	<u>3,324</u>
Total Revenues	<u>414,000</u>	<u>429,139</u>	<u>15,139</u>
Expenditures:			
Administration:			
Supplies		552	
Telephone		6,335	
Travel		3,873	
Utilities		8,157	
Other administration expenses		3,477	
Total	<u>23,125</u>	<u>22,394</u>	<u>731</u>
Water treatment:			
Supplies		12,641	
Testing		6,838	
Total	<u>22,790</u>	<u>19,479</u>	<u>3,311</u>
Water distribution:			
Salaries and employee benefits		64,987	
Billing service		23,980	
Water purchase		65,316	
Maintenance		2,919	
Total	<u>157,301</u>	<u>157,202</u>	<u>99</u>
Budgetary Appropriations:			
Capital Outlay		-	
Interest Paid		266,531	
Debt Principal		57,500	
Total	<u>324,031</u>	<u>324,031</u>	<u>-</u>
Total Expenditures	<u>527,247</u>	<u>523,106</u>	<u>4,141</u>
Revenues Over (Under) Expenditures	<u>(113,247)</u>	<u>(93,967)</u>	<u>19,280</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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Grants		-	
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	(113,247)	(93,967)	19,280
Appropriated Fund Balance	113,247	-	(113,247)
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (93,967)	\$ (93,967)

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (93,967)
Budgetary Appropriations:	
Capital Outlay	-
Capital contributions - grant	-
Capital project - miscellaneous income	-
Principal Payments	57,500
Adjustments:	
Depreciation	(2,245)
Total reconciling items	55,255
Net Income	\$ (38,712)

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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales		\$ 630,972	
Tap on Fees		12,850	
Miscellaneous		18,815	
Total Operating Revenues	\$ 631,945	662,637	\$ 30,692
Nonoperating Revenues			
Interest on Investments	1,000	5,424	4,424
Total Revenues	632,945	668,061	35,116
Expenditures:			
Administration:			
Supplies		849	
Telephone		9,773	
Travel		5,972	
Utilities		12,499	
Other administration expenses		6,754	
Total	36,087	35,847	240
Water treatment:			
Supplies		19,500	
Testing		10,557	
Total	35,150	30,057	5,093
Water distribution:			
Salaries and employee benefits		99,743	
Billing service		36,993	
Water purchase		100,151	
Maintenance		4,503	
Total	235,926	241,390	(5,464)
Budgetary Appropriations:			
Capital Outlay		-	
Interest Paid		261,281	
Debt Principal		64,500	
Total	325,782	325,781	1
Total Expenditures	632,945	633,075	(130)
Revenues Over (Under) Expenditures	-	34,986	34,986

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, 2004

	2004		Variance Positive (Negative)
	Budget	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	-	34,986	34,986
Appropriated Fund Balance	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ 34,986	\$ 34,986

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ 34,986
Budgetary Appropriations:	
Capital Outlay	-
Capital contributions - grant	-
Principal Payments	64,500
Adjustments:	
Loss on disposal of asset	-
Depreciation	(83,415)
Total reconciling items	(18,915)
Net Income	\$ 16,071

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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 634,995	\$
Tap on Fees		10,000	
Miscellaneous		33,378	
Total Operating Revenues	<u>710,366</u>	<u>678,373</u>	<u>(31,993)</u>
Nonoperating Revenues			
Interest on Investments	<u>400</u>	<u>2,192</u>	<u>1,792</u>
Total Revenues	<u>710,766</u>	<u>680,565</u>	<u>(30,201)</u>
Expenditures:			
Administration:			
Supplies		793	
Telephone		9,126	
Travel		5,569	
Utilities		11,412	
Other administration expenses		5,642	
Total	<u>26,287</u>	<u>32,542</u>	<u>(6,255)</u>
Water treatment:			
Supplies		18,212	
Testing		9,859	
Total	<u>32,832</u>	<u>28,071</u>	<u>4,761</u>
Water distribution:			
Salaries and employee benefits		92,669	
Billing service		34,550	
Water purchase		91,443	
Maintenance		4,206	
Total	<u>223,835</u>	<u>222,868</u>	<u>967</u>
Budgetary Appropriations:			
Capital Outlay		-	
Interest Paid		327,010	
Debt Principal		100,800	
Total	<u>427,812</u>	<u>427,810</u>	<u>2</u>
Total Expenditures	<u>710,766</u>	<u>711,291</u>	<u>(525)</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(30,726)</u>	<u>(30,726)</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, 2004

	2004		Variance Positive (Negative)
	Budget	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	-	(30,726)	(30,726)
Appropriated Fund Balance	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (30,726)	\$ (30,726)

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (30,726)
Budgetary Appropriations:	
Capital Outlay	-
Principal Payments	100,800
Capital contributions - grant	-
Adjustments:	
Loss on disposal of asset	-
Depreciation	(109,661)
Total reconciling items	(8,861)
Net Income	\$ (39,587)

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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 620,197	\$
Tap on Fees		30,125	
Miscellaneous		10,074	
Total Operating Revenues	<u>808,986</u>	<u>660,396</u>	<u>(148,590)</u>
Nonoperating Revenues			
Interest on Investments	<u>1,000</u>	<u>5,241</u>	<u>4,241</u>
Total Revenues	<u>809,986</u>	<u>665,637</u>	<u>(144,349)</u>
Expenditures:			
Administration:			
Supplies		886	
Telephone		10,203	
Travel		6,235	
Utilities		12,528	
Other administration expenses		9,478	
Total	<u>39,751</u>	<u>39,330</u>	<u>421</u>
Water treatment:			
Supplies		20,358	
Testing		11,022	
Total	<u>31,595</u>	<u>31,380</u>	<u>215</u>
Water distribution:			
Salaries and employee benefits		100,598	
Billing service		38,622	
Water purchase		103,189	
Maintenance		4,702	
Total	<u>247,115</u>	<u>247,111</u>	<u>4</u>
Budgetary Appropriations:			
Capital Outlay		-	
Interest Paid		389,025	
Debt Principal		102,500	
Total	<u>491,525</u>	<u>491,525</u>	<u>-</u>
Total Expenditures	<u>809,986</u>	<u>809,346</u>	<u>640</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(143,709)</u>	<u>(143,709)</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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Grants		-	
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	-	(143,709)	(143,709)
Appropriated Fund Balance	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (143,709)	\$ (143,709)

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (143,709)
Budgetary Appropriations:	
Capital Outlay	-
Principal Payments	102,500
Adjustments:	
Capital contribution - grant	26,566
Capital project - other revenue	-
Depreciation	(6,858)
Total reconciling items	122,208
Net Income	\$ (21,501)

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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 294,260	\$
Tap on Fees		13,625	
Miscellaneous		22,426	
Total Operating Revenues	<u>443,455</u>	<u>330,311</u>	<u>(113,144)</u>
Nonoperating Revenues			
Interest on Investments	<u>500</u>	<u>1,610</u>	<u>1,110</u>
Total Revenues	<u>443,955</u>	<u>331,921</u>	<u>(112,034)</u>
Expenditures:			
Administration:			
Supplies		459	
Telephone		5,264	
Travel		3,210	
Utilities		7,036	
Other administration expenses		3,391	
Total	<u>20,000</u>	<u>19,360</u>	<u>640</u>
Water treatment:			
Supplies		10,504	
Testing		5,687	
Total	<u>18,927</u>	<u>16,191</u>	<u>2,736</u>
Water distribution			
Salaries and employee benefits		53,451	
Billing service		19,927	
Water purchase		53,570	
Maintenance		2,426	
Total	<u>123,746</u>	<u>129,374</u>	<u>(5,628)</u>
Budgetary Appropriations:			
Capital Outlay		-	
Interest Paid		199,057	
Debt Principal		82,225	
Total	<u>281,282</u>	<u>281,282</u>	<u>-</u>
Total Expenditures	<u>443,955</u>	<u>446,207</u>	<u>(2,252)</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(114,286)</u>	<u>(114,286)</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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Damage reimbursement			
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	-	(114,286)	(114,286)
Appropriated Fund Balance	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (114,286)	\$ (114,286)

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (114,286)
Budgetary Appropriations:	
Capital Outlay	-
Principal Payments	82,225
Capital contribution - grant	34,225
Adjustments:	
Loss on disposal of asset	-
Depreciation	(31,553)
Total reconciling items	84,897
Net Income	\$ (29,389)

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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 122,065	\$
Tap on Fees		59,350	
Miscellaneous		134,500	
Total Operating Revenues	<u>109,863</u>	<u>315,915</u>	<u>206,052</u>
Nonoperating Revenues			
Interest on Investments	<u>43,484</u>	<u>84,265</u>	<u>40,781</u>
Total Revenues	<u>153,347</u>	<u>400,180</u>	<u>246,833</u>
Expenditures:			
Administration:			
Supplies		171	
Telephone		1,932	
Travel		1,189	
Utilities		2,715	
Other administration expenses		2,595	
Total	<u>9,200</u>	<u>8,602</u>	<u>598</u>
Water treatment:			
Supplies		3,854	
Testing		2,087	
Total	<u>6,953</u>	<u>5,941</u>	<u>1,012</u>
Water distribution:			
Salaries and employee benefits		19,612	
Billing service		7,311	
Water purchase		21,774	
Maintenance		890	
Total	<u>50,116</u>	<u>49,587</u>	<u>529</u>
Budgetary Appropriations:			
Capital Outlay		-	
Interest Paid		-	
Debt Principal		-	
Total	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>66,269</u>	<u>64,130</u>	<u>2,139</u>
Revenues Over (Under) Expenditures	<u>87,078</u>	<u>336,050</u>	<u>248,972</u>

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, 2004

	2004		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 430,628	\$
Tap on Fees		9,000	
Miscellaneous		32,375	
Total Operating Revenues	<u>525,836</u>	<u>472,003</u>	<u>(53,833)</u>
Nonoperating Revenues			
Interest on Investments	<u>500</u>	<u>1,745</u>	<u>1,245</u>
Total Revenues	<u>526,336</u>	<u>473,748</u>	<u>(52,588)</u>
Expenditures:			
Administration:			
Supplies		644	
Telephone		7,378	
Travel		4,208	
Utilities		20,341	
Other administration expenses		4,841	
Total	<u>41,914</u>	<u>37,412</u>	<u>4,502</u>
Water treatment:			
Supplies		14,778	
Testing		7,993	
Total	<u>26,652</u>	<u>22,771</u>	<u>3,881</u>
Water distribution:			
Salaries and employee benefits		75,194	
Billing service		28,034	
Water purchase		-	
Maintenance		3,413	
Total	<u>109,699</u>	<u>106,641</u>	<u>3,058</u>
Budgetary Appropriations:			
Capital Outlay		-	
Interest Paid		275,571	
Debt Principal		72,500	
Total	<u>348,071</u>	<u>348,071</u>	<u>-</u>
Total Expenditures	<u>526,336</u>	<u>514,895</u>	<u>11,441</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(41,147)</u>	<u>(41,147)</u>

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, 2004

	2004		Variance Positive (Negative)
	Budget	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	-	(41,147)	(41,147)
Appropriated Fund Balance	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (41,147)	\$ (41,147)

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (41,147)
Budgetary Appropriations:	
Capital Outlay	-
Principal Payments	72,500
Adjustments:	
Capital contribution - grant	1,047,625
Loss on disposal of asset	-
Depreciation	(4,409)
Total reconciling items	<u>1,115,716</u>
Net Income	<u>\$ 1,074,569</u>

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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant - Clean water grant	\$ 3,502,652	\$ 2,677,229	\$ -	\$ 2,677,229	\$ (825,423)
Developer contribution	13,747	20,095	-	20,095	6,348
Investment Income	-	-	-	-	-
Total Revenues	3,516,399	2,697,324	-	2,697,324	(819,075)
Expenditures:					
Administration	14,238	44,815	-	44,815	(30,577)
Engineering	325,821	386,555	-	386,555	(60,734)
Inspection	28,750	151,804	-	151,804	(123,054)
Construction	9,343,947	7,358,770	-	7,358,770	1,985,177
Total Expenditures	9,712,756	7,941,944	-	7,941,944	1,770,812
Revenues Over (Under) Expenditures	(6,196,357)	(5,244,620)	-	(5,244,620)	951,737
Other financing sources:					
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
Total Other Financing Sources (Uses)	6,196,357	6,282,300	-	6,282,300	85,943
Revenues and other sources over expenditures	\$ -	\$ 1,037,680	\$ -	\$ 1,037,680	\$ 1,037,680

Beaufort County, North Carolina
Water District Capital Project Fund - Water District II
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant	\$ 1,800,620	\$ 222,451	\$ -	\$ 222,451	\$ (1,578,169)
Investment Income	-	-	-	-	-
Total Revenues	<u>1,800,620</u>	<u>222,451</u>	<u>-</u>	<u>222,451</u>	<u>(1,578,169)</u>
Expenditures:					
Engineering	148,325	11,162	-	11,162	137,163
Construction	1,442,644	71,655	-	71,655	1,370,989
Interest	136,879	-	-	-	136,879
Contingency	72,772	15,627	-	15,627	57,145
Total Expenditures	<u>1,800,620</u>	<u>98,444</u>	<u>-</u>	<u>98,444</u>	<u>1,702,176</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>124,007</u>	<u>-</u>	<u>124,007</u>	<u>124,007</u>
Other financing sources:					
Transfer from other funds	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 124,007</u>	<u>\$ -</u>	<u>\$ 124,007</u>	<u>\$ 124,007</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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant	\$ 1,123,795	\$ 447,874	\$ -	\$ 447,874	\$ (675,921)
Investment Income	-	-	-	-	-
Total Revenues	<u>1,123,795</u>	<u>447,874</u>	<u>-</u>	<u>447,874</u>	<u>(675,921)</u>
Expenditures:					
Engineering	92,464	29,675	-	29,675	62,789
Construction	975,258	396,810	-	396,810	578,448
Interest	1,219	-	-	-	1,219
Contingency	54,854	33,978	-	33,978	20,876
Total Expenditures	<u>1,123,795</u>	<u>460,463</u>	<u>-</u>	<u>460,463</u>	<u>663,332</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(12,589)</u>	<u>-</u>	<u>(12,589)</u>	<u>(12,589)</u>
Other financing sources:					
Transfer from other funds	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (12,589)</u>	<u>\$ -</u>	<u>\$ (12,589)</u>	<u>\$ (12,589)</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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant	\$ 3,269,300	\$ 3,170,876	\$ 26,567	\$ 3,197,443	\$ (71,857)
Tap fees	47,700	-	-	-	(47,700)
Other	70,000	14,782	-	14,782	(55,218)
Investment Income	-	74,514	-	74,514	74,514
Total Revenues	<u>3,387,000</u>	<u>3,260,172</u>	<u>26,567</u>	<u>3,286,739</u>	<u>(100,261)</u>
Expenditures:					
Engineering	610,057	529,420	25,107	554,527	55,530
Construction	6,330,020	6,476,589	109,303	6,585,892	(255,872)
Interest	604,252	525,168	-	525,168	79,084
Administrative services	700	866	-	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>8,888,427</u>	<u>8,422,168</u>	<u>134,410</u>	<u>8,556,578</u>	<u>331,849</u>
Revenues Over (Under) Expenditures	<u>(5,501,427)</u>	<u>(5,161,996)</u>	<u>(107,843)</u>	<u>(5,269,839)</u>	<u>231,588</u>
Other financing sources:					
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>\$ 339,431</u>	<u>\$ (107,843)</u>	<u>\$ 231,588</u>	<u>\$ 231,588</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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
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>
Expenditures:					
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>
Other financing sources (uses):					
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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant	\$ 1,819,900	\$ 1,105,682	\$ 34,225	\$ 1,139,907	\$ (679,993)
Tap fees	-	-	-	-	-
Investment Income	-	-	-	-	-
Total Revenues	<u>1,819,900</u>	<u>1,105,682</u>	<u>34,225</u>	<u>1,139,907</u>	<u>(679,993)</u>
Expenditures:					
Engineering	101,218	89,292	-	89,292	11,926
Construction	1,575,454	1,153,194	-	1,153,194	422,260
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
Total Expenditures	<u>1,819,900</u>	<u>1,346,370</u>	<u>-</u>	<u>1,346,370</u>	<u>473,530</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(240,688)</u>	<u>34,225</u>	<u>(206,463)</u>	<u>(206,463)</u>
Other financing sources:					
Proceeds from long term debt	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (240,688)</u>	<u>\$ 34,225</u>	<u>\$ (206,463)</u>	<u>\$ (206,463)</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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
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	2,540,488	2,540,488	-	2,540,488	-
Expenditures:					
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	6,492,604	6,492,604	-	6,492,604	-
Revenues Over (Under) Expenditures	(3,952,116)	(3,952,116)	-	(3,952,116)	-
Other financing sources (uses):					
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	-
	3,952,116	3,952,116	-	3,952,116	-
Revenues and other sources over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
Investment Income	-	4,492	-	4,492	4,492
Total Revenues	<u>100,000</u>	<u>104,492</u>	<u>-</u>	<u>104,492</u>	<u>4,492</u>
Expenditures:					
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
Total Expenditures	<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>
Other financing sources:					
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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant	\$ 3,000,000	\$ 978,615	\$ 1,841,026	\$ 2,819,641	\$ (180,359)
State grant	1,364,000	-	778,300	778,300	(585,700)
Other	-	40,744	-	40,744	40,744
Investment Income	-	-	-	-	-
Total Revenues	<u>4,364,000</u>	<u>1,019,359</u>	<u>2,619,326</u>	<u>3,638,685</u>	<u>(725,315)</u>
Expenditures:					
Engineering	924,723	752,996	49,957	802,953	121,770
Construction	11,862,895	3,179,042	9,553,355	12,732,397	(869,502)
Land purchase	197,832	13,600	70,275	83,875	113,957
Inspection	573,506	45,466	418,111	463,577	109,929
Interest	1,245,100	-	124,595	124,595	1,120,505
Contingency	359,944	-	-	-	359,944
Total Expenditures	<u>15,164,000</u>	<u>3,991,104</u>	<u>10,216,293</u>	<u>14,207,397</u>	<u>956,603</u>
Revenues Over (Under) Expenditures	<u>(10,800,000)</u>	<u>(2,971,745)</u>	<u>(7,596,967)</u>	<u>(10,568,712)</u>	<u>231,288</u>
Other financing sources:					
Loans	10,700,000	10,700,000	-	10,700,000	-
Transfer from/to other funds	100,000	128,900	-	128,900	28,900
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 7,857,155</u>	<u>\$ (7,596,967)</u>	<u>\$ 260,188</u>	<u>\$ 260,188</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, 2004

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant	\$ 2,514,598	\$ 2,224,595	\$ 1,047,625	\$ 3,272,220	\$ 757,622
Tap fees	31,000	178,963		178,963	147,963
Investment Income	-	-	-	-	-
Total Revenues	<u>2,545,598</u>	<u>2,403,558</u>	<u>1,047,625</u>	<u>3,451,183</u>	<u>905,585</u>
Expenditures:					
Engineering	572,042	572,708	20,212	592,920	(20,878)
Construction	7,386,648	7,112,503	1,059,652	8,172,155	(785,507)
Interest	524,506	525,566	-	525,566	(1,060)
Legal and accounting	62,402	62,482	-	62,482	(80)
Contingency	-	-	-	-	-
Total Expenditures	<u>8,545,598</u>	<u>8,273,259</u>	<u>1,079,864</u>	<u>9,353,123</u>	<u>(807,525)</u>
Revenues Over (Under) Expenditures	<u>(6,000,000)</u>	<u>(5,869,701)</u>	<u>(32,239)</u>	<u>(5,901,940)</u>	<u>98,060</u>
Other financing sources:					
Proceeds from long term debt	6,000,000	6,100,000	-	6,100,000	100,000
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 230,299</u>	<u>\$ (32,239)</u>	<u>\$ 198,060</u>	<u>\$ 198,060</u>

Beaufort County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2004

	<u>Balance</u>	<u>Net</u>	<u>June 30, 2003</u>
	<u>July 1, 2002</u>	<u>Change</u>	
Social Services Fund:			
Cash and Investments	\$ <u>44,760</u>	\$ <u>(11,267)</u>	\$ <u>33,493</u>
Liabilities	\$ <u>44,760</u>	\$ <u>(11,267)</u>	\$ <u>33,493</u>
County Home Fund:			
Cash and Investments	\$ <u>3,992</u>	\$ <u>411</u>	\$ <u>4,403</u>
Liabilities	\$ <u>3,992</u>	\$ <u>411</u>	\$ <u>4,403</u>
Inmate Fund:			
Cash and Investments	\$ <u>17,941</u>	\$ <u>(10,221)</u>	\$ <u>7,720</u>
Liabilities	\$ <u>17,941</u>	\$ <u>(10,221)</u>	\$ <u>7,720</u>
Total - All Agency Funds:			
Cash and Investments	\$ <u>66,693</u>	\$ <u>(21,077)</u>	\$ <u>45,616</u>
Liabilities	\$ <u>66,693</u>	\$ <u>(21,077)</u>	\$ <u>45,616</u>

OTHER SCHEDULES

This section includes additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Secondary Market Disclosures
- Ten Largest Taxpayers

Beaufort County, North Carolina
 Analysis of Current Tax Levy
 County - Wide Levy
 For the Fiscal Year Ended June 30, 2004

	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	\$ 3,184,110,667	0.6000%	\$ 19,104,664	\$ 18,643,104	\$ 461,560
Motor Vehicles Taxed at Prior Year Rate	265,083,650	0.6575%	1,742,925		1,742,925
Penalties			67,627	67,627	
Total Original Levy	3,449,194,317		20,915,216	18,710,731	2,204,485
Discoveries:					
Current year taxes	40,228,289	0.6575%	264,501	264,501	-
Penalties			-		
Total Discoveries	40,228,289		264,501	264,501	-
Abatements					
Current Year Taxes	10,940,228	0.6575%	71,932	12,948	58,984
Penalties			-		-
Total Abatements	10,940,228		71,932	12,948	58,984
Total for Year	\$ 3,478,482,378		21,107,785	18,962,284	2,145,501
Uncollected taxes at June 30, 2004			1,327,680	977,445	350,235
Current year's taxes collected			\$ 19,780,105	\$ 17,984,839	\$ 1,795,266
Current levy collection percentage			93.71%	94.85%	83.68%

3,000,868,000

3,107,184,000
40,228,288
- 1,969,277

Beaufort County, North Carolina
 Schedule of Ten Largest Taxpayers
 For the Fiscal Year Ended June 30, 2004

Taxpayer	Type of Business	2003 Assessed Valuation	Percentage of Total Assessed Valuation
PCS Phosphate Company, Inc.	Phosphate Mining/Acid Production	\$ 481,985,652	14.80 %
Purified Acid Partnership	Acid Production	87,919,844	2.70
Weyerhaeuser Co.	Tree Farm Operation	57,758,540	1.77
Tideland Electric Membership	Utilities	22,625,666	0.69
Carolina Telephone & Telegraph	Communications	16,387,217	0.50
Stanadyne Automotive Corp.	Automotive Diesel Components	15,242,713	0.47
Flander Filters Inc	Manufacturing	13,490,274	0.41
Fountain Powerboats Inc.	Powerboats	12,029,775	0.37
Carolina Power & Light Co.	Utilities	11,834,327	0.36
CoxCom Inc.	Communications	11,795,266	0.36
Total		\$ <u>731,069,274</u>	<u>22.45 %</u>

Beaufort County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2004

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100 %
Real Property	\$ 2,223,845,770
Personal Property	964,695,415
Public Service Companies ²	<u>68,297,835</u>
Total Assessed Valuation	<u>3,256,839,020</u>
Tax Rate per \$100	0.6575
Levy (includes discoveries, releases and abatements) ³	<u>\$ 21,107,785</u>

¹ Percentage of appraised value has been established by statute.

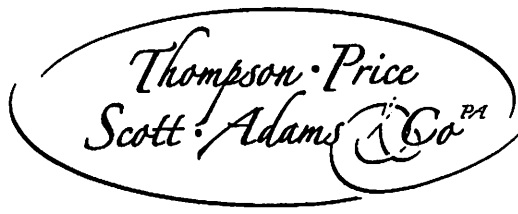
² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³ The levy includes penalties and multi-rate for motor vehicles.

Beaufort County, North Carolina
Schedule of Transfers
For the Fiscal Year Ended June 30, 2004

	Transfers	
	<u>From</u>	<u>To</u>
Operating Transfers From/To Component Units		
<u>Component Units</u>		
General Fund	108,292	
Warren Field Commission		108,292
Total Operating Transfers - Component Units	\$ <u>108,292</u>	\$ <u>108,292</u>

COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS

Gregory S. Adams, CPA
R. Bryon Scott, CPA
Alan W. Thompson, CPA

4024 Oleander Drive, Suite 2
Wilmington, North Carolina 28403
Telephone (910) 799-4872
Fax (910) 395-4872

Offices:
Wilmington, NC
Elizabethtown, NC
Whiteville, NC

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

To the Board of Commissioners
Beaufort County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2004, which collectively comprises Beaufort County's basic financial statements and have issued our report thereon dated January 3, 2005. 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.

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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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. We noted certain matters that we reported to management of the Beaufort County, in a separate letter dated January 3, 2005.

Members

American Institute of CPAs • N.C. Association of CPAs • AICPA Division of Firms

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.

January 3, 2005



CERTIFIED PUBLIC ACCOUNTANTS

Gregory S. Adams, CPA
R. Bryon Scott, CPA
Alan W. Thompson, CPA

4024 Oleander Drive, Suite 2
Wilmington, North Carolina 28403
Telephone (910) 799-4872
Fax (910) 395-4872

Offices:
Wilmington, NC
Elizabethtown, NC
Whiteville, NC

**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, 2004. Beaufort County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Beaufort County's management. Our responsibility is to express an opinion on 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 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, 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, 2004.

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.

Members

American Institute of CPAs • N.C. Association of CPAs • AICPA Division of Firms

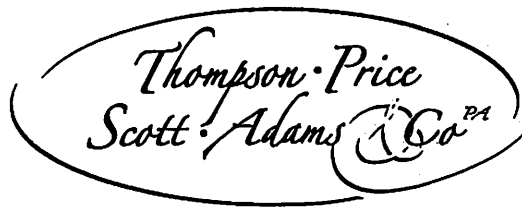
**Report On Compliance With Requirements Applicable To Each Major Federal Program And
Internal Control Over Compliance In Accordance With OMB Circular A-133 and the State Single
Audit Implementation Act**

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 reportable 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 caused by error or fraud 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.
January 3, 2005*



CERTIFIED PUBLIC ACCOUNTANTS

Gregory S. Adams, CPA
R. Bryon Scott, CPA
Alan W. Thompson, CPA

4024 Oleander Drive, Suite 2
Wilmington, North Carolina 28403
Telephone (910) 799-4872
Fax (910) 395-4872

Offices:
Wilmington, NC
Elizabethtown, NC
Whiteville, NC

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, 2004. 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 Beaufort County's compliance with those requirements.

In our opinion, Beaufort County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2004.

Internal Control Over Compliance

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

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 reportable 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 caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended 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.
January 3, 2005

Beaufort County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2004

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes Xno
- Reportable condition(s) identified
that are not considered to be
material weaknesses ___ yes x none reported

Noncompliance material to financial
statements noted ___yes Xno

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes Xno
- Reportable condition(s) identified
that are not considered to be
material weaknesses ___yes X none reported

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

Any audit findings disclosed that are
required to be reported in accordance
with Section 510(a) of Circular A-133 ___yes Xno

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
10.551/10.561	Food Stamp Cluster
93.778	Medical Assistance Program
93.658	Foster Care - Title IV-E (State Selected)

Beaufort County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2004

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 1,620,128

Auditee qualified as low-risk auditee? ___yes Xno

State Awards

Internal control over major state programs:

- Material weakness(es) identified? ___yes Xno
- Reportable condition(s) identified
that are not considered to be
material weaknesses ___yes Xnone 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 Xno

Identification of major state programs:

Name of State Program or Cluster

State/County Special Assistance for Adults
Crisis Housing Assistance Funds
Child Care Cluster
Clean Water Bond Supplemental Grant Program

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, 2004

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

Beaufort County, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2004

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

Beaufort County, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2004

Status: N/A

Beaufort County, North Carolina
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2004

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:				
<u>U.S. Dept. of Agriculture</u>				
Passed-through N.C. Dept. of Agriculture:				
Water system development	10.760	\$ 946,935	\$ -	\$ -
Total USDA		<u>946,935</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	5,123,834	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561	<u>292,870</u>	<u>-</u>	<u>292,870</u>
Total Food Stamp Cluster		<u>5,416,704</u>	<u>-</u>	<u>292,870</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	192,901	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	999,747	-	-
Passed-through Mid East Commission Council of Governments:				
USDA Supplement	10.550	11,672	-	-
 Total U.S. Dept. of Agriculture		 <u>7,567,959</u>	 <u>-</u>	 <u>292,870</u>
 <u>U.S. Department of Homeland Security</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Division of Emergency Management				
State Domestic Preparedness Equipment Support Program	97.004	17,967		
 <u>Federal Emergency Management Agency</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Hazard Mitigation Grant	83.548	39,033	13,011	
Public Disaster Assistance	83.544	<u>114,915</u>	<u>-</u>	<u>-</u>
Total Federal Emergency Management Agency		<u>153,948</u>	<u>13,011</u>	<u>-</u>

Beaufort County, North Carolina
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2004

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
U.S. Dept. of Health & Human Services				
Administration on Aging:				
Aging Cluster				
Passed-through Mid East Commission Council of Governments:				
Home & Community Care Block Grant:				
Access - Title III-B	93.044	6,973	8,774	1,751
In-home Services:				
Title III-B	93.044	58,755	1,679	6,716
SSBG	93.667	15,320	438	1,751
Congregate Nutrition Title III-C	93.045	20,379	13,215	3,732
Home - Delivered Nutrition - Title III-C	93.045	<u>63,120</u>	<u>32,604</u>	<u>10,637</u>
Total Aging Cluster		164,547	56,710	24,587
Administration for Children and Families				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Temporary Assistance for Needy Families	93.558	570,017	(208)	52
Work First Administration	93.558	85,716	43,461	74,758
TANF Domestic Violence	93.558	9,445	-	532
Work First Service	93.558	334,443	236,122	406,159
TANF Up	93.558	69	(94)	-
Child Support Enforcement	93.563	432,602	-	222,855
Low-income Home Energy Assistance Block Grant:				
Administration	93.568	251,331	-	-
Child Care Development Fund	93.596	79,002	-	-
Child Welfare Services-State Grants	93.645	13,805	3,548	1,053
Social Services Block Grant	93.667	233,044	25,471	78,071
Independent Living Grant	93.674	939	235	-
Foster Care and Adoption Cluster:				
Title IV-E Foster Care	93.658	332,827	60,763	233,821
Adoption Subsidy	93.659	<u>233,463</u>	<u>68,228</u>	<u>69,228</u>
Total Foster Care and Adoption Cluster		566,290	128,991	303,049
Division of Child Development:				
Subsidized Child Care Cluster:				
Child Care and Development Block Grant	93.575	846,580	-	-
Child Care and Development Fund - Manditory	93.596	317,521	-	-
Child Care and Development Fund - Match	93.596	126,813	75,374	-
Social Services Block Grant	93.667	25,865	-	-
Temporary Assistance for Needy Families	93.558	165,277	-	-
Smart Start		-	18,984	-
State Appropriations		-	157,786	-
More at Four		-	10,000	-
TANF - Maintenance		-	<u>362,732</u>	-
Total Subsidized Child Care Cluster		1,482,056	624,896	-
Health Care Financing Administration				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	40,477,325	17,852,479	2,836,226
Division of Social Services:				
Medical Assistance Program	93.778	473,591	30,204	410,277
Administration:				
Health Choice	93.767	11,834	2,413	1,759
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Aids prevention	93.940	15,759	-	-
Immunization Action Plan	93.268	15,938	-	-
Harmful Algal Blossoms Program	93.283	62,966	-	-
Drug User Program	93.959	8,464	-	-
Women's Preventive Health	93.991	19,838	-	-
Breast and cervical cancer	93.919	16,000	-	-
Child Health Services Block Grant	93.994	205,446	-	-
Total U.S. Dept. of Health and Human Services		<u>45,330,467</u>	<u>19,004,228</u>	<u>4,359,378</u>
Dept. of Housing and Urban Development(HUD)				
Direct Benefit Payments Special Assistance DRI	NONE	94,500	-	-
CDBG Grant	14.228	623,131	-	-
Total Dept. of Housing and Urban Development(HUD)		<u>717,631</u>	-	-
Total Federal Awards		<u>53,987,972</u>	<u>19,017,239</u>	<u>4,652,248</u>

Beaufort County, North Carolina
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2004

Grantor/Pass-through CFDA Grantor/Program Title State Awards:	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>N.C. Dept. of Health and Human Services</u>				
Division of Social Services:				
AFDC Incentive		-	277	-
TANF		-	2,453	-
County Funded Programs/Non Allocating costs		-	-	969,832
State to Counties		-	40,934	-
CP & L Energy Program		-	3,184	-
State/County Special Assistance for Adults		-	469,859	488,327
State Foster Care Benefits Program		16,289	73,011	42,348
Division of Community Health:				
Communicable disease		-	2,750	-
General Health		-	21,025	-
Immunization		-	5,664	-
TB Medical Services		-	1,975	-
Maternal Care Coordination		-	16,950	-
Health Promotion		-	6,796	-
Tuberculosis		-	24,356	-
Aids		-	3,923	-
Direct Grant: State appropriation - soil & water		-	40,055	-
Division of Aging:				
90 % State Funds		-	216,945	24,108
Total N. C. Department of Health and Human Services		<u>16,289</u>	<u>930,157</u>	<u>1,524,615</u>
<u>N.C. Dept. of Juvenile Justice</u>				
Juvenile Crime Prevention		-	160,867	-
Total Office of Governor		-	<u>160,867</u>	-
<u>N.C. Dept. of Transportation</u>				
Elderly and Disabled Transportation Assistance Program (E&DTAP)		-	50,113	-
ROAP - Work First		-	7,879	-
Safe Roads		-	7,932	-
Rural General Public		-	33,870	-
Total N. C. Dept. Of Transportation		-	<u>99,794</u>	-
<u>N.C. Dept. of Commerce</u>				
Crisis Housing Assistance Funds		-	733,158	-
Total N.C. Dept. of Commerce		-	<u>733,158</u>	-
<u>N.C. Dept. of Health & Natural Resources</u>				
Scrap Tire Grant		-	42,846	-
Total N.C. Dept. of Health & Natural Resources		-	<u>42,846</u>	-

Beaufort County, North Carolina
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2004

Grantor/Pass-through Gimitor/Program Title N.C. Department of EHNR	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Clean Water Bond Supplemental Grants Program		-	2,888,651	-
N.C. Dept. of Corrections Criminal Justice Partnership Program			60,672	
N.C. Dept. of Administration Veterans		-	2,000	-
Total State Awards		16,289	4,920,145	1,524,615
Total Federal and State Awards	\$	54,004,261	\$ 23,937,384	\$ 6,176,863

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

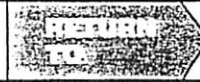
- Basis of Presentation**
 The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Beaufort County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the county's basic 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.

FORM **SF-SAC**
(5-2004)

U.S. DEPT. OF COMM.— Econ. and Stat. Admin.— U.S. CENSUS BUREAU
ACTING AS COLLECTING AGENT FOR
OFFICE OF MANAGEMENT AND BUDGET

**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS
for Fiscal Year Ending Dates in 2004, 2005, or 2006**

▶ Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."



Federal Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

GENERAL INFORMATION (To be completed by auditee, except for Items 4 and 7)

<p>1. Fiscal period ending date for this submission</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%;">Month</td> <td style="width:33%;">Day</td> <td style="width:33%;">Year</td> </tr> <tr> <td align="center">06</td> <td align="center">/ 30</td> <td align="center">/ 2004</td> </tr> </table> <p>Fiscal Period End Dates Must Be In 2004, 2005, or 2006</p>	Month	Day	Year	06	/ 30	/ 2004	<p>2. Type of Circular A-133 audit</p> <p>1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit</p>														
Month	Day	Year																			
06	/ 30	/ 2004																			
<p>3. Audit period covered</p> <p>1 <input checked="" type="checkbox"/> Annual 2 <input type="checkbox"/> Biennial 3 <input type="checkbox"/> Other - Months</p>	<p>4. FEDERAL GOVERNMENT USE ONLY</p> <p>Date received by Federal clearinghouse</p>																				
<p>5. Auditee Identification Numbers</p> <p>a. Primary Employer Identification Number (EIN)</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:10%;">5</td> <td style="width:10%;">6</td> <td style="width:10%;">-</td> <td style="width:10%;">6</td> <td style="width:10%;">0</td> <td style="width:10%;">0</td> <td style="width:10%;">1</td> <td style="width:10%;">5</td> <td style="width:10%;">2</td> <td style="width:10%;">1</td> </tr> </table> <p>b. Are multiple EINs covered in this report? 1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No</p> <p>c. If Part I, Item 5b = "Yes," complete Part I, Item 5c on the continuation sheet on Page 4.</p> <p>d. Data Universal Numbering System (DUNS) Number</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:10%; height: 20px;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> </tr> </table> <p>e. Are multiple DUNS covered in this report? 1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No</p> <p>f. If Part I, Item 5e = "Yes," complete Part I, Item 5f on the continuation sheet on Page 4.</p>		5	6	-	6	0	0	1	5	2	1										
5	6	-	6	0	0	1	5	2	1												

<p>6. AUDITEE INFORMATION</p> <p>a. Auditee name BEAUFORT COUNTY</p> <p>b. Auditee address (Number and street) PO BOX 1027 City WASHINGTON State ZIP + 4 Code NC 2 7 8 8 9 -</p> <p>c. Auditee contact Name PAUL SPRUILL Title COUNTY MANAGER</p> <p>d. Auditee contact telephone (252) 946 - 0079</p> <p>e. Auditee contact FAX () -</p> <p>f. Auditee contact E-mail</p> <p>g. AUDITEE CERTIFICATION STATEMENT - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in Parts I, II, and III of this data collection form is accurate and complete. I declare that the foregoing is true and correct.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;">Signature of certifying official</td> <td style="width:30%;">Date Month Day Year</td> </tr> <tr> <td colspan="2">Printed Name of certifying official</td> </tr> <tr> <td colspan="2">Printed Title of certifying official</td> </tr> </table>	Signature of certifying official	Date Month Day Year	Printed Name of certifying official		Printed Title of certifying official		<p>7. AUDITOR INFORMATION (To be completed by auditor)</p> <p>a. Auditor name THOMPSON PRICE SCOTT ADAMS & CO. PA</p> <p>b. Auditor address (Number and street) 4024 OLEANDER DR SUITE 2 City WILMINGTON State ZIP + 4 Code NC 2 8 4 0 3 -</p> <p>c. Auditor contact Name GREG ADAMS Title CPA</p> <p>d. Auditor contact telephone (910) 799 - 4872</p> <p>e. Auditor contact FAX () -</p> <p>f. Auditor contact E-mail</p> <p>9. AUDITOR STATEMENT - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 7, 8, and 9a-9f, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is not a substitute for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in Parts II and III of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;">Signature of auditor</td> <td style="width:30%;">Date Month Day Year</td> </tr> <tr> <td align="center" colspan="2"></td> </tr> <tr> <td align="center" colspan="2">11/20/04</td> </tr> </table>	Signature of auditor	Date Month Day Year			11/20/04	
Signature of certifying official	Date Month Day Year												
Printed Name of certifying official													
Printed Title of certifying official													
Signature of auditor	Date Month Day Year												
11/20/04													

FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report

Mark either: 1 [X] Unqualified opinion OR any combination of: 2 [] Qualified opinion 3 [] Adverse opinion 4 [] Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? 1 [] Yes 2 [X] No

3. Is a reportable condition disclosed? 1 [] Yes 2 [X] No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness? 1 [] Yes 2 [] No

5. Is a material noncompliance disclosed? 1 [] Yes 2 [X] No

FEDERAL PROGRAMS (To be completed by auditor)

1. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide, Chapter 12) 1 [X] Yes 2 [] No

2. What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § .520(b)) \$ 1,620,128

3. Did the auditee qualify as a low-risk auditee? (§ .530) 1 [] Yes 2 [X] No

4. Is a reportable condition disclosed for any major program? (§ .510(a)(1)) 1 [] Yes 2 [X] No -SKIP to Item 6

5. Is any reportable condition reported as a material weakness? (§ .510(a)(1)) 1 [] Yes 2 [] No

6. Are any known questioned costs reported? (§ .510(a)(3) or (4)) 1 [] Yes 2 [X] No

7. Were Prior Audit Findings related to direct funding shown in the Summary Schedule of Prior Audit Findings? (§ .315(b)) 1 [] Yes 2 [X] No

8. Indicate which Federal agency(ies) have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. (Mark (X) all that apply or None)

- 98 [] U.S. Agency for International Development
10 [] Agriculture
23 [] Appalachian Regional Commission
11 [] Commerce
94 [] Corporation for National and Community Service
12 [] Defense
84 [] Education
81 [] Energy
66 [] Environmental Protection Agency
83 [] Federal Emergency Management Agency
39 [] General Services Administration
93 [] Health and Human Services
97 [] Homeland Security
14 [] Housing and Urban Development
03 [] Institute of Museum and Library Services
15 [] Interior
16 [] Justice
17 [] Labor
09 [] Legal Services Corporation
43 [] National Aeronautics and Space Administration
89 [] National Archives and Records Administration
05 [] National Endowment for the Arts
06 [] National Endowment for the Humanities
47 [] National Science Foundation
07 [] Office of National Drug Control Policy
59 [] Small Business Administration
96 [] Social Security Administration
19 [] U.S. Department of State
20 [] Transportation
21 [] Treasury
82 [] United States Information Agency
64 [] Veterans Affairs
00 [X] None
[] Other - Specify:

Each agency identified is required to receive a copy of the reporting package.

In addition, one copy each of the reporting package is required for:

- the Federal Audit Clearinghouse archives [X]
• and, if not marked above, the Federal cognizant agency []

Count total number of boxes marked above and submit this number of reporting packages 1

FORM SF-SAC (5-2004)

PART II FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR

10. AUDIT FINDINGS

CFDA Number		Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program		Type(s) of compliance requirement(s) ⁴ (a)	Audit finding reference number(s) ⁵ (b)
Federal Agency Prefix ¹ (a)	Extension ² (b)					Major program (g)	If yes, type of audit report ³ (h)		
1	0760	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WATER SYSTEM DEVELOPMENT	\$ 946,935 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
1	0551/561	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FOOD STAMPS	\$ 5,416,704 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	U	O	N/A
1	0557	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WIC	\$ 192,901 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
1	0557	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WIC	\$ 999,747 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
1	0550	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	USDA SUPPLEMENT	\$ 11,672 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	7004	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	DOMESTIC PREPAREDNESS	\$ 17,967 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
8	3548	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HAZARDOUS MITIGATION	\$ 39,033 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
8	3544	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	PUBLIC DISASTER ASSISTANCE	\$ 114,915 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3044	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE III B	\$ 65,728 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3667	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SSBG	\$ 248,364 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
TOTAL FEDERAL AWARDS EXPENDED →				\$ 54,004,261 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

³ If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

⁴ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.

- A. Activities allowed or unallowed
- B. Allowable costs/cost principles
- C. Cash management
- D. Davis - Bacon Act

- E. Eligibility
- F. Equipment and real property management
- G. Matching, level of effort, earmarking
- H. Period of availability of Federal funds

- I. Procurement and suspension and debarment
- J. Program income
- K. Real property acquisition and relocation assistance

- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions
- O. None
- P. Other

⁵ N/A for NONE

FORM SF- SAC (5-2004)

PART III FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR								10. AUDIT FINDINGS	
CFDA Number		Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program		Type(s) of compliance requirement(s) ⁴ (a)	Audit finding reference number(s) ⁵ (b)
Federal Agency Prefix ¹ (a)	Extension ² (b)					Major program (g)	If yes, type of audit report ³ (h)		
9	3 .045	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE III C	\$ 83,499 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TANF	\$ 570,017 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WORK FIRST ADMIN	\$ 85,716 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TANF DOMESTIC VIOLENCE	\$ 9,445 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WORK FIRST SERVICE	\$ 334,443 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TANF UP	\$ 69 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .563	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD SUPPORT ENFORCMENT	\$ 432,602 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .674	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	INDEPENDENT LIVING	\$ 939 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .658	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE IV - E FC	\$ 332,827 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	U	O	N/A
9	3 .659	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ADOPTION SUBSIDY	\$ 233,463 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
TOTAL FEDERAL AWARDS EXPENDED →				\$ 54,004,261 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

³ If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

⁴ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.

- A. Activities allowed or unallowed
- B. Allowable costs/cost principles
- C. Cash management
- D. Davis - Bacon Act

- E. Eligibility
- F. Equipment and real property management
- G. Matching, level of effort, earmarking
- H. Period of availability of Federal funds

- I. Procurement and suspension and debarment
- J. Program income
- K. Real property acquisition and relocation assistance

- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions
- O. None
- P. Other

⁵ N/A for NONE

FORM SF-SAC (5-2004)

PART II FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR								10. AUDIT FINDINGS	
CFDA Number		Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program		Type(s) of compliance requirement(s) ⁴ (a)	Audit finding reference number(s) ⁵ (b)
Federal Agency Prefix ¹ (a)	Extension ² (b)					Major program (g)	If yes, type of audit report ³ (h)		
9	3	.575	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	CHILD CARE DEVELOP BLOCK GRANT	\$ 846,580 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	O	N/A
9	3	.596	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	CHILD CARE DEVELOP FUND MANDATORY	\$ 317,521 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	O	N/A
9	3	.596	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	CHILD CARE DEVELOP FUND MATCH	\$ 126,813 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	O	N/A
9	3	.667	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	SSBG	\$ 25,865 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	O	N/A
9	3	.558	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	TANF	\$ 165,277 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	O	N/A
9	3	.778	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	MEDICAL ASSISTANCE PROGRAM	\$ 40,477,325 .00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	U	N/A
9	3	.778	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	MAP	\$ 473,591 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	O	N/A
9	3	.767	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	HEALTH CHOICE	\$ 11,834 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	O	N/A
9	3	.940	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	AIDS PREVENTION	\$ 15,759 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	O	N/A
9	3	.268	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	IMMUN ACTION PLAN	\$ 15,938 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	O	N/A
TOTAL FEDERAL AWARDS EXPENDED →					\$ 54,004,261 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS			

¹ See Appendix 1 of Instructions for valid Federal Agency two-digit prefixes.

² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

³ If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

⁴ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.

- A. Activities allowed or unallowed
- B. Allowable costs/cost principles
- C. Cash management
- D. Davis - Bacon Act

- E. Eligibility
- F. Equipment and real property management
- G. Matching, level of effort, earmarking
- H. Period of availability of Federal funds

- I. Procurement and suspension and debarment
- J. Program income
- K. Real property acquisition and relocation assistance

- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions
- O. None
- P. Other

⁵ N/A for NONE

FORM SF-SAC (5-2004)

FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR								10. AUDIT FINDINGS	
Federal Agency Prefix 1 (a)	CFDA Number Extension 2 (b)	Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program		Type(s) of compliance requirement(s) ⁴ (a)	Audit finding reference number(s) ⁵ (b)
						Major program (g)	If yes, type of audit report 3 (h)		
9	3 .283	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HARMFUL ALGAL BLOSSOMS PROGRAM	\$ 62,966 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .959	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	DRUG USER PROGRAM	\$ 8,464 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .991	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WOMENS PREVENTIVE HEALTH	\$ 19,838 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .919	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	BREAST AND CERVICAL CANCER	\$ 16,000 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .994	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD HEALTH SVCS BLOCK GRANT	\$ 205,446 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
1	0 .000	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SPECIAL ASSISTANCE DRI	\$ 94,500 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
1	0 .000	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	STATE FOSTER CARE	\$ 16,289 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
1	4 .228	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CDBG	\$ 623,131 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .568	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	LOW INCOME HOME ENERGY ASSISTANCE	\$ 251,331 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .596	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CCDF	\$ 79,002 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
TOTAL FEDERAL AWARDS EXPENDED →				\$ 54,004,261 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

³ If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

⁴ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

- | | | | |
|------------------------------------|--|--|---------------------------------|
| A. Activities allowed or unallowed | E. Eligibility | I. Procurement and suspension and debarment | L. Reporting |
| B. Allowable costs/cost principles | F. Equipment and real property management | J. Program income | M. Subrecipient monitoring |
| C. Cash management | G. Matching, level of effort, earmarking | K. Real property acquisition and relocation assistance | N. Special tests and provisions |
| D. Davis - Bacon Act | H. Period of availability of Federal funds | | O. None |
| | | | P. Other |

⁵ N/A for NONE

FORM SF-SAC (5-2004)

PART II FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR							10. AUDIT FINDINGS		
CFDA Number		Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program		Type(s) of compliance requirement(s) ⁴ (a)	Audit finding reference number(s) ⁵ (b)
Federal Agency Prefix ¹ (a)	Extension ² (b)					Major program (g)	If yes, type of audit report ³ (h)		
9	3 .645	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD WELFARE SERVICES	\$ 13,805 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No			
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No			
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No			
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No			
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No			
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No			
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No			
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No			
TOTAL FEDERAL AWARDS EXPENDED →				\$ 54,004,261 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

³ If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

⁴ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.

A. Activities allowed or unallowed	E. Eligibility	I. Procurement and suspension and debarment	L. Reporting
B. Allowable costs/cost principles	F. Equipment and real property management	J. Program income	M. Subrecipient monitoring
C. Cash management	G. Matching, level of effort, earmarking	K. Real property acquisition and relocation assistance	N. Special tests and provisions
D. Davis - Bacon Act	H. Period of availability of Federal funds		O. None
			P. Other

⁵ N/A for NONE

MANAGEMENT LETTER



CERTIFIED PUBLIC ACCOUNTANTS

Gregory S. Adams, CPA
R. Bryon Scott, CPA
Alan W. Thompson, CPA

4024 Oleander Drive, Suite 2
Wilmington, North Carolina 28403
Telephone (910) 799-4872
Fax (910) 395-4872

Offices:
Wilmington, NC
Elizabethtown, NC
Whiteville, NC

MANAGEMENT LETTER

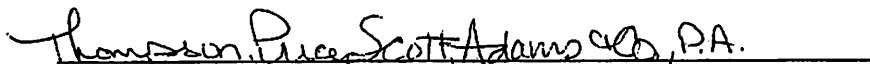
Members of The Board of County Commissioners
Beaufort County
Washington, North Carolina

In planning and performing our audit of the basic financial statements of Beaufort County, for the year ended June 30, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 Beaufort County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements. No reportable conditions were noted. This is due to the hard work and dedication of the County's management team. Below lists a deficiency in internal control over financial reporting other than reportable conditions:

1. The Counties staffing situation precluded it from accomplishing all tasks required to provide all audit information in a timely manner. (We believe this situation has been rectified since completion of audit)

We would like to thank Mr. Spruill, Mrs. Andrew 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.
January 3, 2005