

**BEAUFORT COUNTY
NORTH CAROLINA**

FINANCIAL STATEMENTS

FOR YEAR ENDED JUNE 30, 2012

**MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.**

"A Professional Association of Certified Public Accountants and Management Consultants"

**BEAUFORT COUNTY
NORTH CAROLINA**

Board of County Commissioners

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BEAUFORT COUNTY, NORTH CAROLINA

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Financial Section

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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INDEPENDENT AUDITORS' 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 unit, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2012, 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 ABC Board. 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 the ABC Board, is based solely on the report 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. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit, and the report of the 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 unit, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2012, 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 grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of Beaufort County, North Carolina, as a whole. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and other supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis 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 is also not a required part of the basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, the other supplemental schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
December 10, 2012

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, 2012. 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

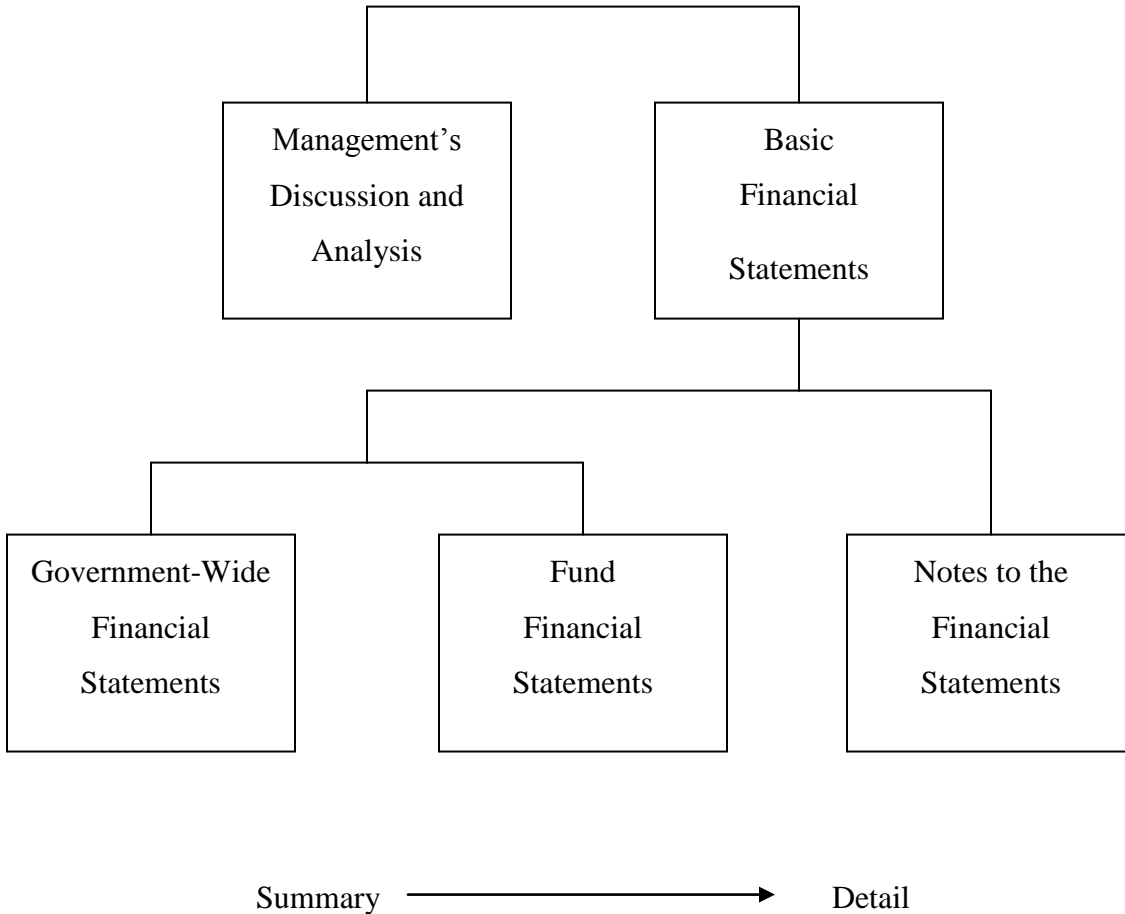
- The assets of Beaufort County exceeded its liabilities at the close of the fiscal year by \$36,193,740 (*net assets*).
- The County's total net assets for governmental activities and business-type activities were \$10,053,207 and \$26,140,533, respectively.
- The government's total net assets increased by \$24,108,756, primarily due to gain on hospital lease in governmental activities.
- As of the close of the current fiscal year, Beaufort County's governmental funds reported combined ending fund balances of \$19,133,642, a decrease of \$1,852,815. Approximately 40.05% of this total amount, or \$7,663,263, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,705,818, or 25.1%, of total General Fund expenditures for the fiscal year.
- Beaufort County's total debt decreased by \$20,216,605 during the current fiscal year. The key factor of this decrease is the pay down of principal for hospital related installment purchases.

Overview of the Financial Statements

This discussion and analysis is 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 A and B) 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 C – J) 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 nonmajor governmental 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 gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services, such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These activities include water and sewer services offered by Beaufort County. The final category is the component units. 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. Also, the ABC Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits A and B 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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 operations. These funds are the same as those functions 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 several agency funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 27 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. This information can be found in the Required Supplementary Information section of this report.

Government-Wide Financial Analysis
Beaufort County's Net Assets

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets:						
Current and other assets	\$33,868,861	\$ 25,343,111	\$ 2,158,012	\$ 1,620,393	\$ 36,026,873	\$26,963,504
Capital assets, net	11,686,531	15,104,028	62,542,337	64,211,962	74,228,868	79,315,990
Total assets	<u>45,555,392</u>	<u>40,447,139</u>	<u>64,700,349</u>	<u>65,832,355</u>	<u>110,255,741</u>	<u>106,279,494</u>
Liabilities:						
Long-term liabilities, outstanding	31,199,891	51,369,387	37,529,659	39,196,377	68,729,550	90,565,764
Other liabilities	4,302,294	3,227,978	1,030,157	400,768	5,332,451	3,628,746
Total liabilities	<u>35,502,185</u>	<u>54,597,365</u>	<u>38,559,816</u>	<u>39,597,145</u>	<u>74,062,001</u>	<u>94,194,510</u>
Net assets:						
Invested in capital assets, net of related debt	4,736,992	3,291,766	24,174,985	25,015,585	28,911,977	28,307,351
Restricted	7,545,531	3,877,020	-	-	7,545,531	3,877,020
Unrestricted	(2,229,316)	(21,319,012)	1,965,548	1,219,625	(263,768)	(20,099,387)
Total net assets	<u>\$10,053,207</u>	<u>\$(14,150,226)</u>	<u>\$26,140,533</u>	<u>\$ 26,235,210</u>	<u>\$ 36,193,740</u>	<u>\$12,084,984</u>

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 \$36,193,740 as of June 30, 2012. The County's net assets increased by \$24,108,756 for the fiscal year ended June 30, 2012. One of the largest portions \$28,911,977 (79.9%) 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 \$7,545,531 (20.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(263,768) is unrestricted.

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

- Expenditure decreases within the governmental activities as well as a decrease reliance on State-shared revenues
- Increased sales for services in business-type activities

Beaufort County Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 3,354,548	\$ 5,265,764	\$ 6,357,355	\$ 5,823,038	\$ 9,711,903	\$ 11,088,802
Operating grants and contributions	12,465,904	11,173,562	-	-	12,465,904	11,173,562
Capital grants and contributions	3,148,005	1,738,755	-	-	3,148,005	1,738,755
General revenues:						
Property taxes	33,230,019	31,113,270	-	-	33,230,019	31,113,270
Other taxes	7,659,671	7,809,789	-	-	7,659,671	7,809,789
Other	185,667	102,501	-	-	185,667	102,501
Total revenues	<u>60,043,814</u>	<u>57,203,641</u>	<u>6,357,355</u>	<u>5,823,038</u>	<u>66,401,169</u>	<u>63,026,679</u>
Expenses:						
General government	4,867,413	4,840,940	-	-	4,867,413	4,840,940
Public safety	10,198,344	9,785,993	-	-	10,198,344	9,785,993
Cultural and recreation	301,867	378,180	-	-	301,867	378,180
Economic and physical development	7,124,228	2,037,156	-	-	7,124,228	2,037,156
Human services	15,092,013	15,033,390	-	-	15,092,013	15,033,390
Education	15,111,911	16,072,580	-	-	15,111,911	16,072,580
Environmental protection	4,670,928	3,087,046	-	-	4,670,928	3,087,046
Interest on long-term debt	2,041,552	1,684,004	-	-	2,041,552	1,684,004
Water and sewer	-	-	6,561,344	6,304,802	6,561,344	6,304,802
Total expenses	<u>59,408,256</u>	<u>52,919,289</u>	<u>6,561,344</u>	<u>6,304,802</u>	<u>65,969,600</u>	<u>59,224,091</u>
Increase in net assets before special item and transfers	<u>635,558</u>	<u>4,284,352</u>	<u>(203,989)</u>	<u>(481,764)</u>	<u>431,569</u>	<u>3,802,588</u>
Special item - gain on hospital lease	23,677,187	-	-	-	23,677,187	-
Transfers	<u>(109,312)</u>	<u>-</u>	<u>109,312</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	24,203,433	4,284,352	(94,677)	(481,764)	24,108,756	3,802,588
Net Assets:						
Beginning of year, July 1	(14,673,869)	(18,669,598)	30,736,092	31,384,595	16,062,223	12,714,997
Prior period adjustment	523,643	(288,623)	(4,500,882)	(166,739)	(3,977,239)	(455,362)
End of year, June 30	<u>\$ 10,053,207</u>	<u>\$ (14,673,869)</u>	<u>\$ 26,140,533</u>	<u>\$ 30,736,092</u>	<u>\$ 36,193,740</u>	<u>\$ 16,062,223</u>

Governmental Activities. Governmental activities increased the County's net assets by \$24,203,433. Key elements of this increase are as follows:

- General Fund revenues exceeded expenditures
- Hospital lease revenue recognized as a special item in the current year

Business-Type Activities. Business-type activities decreased Beaufort County's net assets by \$94,677. Key elements of this decrease are as follows:

- Depreciation is not budgeted or recorded at the budget level; however, it is recognized at the government-wide level.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Beaufort County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Beaufort County's financing requirements. Specifically, fund balance available for appropriation 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, fund balance available for appropriation of the General Fund was \$12,991,609, while total fund balance reached \$17,858,942. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 26% of total General Fund expenditures, while total fund balance represents 35% of that same amount.

At June 30, 2012, the governmental funds of Beaufort County reported a combined fund balance of \$19,133,642, a \$1,852,815 decrease from last year. The primary reason for this decrease in fund balance in the BCCC Project Fund and the Administrative Building 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.

Proprietary Funds. Beaufort County's proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Unrestricted net assets of the Water Districts equaled \$1,965,548. The total decrease in net assets was \$94,677. Other factors concerning the finances of this fund have 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, 2012 totals \$74,228,868 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and construction in progress.

Major capital asset events during the year include:

- Vehicle purchases in the Sherriff's Department
- Construction in progress – Administrative Building Major Capital Project Fund, \$1,660,969
- Construction in progress – Water District VI Capital Project Fund, \$109,312
- Hospital assets net retirement of \$4,654,567

Beaufort County's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2012	2011 (as restated)	2012	2011 (as restated)	2012	2011 (as restated)
	Land	\$ 3,854,084	\$ 5,329,868	\$ 75,961	\$ 75,961	\$ 3,930,045
Buildings and system	4,878,229	8,302,169	62,214,362	63,991,915	67,092,591	72,294,084
Equipment and vehicles	913,574	1,092,316	142,702	144,086	1,056,276	1,236,402
Construction in progress	2,040,644	379,675	109,312	-	2,149,956	379,675
Capital assets, net	<u>\$ 11,686,531</u>	<u>\$ 15,104,028</u>	<u>\$ 62,542,337</u>	<u>\$ 64,211,962</u>	<u>\$ 74,228,868</u>	<u>\$ 79,315,990</u>

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, 2012, Beaufort County had total bonded debt outstanding of \$63,226,800, all of which is debt backed by the full faith and credit of the County.

Beaufort County's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 25,150,000	\$ 26,750,000	\$ 38,076,800	\$ 38,849,300	\$ 63,226,800	\$ 65,599,300
Installment purchases	6,831,807	24,619,387	290,552	347,077	7,122,359	24,966,464
Total	<u>\$ 31,981,807</u>	<u>\$ 51,369,387</u>	<u>\$ 38,367,352</u>	<u>\$ 39,196,377</u>	<u>\$ 70,349,159</u>	<u>\$ 90,565,764</u>

Beaufort County's total debt decreased by \$20,216,605, primarily due to pay down of principal for hospital related installment purchases.

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 \$422,438,222. The County has no general obligation bonds authorized or issued at June 30, 2012.

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 economic condition of the County.

- Over the past three years the County has gone through some rigorous cost cutting measures to ensure that we made it through the economic downturn. Through a number of years of appropriations of Fund Balance the County started a trend of depleting its available cash reserves. FY 2012 saw an increase in Sales Tax revenue as well as other intergovernmental revenue that when added to the expenditure fall out increased Fund Balance. This needed growth will likely continue and County staff will monitor Sales Tax revenue to determine if this is increased revenue is a trend or a brief increase related to rebuilding after the Hurricane Irene event in 2011. Unemployment is still high within the County and with slight increases in real property growth the County has chosen to be conservative with budgeting and with revenue estimates.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities: Property Tax growth predictions are still extremely conservative due to little growth expected in real property. As a result a FY 2013 Adopted Budget compared to FY 2011 actual spending shows a decrease of just over \$26,000, showing the County's intent to continue to budget conservatively. The FY 2012 comparative was skewed due to unusually high spending related to Hurricane Irene. The County Board of Commissioners have tasked staff to continue to force out expenditures where possible in an effort to bring back Fund Balance to level that is at or above our peer counties. This will be the goal for finishing the FY 2013 budget and then staff will focus the Board's efforts on plans for future capital needs and designating any future growth in Fund Balance to offset further rate or tax increases.

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

Business-Type Activities: The water rates in the County will likely be constant for the next three years due to the Board of Commissioner's efforts in refinancing debt. The refinancing allowed for increased cash flow in the next four years resulting in the growth of available cash for each District in an effort to get their financial situation more stable. It is likely that some new growth will occur but staff is planning revenue estimates based on current customer counts and usage.

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 Third Street
Washington, North Carolina 27889

Basic Financial Statements

BEAUFORT COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Beaufort County ABC Board</u>
Assets:				
Cash and cash equivalents	\$ 15,507,994	\$ 1,849,403	\$ 17,357,397	\$ 613,597
Receivables:				
Taxes receivable, net	2,867,837	-	2,867,837	-
Accounts receivable, net	4,516,807	935,625	5,452,432	-
Hospital lease receivable	10,000,000	-	10,000,000	-
Inventories	-	-	-	377,456
Internal balances	668,491	(668,491)	-	-
Other assets	-	-	-	133
Cash and cash equivalents - restricted	307,732	41,475	349,207	-
Capital assets:				
Non-depreciable capital assets	5,894,728	185,273	6,080,001	754,925
Other capital assets, net of depreciation	5,791,803	62,357,064	68,148,867	-
Total assets	<u>45,555,392</u>	<u>64,700,349</u>	<u>110,255,741</u>	<u>1,746,111</u>
Liabilities:				
Accounts payable and accrued liabilities	1,758,933	89,798	1,848,731	435,780
Customer deposits	-	41,475	41,475	-
Unearned revenue	108,449	-	108,449	-
Long-term liabilities:				
Due within one year	2,434,912	898,884	3,333,796	-
Due in more than one year	31,199,891	37,529,659	68,729,550	-
Total liabilities	<u>35,502,185</u>	<u>38,559,816</u>	<u>74,062,001</u>	<u>435,780</u>
Net Assets:				
Invested in capital assets, net of related debt	4,736,992	24,174,985	28,911,977	754,925
Restricted for:				
Stabilization by State statute	6,662,226	-	6,662,226	-
Public safety	722,668	-	722,668	-
Register of Deeds	95,791	-	95,791	-
Economic and physical development	64,846	-	64,846	-
Unrestricted	<u>(2,229,316)</u>	<u>1,965,548</u>	<u>(263,768)</u>	<u>555,406</u>
Total net assets	<u>\$ 10,053,207</u>	<u>\$ 26,140,533</u>	<u>\$ 36,193,740</u>	<u>\$ 1,310,331</u>

The accompanying notes are an integral part of the financial statements .

BEAUFORT COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 4,867,413	\$ 983,084	\$ 587,438	\$ -
Public safety	10,198,344	375,046	1,021,559	818,259
Cultural and recreation	301,867	-	-	-
Economic and physical development	7,124,228	-	503,864	2,329,746
Human services	15,092,013	101,583	9,788,687	-
Education	15,111,911	-	540,763	-
Environmental protection	4,670,928	1,894,835	23,593	-
Interest on long-term debt	2,041,552	-	-	-
Total governmental activities	<u>59,408,256</u>	<u>3,354,548</u>	<u>12,465,904</u>	<u>3,148,005</u>
Business-Type Activities:				
Water Districts	<u>6,561,344</u>	<u>6,357,355</u>	-	-
Total business-type activities	<u>6,561,344</u>	<u>6,357,355</u>	-	-
Total primary government	<u>\$ 65,969,600</u>	<u>\$ 9,711,903</u>	<u>\$ 12,465,904</u>	<u>\$ 3,148,005</u>
Component Unit:				
ABC Board	\$ 2,318,637	\$ 2,368,023	\$ -	\$ -
Total component unit	<u>\$ 2,318,637</u>	<u>\$ 2,368,023</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

- Ad valorem taxes
- Local option sales tax
- Other taxes and licenses

Investment earnings

Miscellaneous

Total general revenues

Special item - gain on hospital lease

Transfers

Total general revenues, special items, and transfers

Change in net assets

Net Assets:

Beginning of year - July 1

Prior period adjustment

Beginning of year, as restated

End of year - June 30

The accompanying notes are an integral part of the financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Beaufort County ABC Board	Reporting Unit
\$ (3,296,891)	\$ -	\$ (3,296,891)	\$ -	\$ (3,296,891)
(7,983,480)	-	(7,983,480)	-	(7,983,480)
(301,867)	-	(301,867)	-	(301,867)
(4,290,618)	-	(4,290,618)	-	(4,290,618)
(5,201,743)	-	(5,201,743)	-	(5,201,743)
(14,571,148)	-	(14,571,148)	-	(14,571,148)
(2,752,500)	-	(2,752,500)	-	(2,752,500)
(2,041,552)	-	(2,041,552)	-	(2,041,552)
<u>(40,439,799)</u>	<u>-</u>	<u>(40,439,799)</u>	<u>-</u>	<u>(40,439,799)</u>
-	(203,989)	(203,989)	-	(203,989)
-	(203,989)	(203,989)	-	(203,989)
<u>(40,439,799)</u>	<u>(203,989)</u>	<u>(40,643,788)</u>	<u>-</u>	<u>(40,643,788)</u>
-	-	-	49,386	49,386
-	-	-	49,386	49,386
33,230,019	-	33,230,019	-	33,230,019
7,373,520	-	7,373,520	-	7,373,520
286,151	-	286,151	-	286,151
19,332	-	19,332	1,393	20,725
166,335	-	166,335	-	166,335
<u>41,075,357</u>	<u>-</u>	<u>41,075,357</u>	<u>1,393</u>	<u>41,076,750</u>
23,677,187	-	23,677,187	-	23,677,187
(109,312)	109,312	-	-	-
<u>64,643,232</u>	<u>109,312</u>	<u>64,752,544</u>	<u>1,393</u>	<u>64,753,937</u>
24,203,433	(94,677)	24,108,756	50,779	24,159,535
(14,673,869)	30,736,092	16,062,223	1,259,552	17,321,775
523,643	(4,500,882)	(3,977,239)	-	(3,977,239)
<u>(14,150,226)</u>	<u>26,235,210</u>	<u>12,084,984</u>	<u>1,259,552</u>	<u>13,344,536</u>
<u>\$ 10,053,207</u>	<u>\$ 26,140,533</u>	<u>\$ 36,193,740</u>	<u>\$ 1,310,331</u>	<u>\$ 37,504,071</u>

The accompanying notes are an integral part of the financial statements.

BEAUFORT COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Major			Nonmajor	Total Governmental Funds
	General Fund	BCCC Project Fund	Administrative Building Fund	Other Governmental Funds	
Assets:					
Cash and cash equivalents	\$ 14,510,782	\$ -	\$ -	\$ 997,212	\$ 15,507,994
Taxes receivable, net	2,592,657	-	-	275,180	2,867,837
Accounts receivable, net	2,721,914	1,489,511	-	305,382	4,516,807
Hospital lease receivable	10,000,000	-	-	-	10,000,000
Due from other funds	2,145,419	-	-	-	2,145,419
Restricted assets:					
Restricted cash	190,000	-	117,732	-	307,732
Total assets	<u>\$ 32,160,772</u>	<u>\$ 1,489,511</u>	<u>\$ 117,732</u>	<u>\$ 1,577,774</u>	<u>\$ 35,345,789</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,600,724	\$ -	\$ -	\$ 158,209	\$ 1,758,933
Deferred revenues	12,701,106	-	-	275,180	12,976,286
Due to other funds	-	1,333,493	-	143,435	1,476,928
Total liabilities	<u>14,301,830</u>	<u>1,333,493</u>	<u>-</u>	<u>576,824</u>	<u>16,212,147</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	4,867,333	1,489,511	-	305,382	6,662,226
Restricted, all other	95,791	-	117,732	787,514	1,001,037
Committed	190,000	-	-	146,220	336,220
Unassigned	12,705,818	(1,333,493)	-	(238,166)	11,134,159
Total fund balances	<u>17,858,942</u>	<u>156,018</u>	<u>117,732</u>	<u>1,000,950</u>	<u>19,133,642</u>
Total liabilities and fund balances	<u>\$ 32,160,772</u>	<u>\$ 1,489,511</u>	<u>\$ 117,732</u>	<u>\$ 1,577,774</u>	

Amounts reports for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,686,531
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(33,634,803)
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net assets in the Statement of Net Assets.	<u>12,867,837</u>
Net assets of governmental activities	<u>\$ 10,053,207</u>

The accompanying notes are an integral part of the financial statements.

BEAUFORT COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Major			Nonmajor	Total
	General Fund	BCCC Project Fund	Administrative Building Fund	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 30,760,283	\$ -	\$ -	\$ 2,397,494	\$ 33,157,777
Local option sales taxes	7,373,520	-	-	-	7,373,520
Other taxes and licenses	286,151	-	-	-	286,151
Unrestricted intergovernmental	226,273	-	-	-	226,273
Restricted intergovernmental	12,359,360	1,489,511	-	1,674,532	15,523,403
Permits and fees	346,842	-	-	-	346,842
Sales and services	2,871,939	-	-	-	2,871,939
Investment earnings	16,357	395	2,578	2	19,332
Miscellaneous	135,324	-	-	31,011	166,335
Total revenues	<u>54,376,049</u>	<u>1,489,906</u>	<u>2,578</u>	<u>4,103,039</u>	<u>59,971,572</u>
Expenditures:					
Current:					
General government	4,670,247	-	-	-	4,670,247
Public safety	7,087,777	-	-	2,888,048	9,975,825
Economic and physical development	543,332	4,756,333	2,040,644	1,436,385	8,776,694
Human services	15,095,660	-	-	-	15,095,660
Cultural and recreational	301,867	-	-	-	301,867
Environmental protection	4,685,493	-	-	-	4,685,493
Education	15,111,867	-	-	44	15,111,911
Debt service:					
Principal	1,780,455	-	-	-	1,780,455
Interest	1,316,923	-	-	-	1,316,923
Total expenditures	<u>50,593,621</u>	<u>4,756,333</u>	<u>2,040,644</u>	<u>4,324,477</u>	<u>61,715,075</u>
Revenues over (under) expenditures	<u>3,782,428</u>	<u>(3,266,427)</u>	<u>(2,038,066)</u>	<u>(221,438)</u>	<u>(1,743,503)</u>
Other Financing Sources (Uses):					
Transfers from other funds	192,418	-	-	133,127	325,545
Transfers to other funds	(230,507)	-	-	(204,350)	(434,857)
Hospital lease revenue	18,331,754	-	-	-	18,331,754
Principal retirement - hospital debt	(17,607,125)	-	-	-	(17,607,125)
Interest expense - hospital debt	(724,629)	-	-	-	(724,629)
Total other financing sources (uses)	<u>(38,089)</u>	<u>-</u>	<u>-</u>	<u>(71,223)</u>	<u>(109,312)</u>
Net change in fund balances	3,744,339	(3,266,427)	(2,038,066)	(292,661)	(1,852,815)
Fund Balances:					
Beginning of year - July 1	<u>14,114,603</u>	<u>3,422,445</u>	<u>2,155,798</u>	<u>1,293,611</u>	<u>20,986,457</u>
End of year - June 30	<u>\$ 17,858,942</u>	<u>\$ 156,018</u>	<u>\$ 117,732</u>	<u>\$ 1,000,950</u>	<u>\$ 19,133,642</u>

The accompanying notes are an integral part of the financial statements.

BEAUFORT COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$ (1,852,815)
Revenues in the governmental funds statement that were actually earned are reflected as revenues in the prior periods on the Statement of Activities.	10,072,242
Expenses related to compensated absences, OPEB, landfill post-closure care, and Law Enforcement Officers' Separation Allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(22,596)
Net revenues and 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	36,519
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	1,823,290
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(586,220)
Loss on the disposal of capital assets during the year, not recognized on the modified accrual basis	(4,654,567)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>19,387,580</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 24,203,433</u>

The accompanying notes are an integral part of the financial statements.

BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 29,161,667	\$ 29,912,560	\$ 30,760,283	\$ 847,723
Local option sales tax	6,505,099	6,860,902	7,373,520	512,618
Other taxes and licenses	177,082	243,842	286,151	42,309
Unrestricted intergovernmental	119,500	119,500	226,273	106,773
Restricted intergovernmental	10,786,854	12,940,022	12,359,360	(580,662)
Permits and fees	264,500	303,900	346,842	42,942
Sales and services	2,865,676	2,945,967	2,871,939	(74,028)
Investment earnings	-	-	16,357	16,357
Miscellaneous	59,700	162,829	135,324	(27,505)
Total revenues	<u>49,940,078</u>	<u>53,489,522</u>	<u>54,376,049</u>	<u>886,527</u>
Expenditures:				
Current:				
General government	4,620,958	5,416,203	4,670,247	745,956
Public safety	7,566,661	7,846,644	7,087,777	758,867
Economic and physical development	650,970	668,681	543,332	125,349
Human services	14,707,210	16,245,196	15,095,660	1,149,536
Environmental protection	3,168,910	4,946,992	4,685,493	261,499
Cultural and recreational	357,181	312,181	301,867	10,314
Education	14,585,455	15,111,867	15,111,867	-
Debt service:				
Principal	2,767,414	1,793,247	1,780,455	12,792
Interest and other charges	1,573,697	1,425,145	1,316,923	108,222
Total expenditures	<u>49,998,456</u>	<u>53,766,156</u>	<u>50,593,621</u>	<u>3,172,535</u>
Revenues over (under) expenditures	<u>(58,378)</u>	<u>(276,634)</u>	<u>3,782,428</u>	<u>4,059,062</u>
Other Financing Sources (Uses):				
Transfers in	45,203	205,055	192,418	(12,637)
Transfers out	(56,825)	(434,659)	(230,507)	204,152
Hospital lease revenue	-	18,331,754	18,331,754	-
Principal retirement - hospital debt	-	(18,223,534)	(17,607,125)	616,409
Interest expense - hospital debt	-	-	(724,629)	(724,629)
Fund balance appropriated	70,000	398,018	-	(398,018)
Total other financing sources (uses)	<u>58,378</u>	<u>276,634</u>	<u>(38,089)</u>	<u>(314,723)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,744,339</u>	<u>\$ 3,744,339</u>
Fund Balance:				
Beginning of year - July 1			<u>14,114,603</u>	
End of year - June 30			<u>\$ 17,858,942</u>	

The accompanying notes are an integral part of the financial statements.

BEAUFORT COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2012**

	Water District I	Water District II	Water District III	Water District IV
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
Assets:				
Current assets:				
Cash and investments	\$ 47,092	\$ 405,532	\$ 137,863	\$ 24,099
Accounts receivable, net	145,941	169,595	169,183	182,572
Restricted cash and investments	4,575	6,300	825	2,875
Total current assets	<u>197,608</u>	<u>581,427</u>	<u>307,871</u>	<u>209,546</u>
Non-current assets:				
Capital assets, net of depreciation	<u>8,205,302</u>	<u>3,068,742</u>	<u>4,433,433</u>	<u>11,728,990</u>
Total non-current assets	<u>8,205,302</u>	<u>3,068,742</u>	<u>4,433,433</u>	<u>11,728,990</u>
Total assets	<u>8,402,910</u>	<u>3,650,169</u>	<u>4,741,304</u>	<u>11,938,536</u>
Liabilities and Net Assets:				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	12,036	18,626	18,296	19,592
Due to other funds	12,006	18,098	182,891	18,748
Customer deposits	4,575	6,300	825	2,875
Current portion of compensated absences	3,653	5,530	5,465	5,729
Current portion of long-term debt	87,000	110,500	149,800	152,000
Total current liabilities	<u>119,270</u>	<u>159,054</u>	<u>357,277</u>	<u>198,944</u>
Non-current liabilities:				
Compensated absences	1,218	1,843	1,822	1,910
OPEB liability	1,671	2,568	2,568	2,699
Non-current portion of long-term debt	4,760,300	3,441,500	4,284,899	6,927,500
Total non-current liabilities	<u>4,763,189</u>	<u>3,445,911</u>	<u>4,289,289</u>	<u>6,932,109</u>
Total liabilities	<u>4,882,459</u>	<u>3,604,965</u>	<u>4,646,566</u>	<u>7,131,053</u>
Net Assets:				
Invested in capital assets, net of related debt	3,358,002	(483,258)	(1,266)	4,649,490
Unrestricted	<u>162,449</u>	<u>528,462</u>	<u>96,004</u>	<u>157,993</u>
Total net assets	<u>\$ 3,520,451</u>	<u>\$ 45,204</u>	<u>\$ 94,738</u>	<u>\$ 4,807,483</u>

The accompanying notes are an integral part of the financial statements.

Exhibit G

Water District V	Water District VI	Water District VII	Total
\$ -	\$ 1,222,715	\$ 12,102	\$ 1,849,403
87,819	115,202	65,313	935,625
1,550	23,775	1,575	41,475
<u>89,369</u>	<u>1,361,692</u>	<u>78,990</u>	<u>2,826,503</u>
<u>7,896,873</u>	<u>18,450,199</u>	<u>8,758,798</u>	<u>62,542,337</u>
<u>7,896,873</u>	<u>18,450,199</u>	<u>8,758,798</u>	<u>62,542,337</u>
<u>7,986,242</u>	<u>19,811,891</u>	<u>8,837,788</u>	<u>65,368,840</u>
8,364	8,699	4,185	89,798
229,904	22,159	184,685	668,491
1,550	23,775	1,575	41,475
2,502	6,816	4,164	33,859
104,725	151,000	110,000	865,025
<u>347,045</u>	<u>212,449</u>	<u>304,609</u>	<u>1,698,648</u>
834	2,272	1,389	11,288
1,128	3,455	1,955	16,044
<u>3,417,128</u>	<u>9,771,000</u>	<u>4,900,000</u>	<u>37,502,327</u>
<u>3,419,090</u>	<u>9,776,727</u>	<u>4,903,344</u>	<u>37,529,659</u>
<u>3,766,135</u>	<u>9,989,176</u>	<u>5,207,953</u>	<u>39,228,307</u>
4,375,020	8,528,199	3,748,798	24,174,985
<u>(154,913)</u>	<u>1,294,516</u>	<u>(118,963)</u>	<u>1,965,548</u>
<u>\$ 4,220,107</u>	<u>\$ 9,822,715</u>	<u>\$ 3,629,835</u>	<u>\$ 26,140,533</u>

The accompanying notes are an integral part of the financial statements.

BEAUFORT COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Water District I	Water District II	Water District III	Water District IV
Operating Revenues:				
Charges for services	\$ 690,587	\$ 848,801	\$ 925,376	\$ 1,025,829
Water taps	20,075	7,525	23,900	35,300
Other operating revenue	30,540	41,546	34,824	59,892
Total operating revenues	<u>741,202</u>	<u>897,872</u>	<u>984,100</u>	<u>1,121,021</u>
Operating Expenses:				
Salaries and benefits	122,653	185,281	182,136	190,664
Water purchase	102,420	160,386	157,008	163,831
Water operations and maintenance	115,468	174,342	172,321	212,577
Depreciation	199,127	299,604	295,950	310,565
Total operating expenses	<u>539,668</u>	<u>819,613</u>	<u>807,415</u>	<u>877,637</u>
Operating income (loss)	<u>201,534</u>	<u>78,259</u>	<u>176,685</u>	<u>243,384</u>
Non-Operating Revenues (Expenses):				
Interest on long-term debt	<u>(220,323)</u>	<u>(203,688)</u>	<u>(248,910)</u>	<u>(314,610)</u>
Total non-operating revenues (expenses)	<u>(220,323)</u>	<u>(203,688)</u>	<u>(248,910)</u>	<u>(314,610)</u>
Income before transfers and contributions	(18,789)	(125,429)	(72,225)	(71,226)
Transfers (to)/from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(18,789)	(125,429)	(72,225)	(71,226)
Net Assets:				
Beginning of year - July 1	4,146,427	199,906	195,607	5,715,695
Prior period adjustment	<u>(607,187)</u>	<u>(29,273)</u>	<u>(28,644)</u>	<u>(836,986)</u>
Beginning of year, as restated	<u>3,539,240</u>	<u>170,633</u>	<u>166,963</u>	<u>4,878,709</u>
End of year - June 30	<u>\$ 3,520,451</u>	<u>\$ 45,204</u>	<u>\$ 94,738</u>	<u>\$ 4,807,483</u>

The accompanying notes are an integral part of the financial statements.

Exhibit H

Water District V	Water District VI	Water District VII	Total
\$ 491,120	\$ 1,079,487	\$ 636,108	\$ 5,697,308
(9,925)	26,854	10,862	114,591
21,870	305,133	51,651	545,456
<u>503,065</u>	<u>1,411,474</u>	<u>698,621</u>	<u>6,357,355</u>
83,602	225,370	136,380	1,126,086
71,680	20,268	-	675,593
79,068	199,469	198,829	1,152,074
137,014	365,370	219,221	1,826,851
<u>371,364</u>	<u>810,477</u>	<u>554,430</u>	<u>4,780,604</u>
<u>131,701</u>	<u>600,997</u>	<u>144,191</u>	<u>1,576,751</u>
<u>(155,229)</u>	<u>(415,264)</u>	<u>(222,716)</u>	<u>(1,780,740)</u>
<u>(155,229)</u>	<u>(415,264)</u>	<u>(222,716)</u>	<u>(1,780,740)</u>
(23,528)	185,733	(78,525)	(203,989)
<u>-</u>	<u>109,312</u>	<u>-</u>	<u>109,312</u>
(23,528)	295,045	(78,525)	(94,677)
4,971,669	11,162,226	4,344,562	30,736,092
(728,034)	(1,634,556)	(636,202)	(4,500,882)
<u>4,243,635</u>	<u>9,527,670</u>	<u>3,708,360</u>	<u>26,235,210</u>
<u>\$ 4,220,107</u>	<u>\$ 9,822,715</u>	<u>\$ 3,629,835</u>	<u>\$ 26,140,533</u>

The accompanying notes are an integral part of the financial statements.

BEAUFORT COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Water District I	Water District II	Water District III	Water District IV
Cash Flows from Operating Activities:				
Cash received from customers	\$ 727,212	\$ 887,878	\$ 994,391	\$ 1,133,588
Cash paid for goods and services	(240,217)	(356,229)	(354,496)	(407,804)
Cash paid to employees for services	(123,215)	(186,125)	(182,966)	(191,532)
Net cash provided (used) by operating activities	<u>363,780</u>	<u>345,524</u>	<u>456,929</u>	<u>534,252</u>
Cash Flows from Non-Capital Financing Activities:				
Repayments to/from other funds	(3,686)	(732)	(518)	(38,665)
Transfers from other funds	-	-	-	-
Net cash provided (used) by non-capital financing activities	<u>(3,686)</u>	<u>(732)</u>	<u>(518)</u>	<u>(38,665)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(5,161)	(7,781)	(7,700)	(8,060)
Principal paid on long-term debt	(83,000)	(104,000)	(143,800)	(146,000)
Interest paid on long-term debt	(220,323)	(203,688)	(248,910)	(314,610)
Net cash provided (used) by capital and related financing activities	<u>(308,484)</u>	<u>(315,469)</u>	<u>(400,410)</u>	<u>(468,670)</u>
Net increase (decrease) in cash and cash equivalents	51,610	29,323	56,001	26,917
Cash and cash equivalents - July 1	<u>57</u>	<u>382,509</u>	<u>82,687</u>	<u>57</u>
Cash and cash equivalents - June 30	<u>\$ 51,667</u>	<u>\$ 411,832</u>	<u>\$ 138,688</u>	<u>\$ 26,974</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 201,534	\$ 78,259	\$ 176,685	\$ 243,384
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	199,127	299,604	295,950	310,565
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(11,665)	(9,919)	14,791	15,417
Increase (decrease) in accounts payable and accrued liabilities	(22,329)	(21,501)	(25,167)	(31,396)
Increase (decrease) in customer deposits	(2,325)	(75)	(4,500)	(2,850)
Increase (decrease) in accrued OPEB liability	241	371	371	391
Increase (decrease) in compensated absences payable	(803)	(1,215)	(1,201)	(1,259)
Net cash provided (used) by operating activities	<u>\$ 363,780</u>	<u>\$ 345,524</u>	<u>\$ 456,929</u>	<u>\$ 534,252</u>

The accompanying notes are an integral part of the financial statements.

Exhibit I

<u>Water District V</u>	<u>Water District VI</u>	<u>Water District VII</u>	<u>Total</u>
\$ 507,526	\$ 1,426,395	\$ 699,275	\$ 6,376,265
(165,652)	(275,243)	(230,657)	(2,030,298)
(83,989)	(226,369)	(137,013)	(1,131,209)
<u>257,885</u>	<u>924,783</u>	<u>331,605</u>	<u>3,214,758</u>
4,596	257,409	(2,495)	215,909
-	<u>109,312</u>	-	<u>109,312</u>
<u>4,596</u>	<u>366,721</u>	<u>(2,495)</u>	<u>325,221</u>
(3,534)	(119,312)	(5,678)	(157,226)
(102,225)	(145,000)	(105,000)	(829,025)
<u>(155,229)</u>	<u>(415,264)</u>	<u>(222,716)</u>	<u>(1,780,740)</u>
<u>(260,988)</u>	<u>(679,576)</u>	<u>(333,394)</u>	<u>(2,766,991)</u>
1,493	611,928	(4,284)	772,988
<u>57</u>	<u>634,562</u>	<u>17,961</u>	<u>1,117,890</u>
<u>\$ 1,550</u>	<u>\$ 1,246,490</u>	<u>\$ 13,677</u>	<u>\$ 1,890,878</u>
\$ 131,701	\$ 600,997	\$ 144,191	\$ 1,576,751
137,014	365,370	219,221	1,826,851
5,311	2,771	2,754	19,460
(14,904)	(55,506)	(31,828)	(202,631)
(850)	12,150	(2,100)	(550)
163	499	282	2,318
<u>(550)</u>	<u>(1,498)</u>	<u>(915)</u>	<u>(7,441)</u>
<u>\$ 257,885</u>	<u>\$ 924,783</u>	<u>\$ 331,605</u>	<u>\$ 3,214,758</u>

The accompanying notes are an integral part of the financial statements.

BEAUFORT COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Social Services</u>	<u>Sheriff Accounts</u>	<u>Motor Vehicle Tax</u>	<u>BC Home Foundation</u>	<u>Taxes Held for Municipalities</u>	<u>4-H</u>	<u>Cooperative Extension</u>	<u>Total</u>
Assets:								
Current assets:								
Cash and investments	\$ 56,248	\$ 14,134	\$ -	\$ 62,523	\$ -	\$ 12,585	\$ 36,680	\$ 182,170
Taxes receivable	-	-	-	-	910,595	-	-	910,595
Total assets	<u>\$ 56,248</u>	<u>\$ 14,134</u>	<u>\$ -</u>	<u>\$ 62,523</u>	<u>\$ 910,595</u>	<u>\$ 12,585</u>	<u>\$ 36,680</u>	<u>\$ 1,092,765</u>
Liabilities:								
Accounts payable	\$ 56,248	\$ 14,134	\$ -	\$ 62,523	\$ 910,595	\$ 12,585	\$ 36,680	\$ 1,092,765
Total liabilities	<u>\$ 56,248</u>	<u>\$ 14,134</u>	<u>\$ -</u>	<u>\$ 62,523</u>	<u>\$ 910,595</u>	<u>\$ 12,585</u>	<u>\$ 36,680</u>	<u>\$ 1,092,765</u>

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

1. Summary of Significant Accounting Policies

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

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 principals, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Beaufort County Water Districts (the “Districts”) exists to construct and operate a water system for the County’s residents. The Districts are presented as if they were enterprise funds. Beaufort County ABC Board (the “Board”), which has a June 30 year-end, are presented as if they are separate proprietary funds of the County (discrete presentation).

Component Unit	Reporting Method	Criteria for Inclusion	For 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 districts	None Issued
Beaufort County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State Statute to distribute its surpluses to the General Fund of the County.	Beaufort County ABC Board P.O. Box 552 Washington, NC 27889

Basis of Presentation, Measurement Focus, Basis of Accounting

Basis of Presentation

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

The County reports the following major governmental funds:

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

BCCC Project Fund. The BCCC Project Fund accounts for all financial resources of the BCCC project.

Administrative Building Fund. The Administrative Building Fund accounts for all financial resources of the administrative building.

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 show as supplementary statements. The Water District VI – Chocowinity fund is consolidated with Water District VI (the operating fund) for financial reporting purposes.

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Social Services Department for the benefit of certain individuals; the Inmate Fund, which accounts for monies deposited with the Sheriff's Office; the Motor Vehicle Tax Fund, which collects three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Beaufort County Home Foundation Fund, which accounts for funds held for those who benefited from services of the County's extended

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

care facility; Tax Collections Fund, which accounts for property taxes that are billed and collected by the County for various municipalities within the County; the 4-H Fund which accounts for the 4-H funds that the organization uses to run their program within the County; and Cooperative Extension, which accounts for funds that are provided by seed manufacturers and fertilizer companies for use in the cooperative extension's annual field days, test plots, and demonstrations on the research conducted specific to the funding received.

Nonmajor Funds. The County maintains twelve legally budgeted nonmajor governmental funds. The Economic Development Fund, the Washington Administrative Unit Fund, the Fire and Rescue Districts Fund, the Emergency Telephone System Fund, the Industrial Recruitment Fund, and the State and Federal Seizures Fund are reported as nonmajor special revenue funds. The Hazard Mitigation Fund, the Pantego Sewer Fund, the Economic Development Fund, the Hospital Renovations Fund, the CDBG Fund, and the Capital Reserve Fund are reported as nonmajor capital projects funds.

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Beaufort County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County.

For registered motor vehicles, 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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General, Special Revenues (excluding grant and capital projects funds), and Enterprise Funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund. Expenditures may not legally exceed appropriations at the fund level for all other annually budgeted funds and at the project level for multi-year funds. Amendments are required for revisions that alter total expenditures of any fund or that change functional appropriations 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.

Assets, Liabilities, and Fund Equity

Deposits and Investments

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

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

The County and the ABC Board'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, an SEC-registered (2a-7) 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.

Cash and Cash Equivalents

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Restricted Assets

The unexpended note proceeds from the Administrative fund are classified as restricted assets because their use is completely restricted to the purpose for which the debts were originally issued. Customer deposits held by the County before and services are supplies are restricted to the service for which the deposit was collected. Money for future tax revaluation is classified as restricted assets in the General Fund because its use is restricted per North Carolina General Statute 153A-150.

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-133(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2011. 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.

Allowances 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.

Inventories

The inventories of the ABC Board are valued at the lower of cost or market, and consist of products held for resale. The cost of this inventory is charged to cost of sales as the inventory is sold.

Capital Assets

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

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements	25 years
Furniture and equipment	5-10 years
Vehicles	10 years
Computer equipment	5 years

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	25 years
Furniture and equipment	5-10 years
Motor vehicles	4 years

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.

Compensated Absences

The vacation policies of the County and the ABC Board, generally for the accumulation of up to 180 days earned vacation leave with such leave being fully vested when earned. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 2012 are recorded in the governmental activities of the government-wide financial statements. For the County's proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the benefits accrue to the employees.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component unit.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, laws, or regulations of other governments or b) imposed by law through State statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance. This classification includes amount that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance. This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source for Register of Deeds’ related activities.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities, such as police, fire, E-911, and capital outlay.

Restricted for Economic and Physical Development – portion of fund balance that is restricted by revenue source for economic development.

Restricted fund balance at June 30, 2012 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Administrative Building Fund</u>	<u>Other Governmental Funds</u>
Restricted, all other:			
Register of Deeds	\$ 95,791	\$ -	\$ -
Public safety	-	-	722,668
Economic and physical development	-	117,732	64,846
Total	<u>\$ 95,791</u>	<u>\$ 117,732</u>	<u>\$ 787,514</u>

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

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

Committed for Economic and Physical Development – represents the portion of fund balance committed by the Board of Commissioners for economic and physical development.

Purpose	General Fund	Other Governmental Funds
Tax revaluation	\$ 190,000	\$ -
Economic and physical development	-	146,220
Total	\$ 190,000	\$ 146,220

Assigned Fund Balance. This classification is the portion of fund balance that the County governing board has budgeted. The County's governing body approves the appropriation; however the budget ordinance authorizes the manager modify the appropriations by resource or appropriation within funds up to \$5,000.

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

Beaufort County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures. Any portion of the General Fund balance in excess of 20% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Total fund balance - General Fund	\$ 17,858,942
Less:	
Stabilization by State statute	<u>4,867,333</u>
Total available fund balance	<u>\$ 12,991,609</u>

Accounting Estimates

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

2. Detail Notes on All Funds

Assets

Deposits

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's and the ABC Board's agents in these units' names. Under the Pooling Method, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agent in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County and the ABC Board do not have a formal policy regarding custodial credit risk for deposits. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

At June 30, 2012, the County's deposits had a carrying amount of \$16,157,834 and a bank balance of \$16,985,849. Of the bank balance, \$680,265 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2012, The County had \$1,474 cash on hand.

At June 30, 2012, the carrying amount of deposits for Beaufort County ABC Board was \$613,597 and the bank balance was \$596,529. Of the bank balance, \$272,328 was covered by federal depository insurance and \$324,201 was collateralized under the Pooling Method.

Investments

As of June 30, 2012, the County's investments consisted of \$1,729,466 in the North Carolina Capital Management Trust's Cash Portfolio which carries a credit rating of AAAM by Standard & Poor's. The County has no formal policy regarding credit risk.

Property Tax - Use-Value Assessment on Certain Lands

In accordance with the North Carolina 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>
2008	\$ 1,497,474	\$ 355,648	\$ 1,853,122
2009	1,497,474	220,875	1,718,349
2010	1,247,903	71,753	1,319,656
2011	1,370,743	78,673	1,449,416
Total	<u>\$ 5,613,594</u>	<u>\$ 726,949</u>	<u>\$ 6,340,543</u>

BEAUFORT COUNTY, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Receivables

Receivables at the government-wide level at June 30, 2012 were as follows:

	<u>Government-Wide Financial Statements</u>		
	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Receivables:			
Accounts	\$ 3,444,411	\$ 1,315,042	\$ 4,759,453
Due from other governments	1,861,380	25,569	1,886,949
Gross receivables	5,305,791	1,340,611	6,646,402
Less: allowance for uncollectibles	(788,984)	(404,986)	(1,193,970)
Net total receivables	<u>\$ 4,516,807</u>	<u>\$ 935,625</u>	<u>\$ 5,452,432</u>

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

	<u>Government-Wide</u>	
	<u>Financial Statements</u>	
	<u>Governmental</u>	<u>Business-Type</u>
	<u>Activities</u>	<u>Activities</u>
Local option sales tax	\$ 66,487	\$ 25,569
Other governments	1,794,893	-
Total	<u>\$ 1,861,380</u>	<u>\$ 25,569</u>

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	June 30, 2011, as restated	Increases	Decreases	June 30, 2012
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 5,329,868	\$ -	\$ 1,475,784	\$ 3,854,084
Construction in progress	379,675	1,660,969	-	2,040,644
Total non-depreciable capital assets	5,709,543	1,660,969	1,475,784	5,894,728
Depreciable Capital Assets:				
Buildings	16,859,766	-	3,324,218	13,535,548
Equipment and vehicles	4,414,412	162,321	-	4,576,733
Total depreciable capital assets	21,274,178	162,321	3,324,218	18,112,281
Less Accumulated Depreciation:				
Buildings	8,557,597	245,157	145,435	8,657,319
Equipment and vehicles	3,322,096	341,063	-	3,663,159
Total accumulated depreciation	11,879,693	\$ 586,220	\$ 145,435	12,320,478
Total depreciable capital assets, net	9,394,485			5,791,803
Capital assets, net	\$ 15,104,028			\$ 11,686,531

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

General government	\$ 264,055
Public safety	264,839
Economic and physical development	8,503
Human services	48,823
Total depreciation expense	\$ 586,220

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

	June 30, 2011 as restated	Increases	Decreases	June 30, 2012
Business-Type Activities:				
Beaufort County Water District I-VII:				
Non-Depreciable Capital Assets:				
Land	\$ 75,961	\$ -	\$ -	\$ 75,961
Construction in progress	-	109,312	-	109,312
Total non-depreciable capital assets	75,961	109,312	-	185,273
Depreciable Capital Assets:				
Plant and distribution systems	71,102,128	-	-	71,102,128
Furniture and equipment	179,105	-	-	179,105
Vehicles and motor equipment	353,586	47,914	-	401,500
Total depreciable capital assets	71,634,819	47,914	-	71,682,733
Less Accumulated Depreciation:				
Plant and distribution systems	7,110,213	1,777,553	-	8,887,766
Furniture and equipment	156,326	11,353	-	167,679
Vehicles and motor equipment	232,279	37,945	-	270,224
Total accumulated depreciation	7,498,818	\$ 1,826,851	\$ -	9,325,669
Total depreciable capital assets, net	64,136,001			62,357,064
Total Beaufort County Water District I-VII capital assets, net	\$ 64,211,962			\$ 62,542,337

Depreciation for the Water Districts was charged as follows:

Water District I	\$ 199,127
Water District II	299,604
Water District III	295,950
Water District IV	310,565
Water District V	137,014
Water District VI	365,370
Water District VII	219,221
Total	\$ 1,826,851

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Liabilities

Payables

Payables at the government-wide level at June 30, 2012, were as follows:

Governmental Activities:

Vendors	\$ 1,733,768
Salary-related liabilities	2,360
Other governmental agencies	22,805
Total governmental activities	<u>\$ 1,758,933</u>

Business-Type Activities:

Vendors	<u>\$ 89,798</u>
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Pension Plan and Other Post Employment Obligations

Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is 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 6.97% and 7.05% respectively, of annual covered payroll. The contribution requirements of members and of Beaufort County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$799,710, \$732,561, and \$558,718, respectively. The ABC Board's contribution to LGERS for the years ended June 30, 2012 was \$22,858. The contributions made by the County and the ABC Board equaled the required contributions for each year.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Law Enforcement Officers' Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>50</u>
Total	<u><u>54</u></u>

Summary of Significant Accounting Policies.

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

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

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

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method and the level percent of pay, closed amortization method, over a 20-year period. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Employer annual required contribution	\$	73,254
Interest on net pension obligation		21,381
Adjustment to annual required contribution		(25,510)
Annual pension cost		69,125
Employer contributions made		34,970
Increase (decrease) in net pension obligation		34,155
Net pension obligation, July 1		427,628
Net pension obligation, June 30	\$	461,783

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 64,092	26.99%	\$ 373,726
2011	76,924	29.93%	427,628
2012	69,125	50.59%	461,783

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$642,233. The covered payroll (annual payroll of active employees covered by the plan) was \$2,100,270 and the ratio of the UAAL to the covered payroll was 30.58 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

A separate report was not issued for the plan.

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. The Supplemental Retirement Income Plan for Law Enforcement

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2012 were \$128,305, which consisted of \$104,874 from the County and \$23,431 from the law enforcement officers.

Registers of Deeds' Supplemental Pension Fund

Plan Description. Beaufort County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county Register of Deeds' who is retired under the Local Governmental 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. The Registers of Deeds' Supplemental Pension Fund 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 the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) 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, 2012, the County's required and actual contributions were \$3,984.

Other Post-Employment Benefits - Beaufort County

Plan Description. Under the terms of the County resolution, the County administers a single-employer defined Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System and have at least twenty years of creditable service with the County and age 60 or thirty years of service with the County. The County pays the full cost of coverage for these benefits through private insurers until eligible retirees reach age 65. The County Board may amend the benefit provisions. A separate report was not issued for the plan.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Membership of the HCB plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	14	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active members	<u>265</u>	<u>50</u>
Total	<u><u>279</u></u>	<u><u>50</u></u>

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current annual required contribution rate (ARC) is 1.09% of annual covered payroll. For fiscal year 2012, the County contributed \$69,035, or .59% of the annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers, represented .59% and .59% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to HCB Plan is established and may be amended by the County Board of Commissioners.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the General Fund and Water Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The following table shows the components of the County's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$	113,018
Interest on net OPEB obligation		10,531
Adjustment to annual required contribution		<u>(10,061)</u>
Annual OPEB cost (expense)		113,488
Contributions made		<u>(69,035)</u>
Increase (decrease) in net OPEB obligation		44,453
Net OPEB obligation, beginning of year		<u>263,282</u>
Net OPEB obligation, end of year	\$	<u><u>307,735</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2010	\$ 105,859	0.00%	\$ 211,140
2011	102,849	49.30%	263,282
2012	113,488	60.83%	307,735

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$1,195,962. The covered payroll (annual payroll of active employees covered by the plan) was \$11,703,701, and the ratio of the UAAL to the covered payroll was 10.2 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, morality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employers own investments calculate based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 5.00% and 9.5% annually. The investment rate included an inflation assumption of 3.00%. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as level percentage of pay on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

Other Employment Benefits

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 will be between \$25,000 and \$50,000. 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. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The county considers these contributions to be immaterial.

Closure and Post-Closure Care Cost - Beaufort County Landfill Facility

State and federal laws regulations require the County to place a final cover on its Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$174,778 reported as landfill post-closure liability at June 30, 2012 represents a cumulative amount reported to that date. These amounts are based on what it would cost to perform all post-closure care in 1994. Beaufort County closed the facility in the year 1994. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Deferred Revenues/Unearned Revenues

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

	<u>Deferred Revenues</u>	<u>Unearned Revenues</u>
Taxes receivable, net (General)	\$ 2,701,106	\$ 108,449
Taxes receivable, net (Fire District Fund)	275,180	-
Hospital lease receivable (General)	10,000,000	-
Total	<u>\$ 12,976,286</u>	<u>\$ 108,449</u>

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 three 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, professional, and employment practices liability coverage of \$2 million per occurrence. Workers' compensation coverage up to the statutory limits, and health and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 per occurrence and an additional \$500,000 annual aggregate up to a \$2 million limit for general liability coverage, \$600 million of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage and single occurrence losses of \$350,000 per occurrence for workers' compensation. The County does not carry any flood insurance.

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

The County carries commercial insurance 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; error and omissions; and natural disasters. The Board has commercial property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Contingent Liabilities

At June 30, 2012, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

Long-Term Obligations

Installment Purchases

The County's installment purchase debt, serviced by the County's General Fund, is comprised of the following individual issues:

Beaufort County has entered into a loan agreement with the North Carolina Department of Commerce for building an industry ready building. The principal borrowed will be \$1,382,000. The interest rate will be 2.00% for a period of five years. \$ 903,262

On June 15, 2011, the County secured financing for the Allied Health Building at Beaufort County Community College in the amount of \$3,802,000. The payments will be made of interest only until completion of the project which is scheduled for September 2013. At that time, permanent funding will be placed with the USDA. Interest is at 1.35% annually. 3,802,000

On March 18, 2011, the County secured financing for the purchase of energy and HVAC upgrades, in the amount of \$2,155,000. The payments will be made in monthly payments of \$18,063 for 185 payments including interest at 4.25% annually. 2,126,545

Total installment purchases serviced by General Fund \$ 6,831,807

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The County's installment purchase debt, serviced by the enterprise funds, is comprised of the following individual issues:

Beaufort County Water District III has entered into a loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for the 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 funds.

\$ 97,199

Beaufort County Water District V has entered into a loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for the construction of a water distribution system. The total amount financed is \$644,506. The agreement requires repayment at 3.215% for 20 years. The entire amount of this loan is treated as a construction loan until the project is completed.

193,353

Total installment purchases serviced by the enterprise funds

\$ 290,552

For Beaufort County, the minimum payments for installment purchases as of June 30, 2012 in the governmental activities and for the business-type activities are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 276,789	\$ 156,451	\$ 56,525	\$ 10,800
2014	4,094,479	97,606	56,525	3,174
2015	602,466	90,517	56,525	5,918
2016	108,810	76,900	56,525	3,442
2017	118,340	72,090	32,225	2,072
2018-2022	754,289	272,927	32,227	1,036
2023-2027	876,634	82,903	-	-
2028-2031	-	-	-	-
Total	<u>\$ 6,831,807</u>	<u>\$ 849,394</u>	<u>\$ 290,552</u>	<u>\$ 26,442</u>

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 obligation bonds to provide funds for acquisition and construction of major water system capital improvements. These bonds, which are recorded in Water District Funds, are collateralized by the full faith, credit and taxing power of the District. Principal and interest payment are appropriated when due.

The County's general obligation bonds payable at June 30, 2012 are comprised of the following individual issues:

Serviced by General Fund:

\$9,000,000 2006 School bonds, dated November 1, 2006 and maturing annually on November 1, \$450,000 to 2026, inclusive; bearing interest payable on November 1 and May 1, ranging from 3.65% to 4.00%	\$ 6,750,000
\$17,000,000 2005 School Bonds, dated April 1, 2005 and maturing annually. On April 1, \$600,000 2007 to 2009, inclusive, and \$800,000 2010 to 2028, inclusive; bearing interest payable on October 1 and April 1, ranging from 4.00% to 6.00%	12,800,000
\$7,000,000 2008 School bonds, dated January 1, 2008 and maturing semi-annually August 1 and February 1, \$350,000 inclusive; bearing interest payable on August 1 and February 1 ranging from 3.00% to 3.70%	<u>5,600,000</u>
Total general obligation bonds service by General Fund	<u>\$ 25,150,000</u>

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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%	\$ 2,780,000
\$2,329,3000 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%	2,067,300

Serviced by Water District II Long Acre West:

\$4,226,000 1998 Water Serial Bond due in annual installments; beginning in 1998; from \$39,500 to \$158,000 through June 1, 2013; interest at 6.125%	3,216,000
\$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%	336,000

Serviced by Water District III Long Acre East:

\$3,728,000 1998 Serial Bods due in annual installments; beginning in 1998; from \$35,000 to \$140,000 through June 1, 2034; interest at 6.125%	2,840,500
\$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%	295,000
From \$13,500 to \$54,000 through June 1, 2036; interest only for 1998 & 1999; interest at 5.625%	1,043,000
\$197,000 1998 Water Serial Bonds due in annual installments; beginning in 1999; from \$2,500 to \$10,000 through June 1, 2036; interest only for 1998 & 1999; interest at 5.375%	159,000

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%	2,581,500
\$4,491,000 1998A Water Serial Bonds due in annual installments; beginning in 1999; from \$48,500 to \$194,000 through June 1, 2038; with interest only for 1999 & 2000	3,747,000
\$909,000 1998B Water Serial Bonds due in annual installments; beginning in 1999; from \$11,000 to \$40,000 through June 1, 2038; with interest only for 1999 & 2000	751,000

Serviced by Water District V Pantego:

\$3,223,000 1998A Water Serial Bonds due in annual installments; beginning in 1999; from \$35,000 to \$140,000 through June 1, 2038; with interest only fir 1999 & 2000	2,676,500
\$777,000 1998B Water Serial Bonds due in annual installments; beginning in 1999; from \$9,000 to \$36,000 through June 1, 2038; with interest only for 1999 & 2000	652,000

Serviced by Water District VII Richland:

\$2,692,000 Series A 1999 Water Serial Bonds due in annual installments; beginning in 1999; from \$28,500 to \$114,000 through June 1, 2038; with interest only for 1999 & 2000	2,248,500
\$3,308,000 Series B 1999 Water Serial Bonds due in annual installments, beginning in 1999; from \$35,000 to \$140,000 through June 1, 2038; with interest only for 1999 & 2000	2,761,500

Serviced by Water District VI Chowinity/Richland:

\$2,804,000 2005A Water Serial Bonds due in annual installments; beginning in 2007; from \$30,000 to \$120,000 through June 1, 2044; with interest only for 2005 & 2006; interest at 4.50%	2,600,000
\$3,535,000 2005B Water Serial Bonds due in annual installments; beginning in 2007; from \$38,000 to \$150,000 through June 1, 2044; with interest only for 2005 & 2006; interest at 4.50%	3,277,000
\$4,361,000 2005C Water Serial Bonds due in annual installments; beginning in 2007; from \$47,000 to \$188,000 through June 1, 2044; with interest only for 2005 & 2006; interest at 4.50%	4,045,000

Total general obligation bonds serviced by enterprise funds	\$ <u>38,076,800</u>
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BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Annual debt service requirements to maturity for the County's and 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
2013	\$ 1,600,000	\$ 981,225	\$ 808,500	\$ 1,888,820
2014	1,600,000	918,975	820,000	1,847,680
2015	1,600,000	856,725	890,500	1,804,512
2016	1,600,000	795,350	1,001,500	1,759,123
2017	1,600,000	734,850	985,500	1,711,268
2018-2022	8,000,000	2,768,613	5,695,500	7,749,041
2023-2027	8,000,000	1,185,363	6,858,500	6,175,500
2028-2032	1,150,000	48,550	8,005,000	4,463,009
2033-2037	-	-	8,002,000	2,270,399
2038-2042	-	-	4,091,800	676,099
2043-2046	-	-	918,000	61,920
Total	<u>\$ 25,150,000</u>	<u>\$ 8,289,651</u>	<u>\$ 38,076,800</u>	<u>\$ 30,407,371</u>

At June 30, 2012 Beaufort County had a legal debt margin of \$422,438,222.

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 26,750,000	\$ -	\$ 1,600,000	\$ 25,150,000	\$ 1,600,000
Installment purchases	24,619,387	-	17,787,580	6,831,807	276,789
Compensated absences	763,873	1,206,329	1,245,458	724,744	543,558
Net pension obligation	427,628	34,155	-	461,783	-
Other post-employment benefits	249,556	42,135	-	291,691	-
Landfill post-closure care	189,343	-	14,565	174,778	14,565
Total governmental activities	<u>\$ 52,999,787</u>	<u>\$ 1,282,619</u>	<u>\$ 20,647,603</u>	<u>\$ 33,634,803</u>	<u>\$ 2,434,912</u>
Business-Type Activities:					
General obligation bonds	\$ 38,849,300	\$ -	\$ 772,500	\$ 38,076,800	\$ 808,500
Installment purchases	347,077	-	56,525	290,552	56,525
Other post-employment benefits	13,726	2,318	-	16,044	-
Compensated absences	52,588	77,211	84,652	45,147	33,859
Total business-type activities	<u>\$ 39,262,691</u>	<u>\$ 79,529</u>	<u>\$ 913,677</u>	<u>\$ 38,428,543</u>	<u>\$ 898,884</u>

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employee are taking leave time as it is earned. The unfunded Special Separation Allowance has been liquidated in the General Fund. OPEB has been liquidated in the General Fund and Water Districts.

Interfund Balances and Activity

Due From/To Other Funds

Interfund balances are summarized below:

	Interfund Loans	
	From	To
General Fund	\$ 2,145,419	\$ -
BCCC Major Capital Project Fund	-	1,333,493
Nonmajor governmental funds:		
Economic Development Special Revenue Fund	-	32
Hazard Mitigation Capital Project Fund	-	55,850
CDBG Capital Project Fund	-	87,553
Total nonmajor governmental funds	-	143,435
Water District I	-	12,006
Water District II	-	18,098
Water District III	-	182,891
Water District IV	-	18,748
Water District V	-	229,904
Water District VI	-	22,159
Water District VII	-	184,685
Total	\$ 2,145,419	\$ 2,145,419

All interfund loans from the General Fund were created to supplement cash flows in the various funds.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Transfers To/From Other Funds

Transfers in (out) for the year ended June 30, 2012 are summarized below:

	Interfund Transfers	
	From	To
General Fund	\$ 230,507	\$ 192,418
Nonmajor Capital Project Funds:		
Industrial Recruitment Special Revenue Fund	-	10,427
Fire and Rescue Districts Special Revenue Fund	43,596	59,294
Hospital Renovatons Capital Project Fund	148,822	-
Economic Development Capital Project Fund	-	51,474
CDBG Capital Project Fund	7,608	11,932
Capital Reserve Fund	4,324	-
Total nonmajor governmental funds	<u>204,350</u>	<u>133,127</u>
Water District VI Capital Project Fund	<u>-</u>	<u>109,312</u>
Total Interfund Transfers	<u>\$ 434,857</u>	<u>\$ 434,857</u>

Transfers from the General Fund to the Hospital Renovations fund were to close the fund. Other General Fund transfers to other funds were advancement or reimbursement for grant and fund related expenses.

3. Joint Ventures

The County participated in a joint venture to operate BHM Regional Library (“Library”) with three other local governments. Beaufort County appoints three members to the 9-member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library’s continued existence depends on the participating governments’ continued funding. None of the participating governments has any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2012. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$189,308 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library’s offices at 158 N. Market Street, Washington, North Carolina 27889.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 (“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 non-voting member on the Board of Trustees. The Community College is included as a component unit of the State. The County has the basic support for the Community College’s 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 responsibility for the Community College because of the statutory responsibility to provide funding for the Community College’s facilities. The County contributed \$1,973,949 and \$140,296 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2012. 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, 2012. Complete financial statements for the Community College may be obtained from the Community College’s administrative offices at 1308 Highland Drive, Washington, NC 27889.

The County, in conjunction with nine other counties, participates in the East Carolina Behavioral Health (“ECBH”) Local Management Entity for local mental health services. The County Commissioners appoint two members to the twenty-member Board of ECBH. ECBH, a multi-county LME, is a separate and distinct subdivision charged by the State law with the responsibility of providing for drug and mental health prevention, treatment, and rehabilitation services. The County contributed \$156,599 to ECBH during the fiscal year ended June 30, 2012. Complete financial statements for ECBH can be obtained from the administrative offices at PO Box 1636, New Bern, NC 28563.

4. Jointly Governed Organization

The County, in conjunction with four other counties and 39 municipalities, established the Mid East Commission (“Commission”). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council’s governing board. The County paid membership fees of \$12,050 to the Council during the fiscal year ended June 30, 2012.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

5. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. 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 does not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Medical Assistance Program	\$ 45,329,642	\$ 25,913,586
Special Supplemental Food Program, WIC	1,260,042	-
Energy Assistance Payment	198	-
TANF	449,663	-
CWS Adopt and Subsidy Vendor	443,346	119,024
IV-E Adopt and Subsidy Vendor	141,653	41,312
Total	<u>\$ 47,624,544</u>	<u>\$ 26,073,922</u>

6. Federal and State-Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

7. Major Taxpayer

Beaufort County had property tax revenue from one taxpayer in 2012 of \$6,094,376.33 for 21.49% of net property tax levied.

8. Prior Period Adjustment

Errors were discovered with regards to amounts to capital assets capitalized and depreciated in prior years. The effect of such errors resulted in an understatement of governmental activities capital assets by \$523,643 in the prior year. In addition, the Water Districts' capital assets were collectively overstated in the prior year by \$4,500,882. As of June 30, 2012, net assets for governmental activities have been restated by \$523,643, and business-type activities have been restated by \$4,500,882.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

9. Special Item – Hospital Lease

Pursuant to an agreement executed between Beaufort County and Vidant Health Systems effective September 1, 2011, the County began leasing its Hospital facilities to Vidant Health Systems under the terms of a 30-year capital lease expiring on September 1, 2041. Under the terms of the agreement, the County received lease prepayments of \$18,331,754 in fiscal year 2012, in which \$17,607,125 and \$724,629 was consumed to retire County owned hospital related principal and interest, respectively. The 2012 lease revenue and debt retirement expenses are reflected in the General Fund. In accordance to the lease agreement, upon the expiration of the term, Vidant has the option to purchase the leased assets for \$10,000,000 less excluded liabilities, as defined in the assignment agreement. Therefore, \$10,000,000 is reflected as a long term lease receivable in the General Fund. In the Statement Activities, the 2012 lease revenue, including the purchase option price, is recognized, less the net book value of the capital assets retired. Therefore, \$23,677,187 gain on hospital lease is reflected on the Statement of Activities as a special item because it is unusual in nature but under the control of management.

10. Subsequent Events

On August 8, 2012, the County issued \$36,005,000 limited obligation bonds, Series 2012 and will be recognized in the governmental activities for the fiscal year ending June 30, 2013.

On August 8, 2012, the County issued \$10,545,000 refunding general obligation bonds, Series, 2012 to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose extinguishing the School, Series 2005 general obligation bonds in the amount of \$10,400,000. As a result, the School, Series 2005 general obligation bonds are considered paid, and the refunded bonds are considered to be defeased. The liability for the debt will be removed from the governmental activities column of the Statement of Net Assets in the fiscal year ending June 30, 2013.

On August 8, 2012, the County issued \$4,650,000 refunding general obligation bonds, Series, 2012, in Water District I to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose extinguishing the Water, Series 2001A general obligation bonds in the amount of \$2,780,000 and Water Series 2001B general obligation bonds in the amount of \$2,067,300. As a result, the Water, Series 2001A and Water, Series 2001B general obligation bonds are considered paid, and the refunded bonds are considered to be defeased. The liabilities for the debt will be removed from the Statement of Net Assets in the fiscal year ending June 30, 2013.

On August 8, 2012, the County issued \$3,255,000 refunding general obligation bonds, Series, 2012, in Water District II to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose extinguishing the Water, Series A general obligation bonds in the amount of \$3,216,000 and Water Series B general obligation bonds in the amount of \$336,000. As a result, the Water, Series A and Water, Series B general obligation bonds are considered paid, and the refunded bonds are considered to be defeased. The liabilities for the debt will be removed from the Statement of Net Assets in the fiscal year ending June 30, 2013.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

On August 8, 2012, the County issued \$3,995,000 refunding general obligation bonds, Series, 2012, in Water District III to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose extinguishing the 1994 Water, Series A general obligation bonds in the amount of \$2,840,500, 1994 Water Series B general obligation bonds in the amount of \$295,000, 1996 Water Series A general obligation bonds in the amount of \$1,043,000, and 1996 Water Series B general obligation bonds in the amount of \$159,000. As a result, the 1994 and 1996 Water, Series A and Water, Series B general obligation bonds are considered paid, and the refunded bonds are considered to be defeased. The liabilities for the debt will be removed from the Statement of Net Assets in the fiscal year ending June 30, 2013.

On August 8, 2012, the County issued \$6,695,000 refunding general obligation bonds, Series, 2012, in Water District IV to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose extinguishing the Water, Series 1998A general obligation bonds in the amount of \$3,747,000, Water Series 1998B general obligation bonds in the amount of \$751,000, and Water Series 1999 general obligation bonds in the amount of \$2,581,500. As a result, the Water, Series 1998A, Series 1998B, and Series 1999 general obligation bonds are considered paid, and the refunded bonds are considered to be defeased. The liabilities for the debt will be removed from the Statement of Net Assets in the fiscal year ending June 30, 2013.

On August 8, 2012, the County issued \$3,135,000 refunding general obligation bonds, Series, 2012, in Water District V to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose extinguishing the Water, Series 1998A general obligation bonds in the amount of \$2,676,500 and Water Series 1998B general obligation bonds in the amount of \$652,000. As a result, the Water, Series 1998A and Series 1998B general obligation bonds are considered paid, and the refunded bonds are considered to be defeased. The liabilities for the debt will be removed from the Statement of Net Assets in the fiscal year ending June 30, 2013.

On August 8, 2012, the County issued \$9,555,000 refunding general obligation bonds, Series, 2012, in Water District VI to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose extinguishing the Water, Series 2005A general obligation bonds in the amount of \$2,600,000, Water Series 2005B general obligation bonds in the amount of \$3,277,000, and Water Series 2005C general obligation bonds in the amount of \$4,045,000. As a result, the Water, Series 2005A, Series 2005B, and Series 2005C general obligation bonds are considered paid, and the refunded bonds are considered to be defeased. The liabilities for the debt will be removed from the Statement of Net Assets in the fiscal year ending June 30, 2013.

On August 8, 2012, the County issued \$4,720,000 refunding general obligation bonds, Series, 2012, in Water District VII to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose extinguishing the 1998 Water Bond, Series A general obligation bonds in the amount of \$2,248,500 and 1998 Water Bond, Series B general obligation bonds in the amount of \$2,761,500. As a result, the 1994 Water Bond, Series A Series B general obligation bonds are considered paid, and the refunded bonds are considered to be defeased. The liabilities for the debt will be removed from the Statement of Net Assets in the fiscal year ending June 30, 2013.

Required Supplementary Financial Data

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

Schedule of Funding Progress for the Law Enforcement Officer's Special Separation Allowance

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

Notes to the Required Schedules for the Law Enforcement Officer's Special Separation Allowance

Schedule of Funding Progress for the Other Post-Employment Benefits

Schedule of Employer Contributions for the Other Post-Employment Benefits

Notes to the Required Schedules for the Other Post-Employment Benefits

BEAUFORT COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012

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 Percentage Covered Payroll ((b-a)/c)
12/31/2006	\$ -	\$ 324,408	\$ 324,408	0.00%	\$ 1,703,157	19.05%
12/31/2007	-	354,536	354,536	0.00%	1,880,073	18.86%
12/31/2008	-	465,780	465,780	0.00%	2,134,858	21.82%
12/31/2009	-	625,403	625,403	0.00%	2,050,330	30.50%
12/31/2010	-	591,027	591,027	0.00%	2,057,815	28.72%
12/31/2011	-	642,233	642,233	0.00%	2,100,270	30.58%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2007	\$ 44,866	26.23%
2008	48,213	24.05%
2009	52,036	33.25%
2010	64,092	26.99%
2011	76,924	29.93%
2012	73,254	47.74%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increases *	4.25-7.85%
* Includes inflation at 3.00%	
Cost-of-living adjustments	N/A

BEAUFORT COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

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 Percentage Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 920,907	\$ 920,907	0.00%	\$ 10,955,905	8.41%
12/31/2009	-	917,575	917,575	0.00%	11,754,362	7.81%
12/31/2010	-	1,011,362	1,011,362	0.00%	11,436,462	8.84%
12/31/2011	-	1,195,962	1,195,962	0.00%	11,703,701	10.22%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2009	\$ 105,281	0.00%
2010	105,859	0.00%
2011	101,869	49.78%
2012	113,018	61.08%

Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	9.50% - 5.00%
Year of Ultimate trend rate	2018

* Includes inflation at 3.00%

Supplementary Schedules

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

BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Current year, net of discounts	\$ 29,809,962	\$ 30,402,097	
Penalties and interest	102,598	358,186	
Total	<u>29,912,560</u>	<u>30,760,283</u>	\$ 847,723
Local Option Sales Taxes:			
Local option sales tax	6,860,902	7,373,520	
Total	<u>6,860,902</u>	<u>7,373,520</u>	512,618
Other Taxes and Licenses:			
Documentary stamps	137,310	144,761	
Scrap tire disposal tax/grant	76,532	105,071	
White goods disposal tax	10,500	7,936	
Privilege licenses	8,000	7,336	
Rental vehicles receipt tax	11,500	21,047	
Total	<u>243,842</u>	<u>286,151</u>	42,309
Unrestricted Intergovernmental Revenues:			
Beer and wine tax	45,000	148,305	
Other	74,500	77,968	
Total	<u>119,500</u>	<u>226,273</u>	106,773
Restricted Intergovernmental Revenues:			
State and Federal Grants	12,630,309	11,978,735	
Loan reimbursements	264,713	265,521	
ABC distributions/tax	45,000	115,104	
Total	<u>12,940,022</u>	<u>12,359,360</u>	(580,662)
Permits and Fees:			
Building permits and inspection fees	108,900	148,898	
Register of Deeds	195,000	197,660	
Other permits and fees	-	284	
Total	<u>303,900</u>	<u>346,842</u>	42,942

BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Sales and Services:			
Attorney fees/tax admin	46,400	73,475	
Animal control fees	38,810	57,799	
Tax collection fees	92,749	107,073	
Sheriff fees	75,000	112,514	
Electronic house arrest	4,200	3,200	
IV-D deputy travel	58,500	60,780	
Gun storage fees	-	910	
State prisoner's reimbursement	68,241	705	
Environmental health	55,829	64,245	
Vending and phones	14,000	23,430	
Health & immunizations	83,045	79,227	
Solid waste	1,961,788	1,830,590	
Rescue fees	138,652	139,138	
Share of service fee	31,003	31,003	
Rent	120,250	123,230	
Cable franchise fee	138,500	142,264	
DSS aging	8,500	9,556	
NC health choice	10,500	12,800	
Total	<u>2,945,967</u>	<u>2,871,939</u>	<u>(74,028)</u>
Investment Earnings	<u>-</u>	<u>16,357</u>	<u>16,357</u>
Miscellaneous:			
Proceeds from sale of assets/insurance claims	54,979	62,003	
Donations	72,350	62,721	
Miscellaneous	35,500	10,600	
Total	<u>162,829</u>	<u>135,324</u>	<u>(27,505)</u>
Total revenues	<u>53,489,522</u>	<u>54,376,049</u>	<u>886,527</u>

BEAUFORT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
General Government:			
Governing body	192,503	180,694	
County Manager	1,062,297	782,718	
Finance	494,998	486,225	
Tax administration	1,225,133	1,155,879	
Legal	277,423	262,548	
Register of Deeds	409,382	291,690	
Elections	270,923	238,582	
Public buildings	1,275,070	1,143,866	
Court facilities	208,474	128,045	
Total	<u>5,416,203</u>	<u>4,670,247</u>	<u>745,956</u>
Public Safety:			
Sheriff	3,950,793	3,850,021	
Jail	1,934,347	1,554,078	
Criminal justice partnership	77,929	59,257	
Emergency communications	616,303	559,377	
Emergency management	333,626	263,701	
Fire protection	152,172	139,668	
Inspections	202,998	186,254	
Ambulance/rescue service	139,483	139,483	
Animal control	405,593	314,638	
Medical examiner	33,400	21,300	
Total	<u>7,846,644</u>	<u>7,087,777</u>	<u>758,867</u>
Economic and Physical Development:			
Economic development	295,882	282,892	
Agricultural extension	250,745	163,081	
Soil/water conservation	122,054	97,359	
Total	<u>668,681</u>	<u>543,332</u>	<u>125,349</u>

BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Human Services:			
Administration-general	228,186	225,263	
AIDS control/STD	131,438	176,718	
TB program	61,177	62,818	
Immunization	207,409	174,886	
Health promotion	31,468	10,275	
Child health	391,993	377,676	
Maternal health	515,202	402,884	
WIC - Administration	345,649	363,935	
Environmental health	705,419	727,767	
Family planning	451,283	396,479	
Other health programs	323,415	295,210	
Total	<u>3,392,639</u>	<u>3,213,911</u>	<u>178,728</u>
Mental Health:			
General appropriation	156,599	156,599	
Alcohol rehab	17,000	17,000	
Total	<u>173,599</u>	<u>173,599</u>	<u>-</u>
Beaufort County Develop Center	<u>55,000</u>	<u>55,000</u>	<u>-</u>
NC Elderly handicapped transportation/other	<u>42,637</u>	<u>37,127</u>	<u>5,510</u>
Social Services:			
Administration	5,831,865	5,458,308	
State in-home aging services	638,350	522,058	
Day care	2,394,571	2,084,184	
Medical assistance	524,600	542,253	
Energy assistance	624,657	599,556	
County provided assistance	506,719	603,804	
Transportation	135,000	113,351	
Child support enforcement	747,663	747,657	
Aid to the blind program	13,200	11,809	
Foster care	719,980	541,226	
Work First program	150,126	100,927	
Total	<u>12,286,731</u>	<u>11,325,133</u>	<u>961,598</u>

BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Human Services:			
Veterans services	52,672	51,190	
Youth services	241,918	239,700	
Total	<u>294,590</u>	<u>290,890</u>	3,700
Total social services	<u>12,581,321</u>	<u>11,616,023</u>	965,298
Total human services	<u>16,245,196</u>	<u>15,095,660</u>	1,149,536
Cultural and Recreational:			
Recreation	33,341	28,391	
Library and museum	200,108	200,108	
Special appropriations	78,732	73,368	
Total	<u>312,181</u>	<u>301,867</u>	10,314
Environmental Protection:			
Solid waste	<u>4,946,992</u>	<u>4,685,493</u>	261,499
Education:			
Public schools:			
Current expense	11,995,150	11,995,150	
Capital outlay	1,002,472	1,002,472	
Community colleges:			
Current expense	1,973,949	1,973,949	
Capital outlay	140,296	140,296	
Total	<u>15,111,867</u>	<u>15,111,867</u>	-
Debt Service:			
Principal retirement	1,793,247	1,780,455	
Interest and fees	1,425,145	1,316,923	
Total	<u>3,218,392</u>	<u>3,097,378</u>	121,014
Total expenditures	<u>53,766,156</u>	<u>50,593,621</u>	3,172,535
Revenues over (under) expenditures	<u>(276,634)</u>	<u>3,782,428</u>	4,059,062

BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Hospital lease revenue	18,331,754	18,331,754	-
Principal retirement - hospital debt	(18,223,534)	(17,607,125)	616,409
Interest expense - hospital debt	-	(724,629)	(724,629)
Fund balance appropriated	398,018	-	(398,018)
Transfers from other funds:			
Special revenue - Fire and Rescue Districts Fund	56,233	43,596	(12,637)
Capital project - Hospital Renovations Fund	148,822	148,822	-
Transfers to other funds:			
Water District Capital Project Fund	(300,000)	(109,312)	190,688
Capital project - Economic Development	(51,474)	(51,474)	-
Special revenue - Fire and Rescue Districts Fund	(70,625)	(59,294)	11,331
Special revenue - Industrial Recruitment	(12,560)	(10,427)	2,133
Total other financing sources (uses)	<u>276,634</u>	<u>(38,089)</u>	<u>(314,723)</u>
Net change in fund balance	<u>\$ -</u>	3,744,339	<u>\$ 3,744,339</u>
Fund Balance:			
Beginning of year - July 1		<u>14,114,603</u>	
End of year - June 30		<u>\$ 17,858,942</u>	

BEAUFORT COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - BCCC PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Grants	\$ 3,200,000	\$ -	\$ 1,489,511	\$ 1,489,511	\$ (1,710,489)
Investment earnings	-	120	395	515	515
Total revenues	<u>3,200,000</u>	<u>120</u>	<u>1,489,906</u>	<u>1,490,026</u>	<u>(1,709,974)</u>
Expenditures:					
Economic & physical development					
Construction	9,598,692	379,675	4,756,333	5,136,008	4,462,684
Total expenditures	<u>9,598,692</u>	<u>379,675</u>	<u>4,756,333</u>	<u>5,136,008</u>	<u>4,462,684</u>
Revenues over (under) expenditures	<u>(6,398,692)</u>	<u>(379,555)</u>	<u>(3,266,427)</u>	<u>(3,645,982)</u>	<u>2,752,710</u>
Other Financing Sources (Uses):					
USDA loan issued	6,398,692	3,802,000	-	3,802,000	(2,596,692)
Total other financing sources (uses)	<u>6,398,692</u>	<u>3,802,000</u>	<u>-</u>	<u>3,802,000</u>	<u>(2,596,692)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,422,445</u>	(3,266,427)	<u>\$ 156,018</u>	<u>\$ 156,018</u>
Fund Balance:					
Beginning of year - July 1			<u>3,422,445</u>		
End of year - June 30			<u>\$ 156,018</u>		

BEAUFORT COUNTY, NORTH CAROLINA

**MAJOR CAPITAL PROJECT FUND- ADMINISTRATIVE BUILDING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Interest income	\$ -	\$ 798	\$ 2,578	\$ 3,376	\$ 3,376
Total revenues	<u>-</u>	<u>798</u>	<u>2,578</u>	<u>3,376</u>	<u>3,376</u>
Expenditures:					
Economic & physical development	2,155,000	-	2,040,644	2,040,644	114,356
Total expenditures	<u>2,155,000</u>	<u>-</u>	<u>2,040,644</u>	<u>2,040,644</u>	<u>114,356</u>
Revenues over (under) expenditures	<u>(2,155,000)</u>	<u>798</u>	<u>(2,038,066)</u>	<u>(2,037,268)</u>	<u>117,732</u>
Other Financing Sources (Uses):					
Installment financing issued	2,155,000	2,155,000	-	2,155,000	-
Total other financing sources (uses)	<u>2,155,000</u>	<u>2,155,000</u>	<u>-</u>	<u>2,155,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,155,798</u>	<u>(2,038,066)</u>	<u>\$ 117,732</u>	<u>\$ 117,732</u>
Fund Balance:					
Beginning of year - July 1			<u>2,155,798</u>		
End of year - June 30			<u>\$ 117,732</u>		

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BEAUFORT COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012**

	<u>Nonmajor Special Revenue Funds</u>				Total Nonmajor Special Revenue Funds
	<u>Economic Development</u>	<u>Fire and Rescue Tax Districts</u>	<u>E911 Fund</u>	<u>State and Federal Seizures</u>	
Assets:					
Cash and cash equivalents	\$ 71,423	\$ 1,208	\$ 642,072	\$ 136,289	\$ 850,992
Accounts receivable, net	3,160	-	37,079	699	40,938
Taxes receivable, net	-	275,180	-	-	275,180
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 74,583</u>	<u>\$ 276,388</u>	<u>\$ 679,151</u>	<u>\$ 136,988</u>	<u>\$ 1,167,110</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 6,545	\$ -	\$ 55,141	\$ 1,760	\$ 63,446
Due to other funds	32	-	-	-	32
Deferred revenue	-	275,180	-	-	275,180
Total liabilities	<u>6,577</u>	<u>275,180</u>	<u>55,141</u>	<u>1,760</u>	<u>338,658</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	3,160	-	37,079	699	40,938
Restricted, all other	64,846	1,208	586,931	134,529	787,514
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>68,006</u>	<u>1,208</u>	<u>624,010</u>	<u>135,228</u>	<u>828,452</u>
Total liabilities and fund balances	<u>\$ 74,583</u>	<u>\$ 276,388</u>	<u>\$ 679,151</u>	<u>\$ 136,988</u>	<u>\$ 1,167,110</u>

Nonmajor Capital Project Funds						
Hazard Mitigation	Pantego Sewer	Economic Development	CDBG Fund	Capital Reserve	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ 13,753	\$ 79,420	\$ -	\$ 53,047	\$ 146,220	\$ 997,212
124,444	-	-	140,000	-	264,444	305,382
-	-	-	-	-	-	275,180
<u>\$ 124,444</u>	<u>\$ 13,753</u>	<u>\$ 79,420</u>	<u>\$ 140,000</u>	<u>\$ 53,047</u>	<u>\$ 410,664</u>	<u>\$ 1,577,774</u>
\$ 88,763	\$ -	\$ -	6,000	\$ -	\$ 94,763	\$ 158,209
55,850	-	-	87,553	-	143,403	143,435
-	-	-	-	-	-	275,180
<u>144,613</u>	<u>-</u>	<u>-</u>	<u>93,553</u>	<u>-</u>	<u>238,166</u>	<u>576,824</u>
124,444	-	-	140,000	-	264,444	305,382
-	-	-	-	-	-	787,514
-	13,753	79,420	-	53,047	146,220	146,220
<u>(144,613)</u>	<u>-</u>	<u>-</u>	<u>(93,553)</u>	<u>-</u>	<u>(238,166)</u>	<u>(238,166)</u>
<u>(20,169)</u>	<u>13,753</u>	<u>79,420</u>	<u>46,447</u>	<u>53,047</u>	<u>172,498</u>	<u>1,000,950</u>
<u>\$ 124,444</u>	<u>\$ 13,753</u>	<u>\$ 79,420</u>	<u>\$ 140,000</u>	<u>\$ 53,047</u>	<u>\$ 410,664</u>	<u>\$ 1,577,774</u>

BEAUFORT COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Nonmajor Special Revenue Funds</u>						Total Nonmajor Special Revenue Funds
	Economic Development	Washington Admin Unit	Fire and Rescue Tax Districts	E911 Fund	Industrial Recruitment	State and Federal Seizures	
Revenues:							
Ad valorem taxes	\$ -	\$ 44	\$ 2,397,450	\$ -	\$ -	\$ -	\$ 2,397,494
Investment earnings	-	-	-	-	-	-	-
Restricted intergovernmental	303,864	-	-	228,082	200,000	17,779	749,725
Other	-	-	-	-	-	13,836	13,836
Total revenues	<u>303,864</u>	<u>44</u>	<u>2,397,450</u>	<u>228,082</u>	<u>200,000</u>	<u>31,615</u>	<u>3,161,055</u>
Expenditures:							
Current:							
Public safety	-	-	2,411,940	460,533	-	15,575	2,888,048
Education	-	44	-	-	-	-	44
Economic and physical development	329,496	-	-	-	210,427	-	539,923
Total expenditures	<u>329,496</u>	<u>44</u>	<u>2,411,940</u>	<u>460,533</u>	<u>210,427</u>	<u>15,575</u>	<u>3,428,015</u>
Revenues over (under) expenditures	<u>(25,632)</u>	<u>-</u>	<u>(14,490)</u>	<u>(232,451)</u>	<u>(10,427)</u>	<u>16,040</u>	<u>(266,960)</u>
Other Financing Sources (Uses):							
Transfers from other funds	-	-	59,294	-	10,427	-	69,721
Transfers to other funds	-	-	(43,596)	-	-	-	(43,596)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>15,698</u>	<u>-</u>	<u>10,427</u>	<u>-</u>	<u>26,125</u>
Net change in fund balances	(25,632)	-	1,208	(232,451)	-	16,040	(240,835)
Fund Balances:							
Beginning of year - July 1	<u>93,638</u>	<u>-</u>	<u>-</u>	<u>856,461</u>	<u>-</u>	<u>119,188</u>	<u>1,069,287</u>
End of year - June 30	<u>\$ 68,006</u>	<u>\$ -</u>	<u>\$ 1,208</u>	<u>\$ 624,010</u>	<u>\$ -</u>	<u>\$ 135,228</u>	<u>\$ 828,452</u>

Nonmajor Capital Project Funds

Hazard Mitigation	Pantego Sewer	Economic Development	Hospital Renovations	CDBG Fund	Capital Reserve	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,397,494
-	-	-	-	-	2	2	2
577,807	-	-	-	347,000	-	924,807	1,674,532
-	-	-	-	17,175	-	17,175	31,011
<u>577,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,175</u>	<u>2</u>	<u>941,984</u>	<u>4,103,039</u>
-	-	-	-	-	-	-	2,888,048
-	-	-	-	-	-	-	44
<u>568,933</u>	<u>-</u>	<u>2,999</u>	<u>-</u>	<u>324,530</u>	<u>-</u>	<u>896,462</u>	<u>1,436,385</u>
<u>568,933</u>	<u>-</u>	<u>2,999</u>	<u>-</u>	<u>324,530</u>	<u>-</u>	<u>896,462</u>	<u>4,324,477</u>
<u>8,874</u>	<u>-</u>	<u>(2,999)</u>	<u>-</u>	<u>39,645</u>	<u>2</u>	<u>45,522</u>	<u>(221,438)</u>
-	-	51,474	-	11,932	-	63,406	133,127
-	-	-	(148,822)	(7,608)	(4,324)	(160,754)	(204,350)
-	-	<u>51,474</u>	<u>(148,822)</u>	<u>4,324</u>	<u>(4,324)</u>	<u>(97,348)</u>	<u>(71,223)</u>
8,874	-	48,475	(148,822)	43,969	(4,322)	(51,826)	(292,661)
<u>(29,043)</u>	<u>13,753</u>	<u>30,945</u>	<u>148,822</u>	<u>2,478</u>	<u>57,369</u>	<u>224,324</u>	<u>1,293,611</u>
<u>\$ (20,169)</u>	<u>\$ 13,753</u>	<u>\$ 79,420</u>	<u>\$ -</u>	<u>\$ 46,447</u>	<u>\$ 53,047</u>	<u>\$ 172,498</u>	<u>\$ 1,000,950</u>

BEAUFORT COUNTY, NORTH CAROLINA

**ECONOMIC DEVELOPMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 309,440	\$ 303,864	\$ (5,576)
Total revenues	<u>309,440</u>	<u>303,864</u>	<u>(5,576)</u>
Expenditures:			
Economic and physical development	<u>363,611</u>	<u>329,496</u>	<u>34,115</u>
Total expenditures	<u>363,611</u>	<u>329,496</u>	<u>34,115</u>
Revenues over (under) expenditures	<u>(54,171)</u>	<u>(25,632)</u>	<u>28,539</u>
Other Financing Sources (Uses):			
Fund balance appropriated	<u>54,171</u>	<u>-</u>	<u>(54,171)</u>
Total other financing sources (uses)	<u>54,171</u>	<u>-</u>	<u>(54,171)</u>
Net change in fund balance	<u>\$ -</u>	<u>(25,632)</u>	<u>\$ (25,632)</u>
Fund Balance:			
Beginning of year - July 1		<u>93,638</u>	
End of year - June 30		<u>\$ 68,006</u>	

BEAUFORT COUNTY, NORTH CAROLINA

**WASHINGTON ADMINISTRATIVE UNIT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ -	\$ 44	\$ 44
Total revenues	<u>-</u>	<u>44</u>	<u>44</u>
Expenditures:			
Education - school current expense	-	44	(44)
Total expenditures	<u>-</u>	<u>44</u>	<u>(44)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</u>	

BEAUFORT COUNTY, NORTH CAROLINA

FIRE AND RESCUE DISTRICT FUNDS (ALL DISTRICTS)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 2,378,712	\$ 2,397,450	\$ 18,738
Total revenues	<u>2,378,712</u>	<u>2,397,450</u>	<u>18,738</u>
Expenditures:			
Public safety expenditures	<u>2,397,451</u>	<u>2,411,940</u>	<u>(14,489)</u>
Total expenditures	<u>2,397,451</u>	<u>2,411,940</u>	<u>(14,489)</u>
Revenues over (under) expenditures	<u>(18,739)</u>	<u>(14,490)</u>	<u>4,249</u>
Other Financing Sources (Uses):			
Transfer from other funds	62,335	59,294	(3,041)
Transfer to other funds	<u>(43,596)</u>	<u>(43,596)</u>	<u>-</u>
Total other financing sources (uses)	<u>18,739</u>	<u>15,698</u>	<u>(3,041)</u>
Net change in fund balance	<u>\$ -</u>	1,208	<u>\$ 1,208</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 1,208</u>	

BEAUFORT COUNTY, NORTH CAROLINA

E911 FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 228,082	\$ 228,082	\$ -
Total revenues	<u>228,082</u>	<u>228,082</u>	<u>-</u>
Expenditures:			
Public safety:			
Implemental functions	15,500	65	15,435
Telephone	128,500	83,493	45,007
Furniture	8,689	-	8,689
Software maintenance	62,104	37,939	24,165
Hardware maintenance	62,000	66,053	(4,053)
Training	2,400	-	2,400
Capital outlay	160,000	-	160,000
S.L. 2010-158 expenditures	355,297	272,983	82,314
Total expenditures	<u>794,490</u>	<u>460,533</u>	<u>333,957</u>
Revenues over (under) expenditures	<u>(566,408)</u>	<u>(232,451)</u>	<u>(333,957)</u>
Other Financing Sources (Uses):			
Fund balance appropriated	573,842	-	(573,842)
Transfer to General Fund	(7,434)	-	7,434
Total other financing sources (uses)	<u>566,408</u>	<u>-</u>	<u>(566,408)</u>
Net change in fund balance	<u>\$ -</u>	<u>(232,451)</u>	<u>\$ (232,451)</u>
Fund Balance:			
Beginning of year - July 1		<u>856,461</u>	
End of year - June 30		<u>\$ 624,010</u>	

BEAUFORT COUNTY, NORTH CAROLINA

**INDUSTRIAL RECRUITMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 200,000	\$ 200,000	\$ -
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Expenditures:			
Economic and physical development	212,560	210,427	2,133
Total expenditures	<u>212,560</u>	<u>210,427</u>	<u>2,133</u>
Revenues over (under) expenditures	<u>(12,560)</u>	<u>(10,427)</u>	<u>(2,133)</u>
Other Financing Sources (Uses):			
Transfers from other funds	12,560	10,427	(2,133)
Total other financing sources (uses)	<u>12,560</u>	<u>10,427</u>	<u>(2,133)</u>
Net change in fund balance	<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
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 62,000	\$ 17,779	\$ (44,221)
Miscellaneous	6,000	13,836	7,836
Total revenues	<u>68,000</u>	<u>31,615</u>	<u>(36,385)</u>
Expenditures:			
Public safety expenditures	<u>68,000</u>	<u>15,575</u>	<u>52,425</u>
Total expenditures	<u>68,000</u>	<u>15,575</u>	<u>52,425</u>
Net change in fund balance	<u>\$ -</u>	16,040	<u>\$ 16,040</u>
Fund Balance:			
Beginning of year - July 1		<u>119,188</u>	
End of year - June 30		<u>\$ 135,228</u>	

BEAUFORT COUNTY, NORTH CAROLINA

**HAZARD MITIGATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental - HMGP	\$ -	\$ 1,154,121	\$ -	\$ 1,154,121	\$ 1,154,121
Restricted intergovernmental	57,656	1,502,375	-	1,502,375	1,444,719
Restricted intergovernmental - CDBG 08-C-1870	850,842	689,059	-	689,059	(161,783)
Restricted intergovernmental - SRL-PJ-NC-2008-002	333,212	131,166	-	131,166	(202,046)
Restricted intergovernmental - CDBG - 08-T-1906	75,000	74,823	-	74,823	(177)
Restricted intergovernmental - CDBG- 10-C-2115	400,000	16,900	179,022	195,922	(204,078)
Restricted intergovernmental - CDBG- 10-C-2136	500,000	21,600	348,774	370,374	(129,626)
Restricted intergovernmental Hazard Mitigation - 1448-0084	1,160,178	-	-	-	(1,160,178)
Restricted intergovernmental Hazard Mitigation - 1490-0013	124,435	-	-	-	(124,435)
Restricted intergovernmental - CDBG -05-I-1382	600,000	-	-	-	(600,000)
Restricted intergovernmental - FMA-PJ-NC-2005-002	45,806	-	-	-	(45,806)
Restricted intergovernmental - CDBG 07-C-1650	320,000	-	-	-	(320,000)
Restricted intergovernmental - RFC-PJ-NC-2008-003	181,088	-	-	-	(181,088)
Restricted intergovernmental - PDM-PL-04-NC	46,064	-	10,421	10,421	(35,643)
Restricted intergovernmental - SRL-PJ-04-NC-2010-002	264,380	-	39,590	39,590	(224,790)
Other	-	3,744	-	3,744	3,744
Total revenues	<u>4,958,661</u>	<u>3,593,788</u>	<u>577,807</u>	<u>4,171,595</u>	<u>(787,066)</u>
Expenditures:					
Current:					
Economic and physical development	5,074,827	3,738,998	568,933	4,307,931	766,896
Total expenditures	<u>5,074,827</u>	<u>3,738,998</u>	<u>568,933</u>	<u>4,307,931</u>	<u>766,896</u>
Revenues over (under) expenditures	<u>(116,166)</u>	<u>(145,210)</u>	<u>8,874</u>	<u>(136,336)</u>	<u>(20,170)</u>
Other Financing Sources (Uses):					
Transfers from other funds	116,166	116,167	-	116,167	1
Total other financing sources (uses)	<u>116,166</u>	<u>116,167</u>	<u>-</u>	<u>116,167</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (29,043)</u>	<u>8,874</u>	<u>\$ (20,169)</u>	<u>\$ (20,169)</u>
Fund Balance:					
Beginning of year - July 1			<u>(29,043)</u>		
End of year - June 30			<u>\$ (20,169)</u>		

BEAUFORT COUNTY, NORTH CAROLINA

**CAPITAL PROJECT FUND - PANTEGO SEWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Grants	\$ 3,399,910	\$ 747,271	\$ -	\$ 747,271	\$ (2,652,639)
Other income	-	13,753	-	13,753	13,753
Total revenues	<u>3,399,910</u>	<u>761,024</u>	<u>-</u>	<u>761,024</u>	<u>(2,638,886)</u>
Expenditures:					
Economic and physical development:					
Construction	3,399,910	769,771	-	769,771	2,630,139
Total expenditures	<u>3,399,910</u>	<u>769,771</u>	<u>-</u>	<u>769,771</u>	<u>2,630,139</u>
Revenues over (under) expenditures	<u>-</u>	<u>(8,747)</u>	<u>-</u>	<u>(8,747)</u>	<u>(8,747)</u>
Other Financing Sources (Uses):					
Transfers in (out)	-	22,500	-	22,500	22,500
Total other financing sources (uses)	<u>-</u>	<u>22,500</u>	<u>-</u>	<u>22,500</u>	<u>22,500</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,753</u>	<u>-</u>	<u>\$ 13,753</u>	<u>\$ 13,753</u>
Fund Balance:					
Beginning of year - July 1			<u>13,753</u>		
End of year - June 30			<u>\$ 13,753</u>		

BEAUFORT COUNTY, NORTH CAROLINA

CAPITAL PROJECT FUND - ECONOMIC DEVELOPMENT-INDUSTRIAL READY BUILDING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
CDBG Grant	\$ 18,000	\$ 3,673	\$ -	\$ 3,673	\$ (14,327)
Sale of industrial ready building	-	1,387,466	-	1,387,466	1,387,466
Other	24,100	24,100	-	24,100	-
Interest income	26,246	13,517	-	13,517	(12,729)
Total revenues	<u>68,346</u>	<u>1,428,756</u>	<u>-</u>	<u>1,428,756</u>	<u>1,360,410</u>
Expenditures:					
Economic and physical development:					
Construction	<u>5,920,334</u>	<u>2,767,037</u>	<u>2,999</u>	<u>2,770,036</u>	<u>3,150,298</u>
Total expenditures	<u>5,920,334</u>	<u>2,767,037</u>	<u>2,999</u>	<u>2,770,036</u>	<u>3,150,298</u>
Revenues over (under) expenditures	<u>(5,851,988)</u>	<u>(1,338,281)</u>	<u>(2,999)</u>	<u>(1,341,280)</u>	<u>4,510,708</u>
Other Financing Sources (Uses):					
Transfers from other funds	3,211,159	-	51,474	51,474	(3,159,685)
Transfers to other funds	(115,864)	-	-	-	115,864
Principal payoff on IRB I	-	(1,098,980)	-	(1,098,980)	(1,098,980)
Loan proceeds - IRB II	<u>2,756,693</u>	<u>2,468,206</u>	<u>-</u>	<u>2,468,206</u>	<u>(288,487)</u>
Total other financing sources (uses)	<u>5,851,988</u>	<u>1,369,226</u>	<u>51,474</u>	<u>1,420,700</u>	<u>(4,431,288)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 30,945</u>	48,475	<u>\$ 79,420</u>	<u>\$ 79,420</u>
Fund Balance:					
Beginning of year - July 1			<u>30,945</u>		
End of year - June 30			<u>\$ 79,420</u>		

BEAUFORT COUNTY, NORTH CAROLINA

CAPITAL PROJECT FUND - HOSPITAL RENOVATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Miscellaneous	\$ 340,632	\$ 387,833	\$ -	\$ 387,833	\$ 47,201
Investment income	604,586	279,153	-	279,153	(325,433)
Total revenues	<u>945,218</u>	<u>666,986</u>	<u>-</u>	<u>666,986</u>	<u>(278,232)</u>
Expenditures:					
Economic and physical development:					
Construction	<u>20,462,255</u>	<u>17,222,525</u>	<u>-</u>	<u>17,222,525</u>	<u>3,239,730</u>
Total expenditures	<u>20,462,255</u>	<u>17,222,525</u>	<u>-</u>	<u>17,222,525</u>	<u>3,239,730</u>
Revenues over (under) expenditures	<u>(19,517,037)</u>	<u>(16,555,539)</u>	<u>-</u>	<u>(16,555,539)</u>	<u>2,961,498</u>
Other Financing Sources (Uses):					
Transfers from other funds	333,554	165,859	-	165,859	(167,695)
Transfers to other funds	(316,517)	-	(148,822)	(148,822)	167,695
Proceeds from long-term debt	<u>19,500,000</u>	<u>16,538,502</u>	<u>-</u>	<u>16,538,502</u>	<u>(2,961,498)</u>
Total other financing sources (uses)	<u>19,517,037</u>	<u>16,704,361</u>	<u>(148,822)</u>	<u>16,555,539</u>	<u>(2,961,498)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 148,822</u>	<u>(148,822)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>148,822</u>		
End of year - June 30			<u>\$ -</u>		

BEAUFORT COUNTY, NORTH CAROLINA

CDBG FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental	\$ 5,736,692	\$ 1,876,003	\$ 347,000	\$ 2,223,003	\$ (3,513,689)
Other income	29,943	12,768	17,175	29,943	-
Total revenues	<u>5,766,635</u>	<u>1,888,771</u>	<u>364,175</u>	<u>2,252,946</u>	<u>(3,513,689)</u>
Expenditures:					
Current:					
Economic and physical development	6,111,001	2,267,600	324,530	2,592,130	3,518,871
Total expenditures	<u>6,111,001</u>	<u>2,267,600</u>	<u>324,530</u>	<u>2,592,130</u>	<u>3,518,871</u>
Revenues over (under) expenditures	<u>(344,366)</u>	<u>(378,829)</u>	<u>39,645</u>	<u>(339,184)</u>	<u>5,182</u>
Other Financing Sources (Uses):					
Transfers from other funds	351,974	381,307	11,932	393,239	41,265
Transfers to other funds	<u>(7,608)</u>	<u>-</u>	<u>(7,608)</u>	<u>(7,608)</u>	<u>-</u>
Total other financing sources (uses)	<u>344,366</u>	<u>381,307</u>	<u>4,324</u>	<u>385,631</u>	<u>41,265</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,478</u>	43,969	<u>\$ 46,447</u>	<u>\$ 46,447</u>
Fund Balance:					
Beginning of year - July 1			<u>2,478</u>		
End of year - June 30			<u>\$ 46,447</u>		

BEAUFORT COUNTY, NORTH CAROLINA

**CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 2	\$ 2
Total revenues	<u>-</u>	<u>2</u>	<u>2</u>
Revenues over (under) expenditures	<u>-</u>	<u>2</u>	<u>2</u>
Other Financing Sources (Uses):			
Fund balance appropriated	4,500	-	(4,500)
Transfers to other funds	<u>(4,500)</u>	<u>(4,324)</u>	<u>176</u>
Total other financing sources (uses)	<u>-</u>	<u>(4,324)</u>	<u>(4,324)</u>
Net change in fund balance	<u>\$ -</u>	<u>(4,322)</u>	<u>\$ (4,322)</u>
Fund Balance:			
Beginning of year - July 1		<u>57,369</u>	
End of year - June 30		<u>\$ 53,047</u>	

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT I
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 703,084	\$ 690,587	\$ (12,497)	\$ 647,717
Tap on fees	18,050	20,075	2,025	21,150
Miscellaneous	13,500	30,540	17,040	31,805
Total operating revenues	<u>734,634</u>	<u>741,202</u>	<u>6,568</u>	<u>700,672</u>
Expenditures:				
Administration:				
Supplies	870	783	87	594
Travel	9,561	11,726	(2,165)	1,214
Utilities	11,700	9,834	1,866	14,485
Other administration expenses	4,352	3,377	975	2,641
Total	<u>26,483</u>	<u>25,720</u>	<u>763</u>	<u>18,934</u>
Water treatment & distribution:				
Salaries and employee benefits	120,974	123,215	(2,241)	119,800
Water purchase	128,058	102,420	25,638	92,294
Supplies	1,142	108	1,034	877
Maintenance	88,776	70,268	18,508	58,448
Other expenses	32,347	19,372	12,975	34,317
Total	<u>371,297</u>	<u>315,383</u>	<u>55,914</u>	<u>305,736</u>
Budgetary appropriations:				
Capital outlay	5,440	5,161	279	4,027
Interest paid	240,353	240,352	1	243,553
Debt principal	83,000	83,000	-	78,500
Total	<u>328,793</u>	<u>328,513</u>	<u>280</u>	<u>326,080</u>
Total expenditures	<u>726,573</u>	<u>669,616</u>	<u>56,957</u>	<u>650,750</u>
Revenues over (under) expenditures	<u>8,061</u>	<u>71,586</u>	<u>63,525</u>	<u>49,922</u>

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT I
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Appropriated fund balance	6,326	-	(6,326)	-
Transfer to other funds	(47,023)	-	47,023	(4,847)
Transfer from other funds	32,636	-	(32,636)	-
Total other financing sources (uses)	(8,061)	-	8,061	(4,847)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 71,586	\$ 71,586	\$ 45,075

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 71,586
Reconciling items:	
Capital outlay	5,161
Change in OPEB liability	(241)
Change in compensated absences	803
Change in accrued interest payable	20,029
Principal payments	83,000
Depreciation	(199,127)
Change in net assets	\$ (18,789)

BEAUFORT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - WATER DISTRICT II
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 872,098	\$ 848,801	\$ (23,297)	\$ 746,767
Tap on fees	17,500	7,525	(9,975)	13,950
Miscellaneous	15,797	41,546	25,749	38,097
Total operating revenues	<u>905,395</u>	<u>897,872</u>	<u>(7,523)</u>	<u>798,814</u>
Expenditures:				
Administration:				
Supplies	1,312	1,180	132	900
Telephone	4,921	5,091	(170)	4,805
Travel	14,486	17,679	(3,193)	14,237
Utilities	18,075	14,827	3,248	17,048
Other administration expenses	1,640	1	1,639	1,706
Total	<u>40,434</u>	<u>38,778</u>	<u>1,656</u>	<u>38,696</u>
Water treatment & distribution:				
Salaries and employee benefits	182,347	186,125	(3,778)	180,868
Water purchase	181,409	160,386	21,023	143,466
Supplies	1,476	164	1,312	737
Maintenance	134,562	106,200	28,362	89,064
Other expenses	40,297	29,200	11,097	50,275
Total	<u>540,091</u>	<u>482,075</u>	<u>58,016</u>	<u>464,410</u>
Budgetary appropriations:				
Capital outlay	8,201	7,781	420	6,184
Interest paid	222,206	222,205	1	227,199
Debt principal	104,000	104,000	-	98,000
Total	<u>334,407</u>	<u>333,986</u>	<u>421</u>	<u>331,383</u>
Total expenditures	<u>914,932</u>	<u>854,839</u>	<u>60,093</u>	<u>834,489</u>
Revenues over (under) expenditures	<u>(9,537)</u>	<u>43,033</u>	<u>52,570</u>	<u>(35,675)</u>

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT II
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Appropriated fund balance	9,537	-	(9,537)	-
Transfer to other funds	(49,205)	-	49,205	-
Transfer from other funds	49,205	-	(49,205)	-
Total other financing sources (uses)	<u>9,537</u>	<u>-</u>	<u>(9,537)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 43,033</u>	<u>\$ 43,033</u>	<u>\$ (35,675)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 43,033		
Reconciling items:				
Capital outlay		7,781		
Change in OPEB liability		(371)		
Change in compensated absences		1,215		
Change in accrued interest payable		18,517		
Principal payments		104,000		
Depreciation		<u>(299,604)</u>		
Change in net assets		<u>\$ (125,429)</u>		

BEAUFORT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - WATER DISTRICT III

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2012

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 954,886	\$ 925,376	\$ (29,510)	\$ 884,540
Tap on fees	15,400	23,900	8,500	19,550
Miscellaneous	18,760	34,824	16,064	34,665
Total operating revenues	<u>989,046</u>	<u>984,100</u>	<u>(4,946)</u>	<u>938,755</u>
Expenditures:				
Administration:				
Supplies	1,299	1,168	131	3,154
Telephone	4,870	5,038	(168)	4,752
Travel	14,482	17,497	(3,015)	14,084
Utilities	17,700	14,674	3,026	16,871
Other administration expenses	1,462	162	1,300	1,312
Total	<u>39,813</u>	<u>38,539</u>	<u>1,274</u>	<u>40,173</u>
Water treatment & distribution:				
Salaries and employee benefits	180,458	182,966	(2,508)	178,544
Water purchase	181,110	157,008	24,102	140,816
Supplies	64,481	52,446	12,035	43,549
Maintenance	67,948	52,437	15,511	44,336
Other expenses	41,771	28,899	12,872	65,066
Total	<u>535,768</u>	<u>473,756</u>	<u>62,012</u>	<u>472,311</u>
Budgetary appropriations:				
Capital outlay	8,117	7,700	417	6,089
Interest paid	270,988	270,987	1	278,023
Debt principal	143,800	143,800	-	137,300
Total	<u>422,905</u>	<u>422,487</u>	<u>418</u>	<u>421,412</u>
Total expenditures	<u>998,486</u>	<u>934,782</u>	<u>63,704</u>	<u>933,896</u>
Revenues over (under) expenditures	<u>(9,440)</u>	<u>49,318</u>	<u>58,758</u>	<u>4,859</u>

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT III
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Appropriated fund balance	9,440	-	(9,440)	-
Transfer to other funds	(48,703)	-	48,703	-
Transfer from other funds	48,703	-	(48,703)	-
Total other financing sources (uses)	<u>9,440</u>	<u>-</u>	<u>(9,440)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 49,318</u>	<u>\$ 49,318</u>	<u>\$ 4,859</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 49,318		
Reconciling items:				
Capital outlay		7,700		
Change in OPEB liability		(371)		
Change in compensated absences		1,201		
Change in accrued interest payable		22,077		
Principal payments		143,800		
Depreciation		<u>(295,950)</u>		
Change in net assets		<u>\$ (72,225)</u>		

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT IV
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 1,038,355	\$ 1,025,829	\$ (12,526)	\$ 956,727
Tap on fees	28,500	35,300	6,800	24,850
Miscellaneous	42,287	59,892	17,605	37,647
Total operating revenues	<u>1,109,142</u>	<u>1,121,021</u>	<u>11,879</u>	<u>1,019,224</u>
Expenditures:				
Administration:				
Supplies	1,259	1,222	37	3,438
Telephone	5,096	5,273	(177)	4,978
Travel	15,085	18,310	(3,225)	14,745
Utilities	18,675	15,356	3,319	17,656
Other administration expenses	1,784	169	1,615	762
Total	<u>41,899</u>	<u>40,330</u>	<u>1,569</u>	<u>41,579</u>
Water treatment & distribution:				
Salaries and employee benefits	188,907	191,532	(2,625)	186,951
Water purchase	186,128	163,831	22,297	147,189
Supplies	66,065	54,926	11,139	45,814
Maintenance	26,285	33,108	(6,823)	16,786
Other expenses	112,031	84,213	27,818	97,448
Total	<u>579,416</u>	<u>527,610</u>	<u>51,806</u>	<u>494,188</u>
Budgetary appropriations:				
Capital outlay	8,493	8,060	433	6,406
Interest paid	343,212	343,211	1	348,737
Debt principal	146,000	146,000	-	139,000
Total	<u>497,705</u>	<u>497,271</u>	<u>434</u>	<u>494,143</u>
Total expenditures	<u>1,119,020</u>	<u>1,065,211</u>	<u>53,809</u>	<u>1,029,910</u>
Revenues over (under) expenditures	<u>(9,878)</u>	<u>55,810</u>	<u>65,688</u>	<u>(10,686)</u>

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT IV
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Appropriated fund balance	9,878	-	(9,878)	-
Transfer to other funds	(50,962)	-	50,962	-
Transfer from other funds	50,962	-	(50,962)	-
Total other financing sources (uses)	<u>9,878</u>	<u>-</u>	<u>(9,878)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 55,810</u>	<u>\$ 55,810</u>	<u>\$ (10,686)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 55,810		
Reconciling items:				
Capital outlay		8,060		
Change in OPEB liability		(391)		
Change in compensated absences		1,259		
Change in accrued interest payable		28,601		
Principal payments		146,000		
Depreciation		<u>(310,565)</u>		
Change in net assets		<u>\$ (71,226)</u>		

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT V
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 505,306	\$ 491,120	\$ (14,186)	\$ 467,026
Tap on fees	9,621	(9,925)	(19,546)	10,928
Miscellaneous	10,400	21,870	11,470	18,735
Total operating revenues	<u>525,327</u>	<u>503,065</u>	<u>(22,262)</u>	<u>496,689</u>
Expenditures:				
Administration:				
Supplies	596	536	60	661
Telephone	2,234	2,312	(78)	2,177
Travel	6,589	8,028	(1,439)	6,454
Utilities	8,100	6,732	1,368	7,739
Other administration expenses	670	74	596	4,632
Total	<u>18,189</u>	<u>17,682</u>	<u>507</u>	<u>21,663</u>
Water treatment & distribution:				
Salaries and employee benefits	82,836	83,989	(1,153)	81,746
Water purchase	84,415	71,680	12,735	64,219
Supplies	30,503	24,047	6,456	19,753
Maintenance	30,557	24,068	6,489	14,680
Other expenses	18,559	13,271	5,288	603
Total	<u>246,870</u>	<u>217,055</u>	<u>29,815</u>	<u>181,001</u>
Budgetary appropriations:				
Capital outlay	3,725	3,534	191	2,761
Interest paid	168,682	168,681	1	172,359
Debt principal	102,226	102,225	1	98,725
Total	<u>274,633</u>	<u>274,440</u>	<u>193</u>	<u>273,845</u>
Total expenditures	<u>539,692</u>	<u>509,177</u>	<u>30,515</u>	<u>476,509</u>
Revenues over (under) expenditures	<u>(14,365)</u>	<u>(6,112)</u>	<u>8,253</u>	<u>20,180</u>

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT V
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Appropriated fund balance	4,331	-	(4,331)	-
Transfer to other funds	(22,343)	-	22,343	-
Transfer from other funds	32,377	-	(32,377)	-
Total other financing sources (uses)	<u>14,365</u>	<u>-</u>	<u>(14,365)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (6,112)</u>	<u>\$ (6,112)</u>	<u>\$ 20,180</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (6,112)		
Reconciling items:				
Capital outlay		3,534		
Change in OPEB liability		(163)		
Change in compensated absences		550		
Change in accrued interest payable		13,452		
Principal payments		102,225		
Depreciation		<u>(137,014)</u>		
Change in net assets		<u>\$ (23,528)</u>		

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT VI
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 1,096,780	\$ 1,079,487	\$ (17,293)	\$ 1,059,157
Tap on fees	25,500	26,854	1,354	27,088
Miscellaneous	24,500	305,133	280,633	46,515
Total operating revenues	<u>1,146,780</u>	<u>1,411,474</u>	<u>264,694</u>	<u>1,132,760</u>
Expenditures:				
Administration:				
Supplies	1,607	1,444	163	1,793
Telephone	6,025	6,233	(208)	5,910
Travel	17,861	21,646	(3,785)	18,129
Utilities	63,000	4,222	58,778	73,565
Other administration expenses	43,604	28,283	15,321	2,314
Total	<u>132,097</u>	<u>61,828</u>	<u>70,269</u>	<u>101,711</u>
Water treatment & distribution:				
Salaries and employee benefits	223,264	226,369	(3,105)	222,645
Water purchase	21,716	20,268	1,448	34,121
Supplies	79,744	65,094	14,650	55,775
Maintenance	80,758	70,346	10,412	56,796
Other expenses	3,956	2,201	1,755	56,967
Total	<u>409,438</u>	<u>384,278</u>	<u>25,160</u>	<u>426,304</u>
Budgetary appropriations:				
Capital outlay	10,042	10,000	42	7,804
Interest paid	453,015	453,015	-	458,208
Debt principal	145,000	145,000	-	138,000
Total	<u>608,057</u>	<u>608,015</u>	<u>42</u>	<u>604,012</u>
Total expenditures	<u>1,149,592</u>	<u>1,054,121</u>	<u>95,471</u>	<u>1,132,027</u>
Revenues over (under) expenditures	<u>(2,812)</u>	<u>357,353</u>	<u>360,165</u>	<u>733</u>

BEAUFORT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - WATER DISTRICT VI
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Appropriated fund balance	2,812	-	(2,812)	-
Transfer to other funds	(60,251)	-	60,251	-
Transfer from other funds	60,251	-	(60,251)	-
Total other financing sources (uses)	<u>2,812</u>	<u>-</u>	<u>(2,812)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 357,353</u>	<u>\$ 357,353</u>	<u>\$ 733</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 357,353		
Reconciling items:				
Capital outlay		10,000		
Capital project - transfer		109,312		
Change in OPEB liability		(499)		
Change in compensated absences		1,498		
Change in accrued interest payable		37,751		
Principal payments		145,000		
Depreciation		<u>(365,370)</u>		
Change in net assets		<u>\$ 295,045</u>		

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT VII
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 682,857	\$ 636,108	\$ (46,749)	\$ 698,096
Tap on fees	7,500	10,862	3,362	11,852
Miscellaneous	12,000	51,651	39,651	26,176
Total operating revenues	<u>702,357</u>	<u>698,621</u>	<u>(3,736)</u>	<u>736,124</u>
Expenditures:				
Administration:				
Supplies	970	861	109	1,088
Telephone	3,639	3,714	(75)	3,505
Travel	10,757	13,671	(2,914)	9,742
Utilities	37,000	81,778	(44,778)	15,875
Other administration expenses	25,342	16,870	8,472	1,560
Total	<u>77,708</u>	<u>116,894</u>	<u>(39,186)</u>	<u>31,770</u>
Water treatment & distribution:				
Salaries and employee benefits	133,090	137,013	(3,923)	135,136
Water purchase	-	-	-	10,529
Supplies	45,681	38,691	6,990	32,206
Maintenance	48,029	41,932	6,097	9,842
Other expenses	2,390	1,312	1,078	-
Total	<u>229,190</u>	<u>218,948</u>	<u>10,242</u>	<u>187,713</u>
Budgetary appropriations:				
Capital outlay	5,983	5,678	305	4,503
Interest paid	242,963	242,963	-	246,965
Debt principal	105,000	105,000	-	100,500
Total	<u>353,946</u>	<u>353,641</u>	<u>305</u>	<u>351,968</u>
Total expenditures	<u>660,844</u>	<u>689,483</u>	<u>(28,639)</u>	<u>571,451</u>
Revenues over (under) expenditures	<u>41,513</u>	<u>9,138</u>	<u>(32,375)</u>	<u>164,673</u>

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT VII
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012			2011
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Appropriated fund balance	1,675	-	(1,675)	-
Transfer to other funds	(79,088)	-	79,088	-
Transfer from other funds	35,900	-	(35,900)	-
Total other financing sources (uses)	<u>(41,513)</u>	<u>-</u>	<u>41,513</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 9,138</u>	<u>\$ 9,138</u>	<u>\$ 164,673</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 9,138		
Reconciling items:				
Capital outlay		5,678		
Change in OPEB liability		(282)		
Change in compensated absences		915		
Change in accrued interest payable		20,247		
Principal payments		105,000		
Depreciation		<u>(219,221)</u>		
Change in net assets		<u>\$ (78,525)</u>		

BEAUFORT COUNTY, NORTH CAROLINA

WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT VI - CHOCOWINITY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental:					
Federal and state grants	\$ 9,381,577	\$ 9,381,577	\$ -	\$ 9,381,577	\$ -
Other	<u>267,980</u>	<u>139,077</u>	<u>-</u>	<u>139,077</u>	<u>(128,903)</u>
Total revenues	<u>9,649,557</u>	<u>9,520,654</u>	<u>-</u>	<u>9,520,654</u>	<u>(128,903)</u>
Expenditures:					
Engineering	1,019,209	1,029,615	-	1,029,615	(10,406)
Construction	17,609,615	16,552,439	109,312	16,661,751	947,864
Land purchase	250,957	193,600	-	193,600	57,357
Inspection	739,695	717,756	-	717,756	21,939
Interest	963,000	1,787,899	-	1,787,899	(824,899)
Other	<u>-</u>	<u>1,165</u>	<u>-</u>	<u>1,165</u>	<u>(1,165)</u>
Total expenditures	<u>20,582,476</u>	<u>20,282,474</u>	<u>109,312</u>	<u>20,391,786</u>	<u>190,690</u>
Revenues over (under) expenditures	<u>(10,932,919)</u>	<u>(10,761,820)</u>	<u>(109,312)</u>	<u>(10,871,132)</u>	<u>61,787</u>
Other Financing Sources (Uses):					
Loans	10,700,000	10,700,000	-	10,700,000	-
Transfer from/to other funds	<u>232,919</u>	<u>61,820</u>	<u>109,312</u>	<u>171,132</u>	<u>(61,787)</u>
Total other financing sources (uses)	<u>10,932,919</u>	<u>10,761,820</u>	<u>109,312</u>	<u>10,871,132</u>	<u>(61,787)</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BEAUFORT COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Social Services Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 38,551	\$ 463,364	\$ 445,667	\$ 56,248
Liabilities:				
Accounts payable	\$ 38,551	\$ 463,364	\$ 445,667	\$ 56,248
Sheriff Accounts:				
Assets:				
Cash and cash equivalents	\$ 10,719	\$ 146,207	\$ 142,792	\$ 14,134
Liabilities:				
Accounts payable	\$ 10,719	\$ 146,207	\$ 142,792	\$ 14,134
Motor Vehicle Tax:				
Assets:				
Cash and cash equivalents	\$ -	\$ 21,344	\$ 21,344	\$ -
Liabilities:				
Accounts payable	\$ -	\$ 21,344	\$ 21,344	\$ -
Beaufort County Home Foundation:				
Assets:				
Cash and cash equivalents	\$ 62,401	\$ 140	\$ 18	\$ 62,523
Liabilities:				
Accounts payable	\$ 62,401	\$ 140	\$ 18	\$ 62,523
Tax Collections Held for Municipalities:				
Assets:				
Taxes receivables	\$ 896,347	\$ 5,429,795	\$ 5,415,547	\$ 910,595
Liabilities:				
Intergovernmental payable	\$ 896,347	\$ 5,429,795	\$ 5,415,547	\$ 910,595
4-H :				
Assets:				
Cash and cash equivalents	\$ -	\$ 21,468	\$ 8,883	\$ 12,585
Liabilities:				
Accounts payable	\$ -	\$ 21,468	\$ 8,883	\$ 12,585

BEAUFORT COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Cooperative Extension:				
Assets:				
Cash and cash equivalents	\$ -	\$ 54,239	\$ 17,559	\$ 36,680
Liabilities:				
Accounts payable	\$ -	\$ 54,239	\$ 17,559	\$ 36,680
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 111,671	\$ 685,418	\$ 614,919	\$ 182,170
Taxes receivables	896,347	5,429,795	5,415,547	910,595
Total assets	<u>\$ 1,008,018</u>	<u>\$ 6,115,213</u>	<u>\$ 6,030,466</u>	<u>\$ 1,092,765</u>
Liabilities:				
Accounts payable	<u>\$ 1,008,018</u>	<u>\$ 6,136,557</u>	<u>\$ 6,051,810</u>	<u>\$ 1,092,765</u>
Total liabilities	<u>\$ 1,008,018</u>	<u>\$ 6,136,557</u>	<u>\$ 6,051,810</u>	<u>\$ 1,092,765</u>

Other Schedules

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

BEAUFORT COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2012

<u>Fiscal Year</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2012</u>
2011-2012	\$ -	\$ 30,216,674	\$ 28,654,053	\$ 1,562,621
2010-2011	1,417,754	-	889,410	528,344
2009-2010	505,440	-	208,704	296,736
2008-2009	260,039	-	72,621	187,418
2007-2008	199,101	-	30,149	168,952
2006-2007	161,050	-	13,981	147,069
2005-2006	138,393	-	10,973	127,420
2004-2005	121,329	-	8,020	113,309
2003-2004	128,679	-	7,625	121,054
2002-2003	136,271	-	7,553	128,718
2001-2002	132,468	-	132,468	-
Total	<u>\$ 3,200,524</u>	<u>\$ 30,216,674</u>	<u>\$ 30,035,557</u>	3,381,641
Less: Allowance for uncollectible accounts:				
General Fund				<u>(788,984)</u>
Ad valorem taxes receivable, net:				
General Fund				<u>\$ 2,592,657</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 30,760,283
Reconciling Items:				
Penalties and interest				(358,186)
Releases/adjustments				16,343
Miscellaneous				<u>(382,883)</u>
Total collections and credits				<u>\$ 30,035,557</u>
Secondary Market Disclosures:				
Assessed valuation:				
Assessment ratio				100%
Real property				\$ 4,357,216,541
Personal property				1,242,469,982
Public service companies				<u>84,195,741</u>
Total assessed valuation				<u>\$ 5,683,882,264</u>
Tax rate per \$100				0.53
Levy (includes discoveries, releases, and abatements)				<u>\$ 30,216,674</u>

BEAUFORT COUNTY NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2012

	County-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 5,694,514,151	0.53	\$ 30,180,925	\$ 28,392,449	\$ 1,788,476
Total original levy	<u>5,694,514,151</u>		<u>30,180,925</u>	<u>28,392,449</u>	<u>1,788,476</u>
Discoveries:					
Current year's taxes	10,247,925	0.53	54,314	54,314	-
Penalties	-		<u>92,098</u>	<u>74,459</u>	<u>17,639</u>
Total	<u>10,247,925</u>		<u>146,412</u>	<u>128,773</u>	<u>17,639</u>
Abatements:					
Current year's taxes	(20,879,811)	0.53	(110,663)	(76,465)	(34,198)
Total	<u>(20,879,811)</u>		<u>(110,663)</u>	<u>(76,465)</u>	<u>(34,198)</u>
Total property valuation	<u>\$ 5,683,882,264</u>				
Net Levy			30,216,674	28,444,757	1,771,917
Uncollected taxes, June 30			<u>1,562,621</u>	<u>1,201,954</u>	<u>360,667</u>
Current Year's Taxes Collected			<u>\$ 28,654,053</u>	<u>\$ 27,242,803</u>	<u>\$ 1,411,250</u>
Current Levy Collection Percentage			<u>94.83%</u>	<u>95.77%</u>	<u>79.65%</u>

BEAUFORT COUNTY, NORTH CAROLINA**TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2012**

Taxpayer	Type of Business	Valuation	Percentage of Total Assessed Valuation
PCS Phosphate Company, Inc.	Phosphate Mining/Acid Production	\$ 966,933,652	18.09%
Purified Acid Partnership	Acid Production	121,281,328	2.27%
Weyerhaeuser Company	Tree Farm Operation	110,703,173	2.07%
Tideland Electric Membership	Utilities	26,701,040	0.50%
Stanadyne Automotive Corp.	Automotive Diesel Components	20,948,972	0.39%
Flanders Filters, Inc.	Manufacturing	17,869,868	0.33%
Carolina Telephone & Tele	Utilities	16,475,181	0.31%
Progress Energy	Utilities	15,407,523	0.29%
Agri-East Group, Inc.	Agricultural	13,816,600	0.26%
Fountain Powerboats, Inc.	Boat Manufacturer	11,487,483	0.21%

Compliance Section

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

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 unit, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise Beaufort County's basic financial statements, and have issued our report thereon dated December 10, 2012. Our report includes a reference to 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. Other auditors audited the financial statements of the ABC Board as described in our report on Beaufort County's financial statements. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of Beaufort County, North Carolina, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Beaufort County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beaufort County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Beaufort County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency, 2012-01, described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Compliance and Other Matters

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

Beaufort County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the members of the Board of Commissioners, management, others within the organization, 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
December 10, 2012

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance With Requirements That Could Have a Direct And Material Effect On Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners
Beaufort County, North Carolina

Compliance

We have audited the compliance of Beaufort County with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Beaufort County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Beaufort County's management. Our responsibility is to express an opinion on Beaufort County's compliance based on our audit.

We conducted our audit of compliance in accordance with 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; OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 non-compliance 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 of Beaufort County's compliance with those requirements.

In our opinion, Beaufort County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Beaufort County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Beaufort County's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Beaufort County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, others within the organization, members of the Board of 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
December 10, 2012

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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Report On Compliance With Requirements That Could Have a Direct And Material Effect On Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 And The State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners
Beaufort County, North Carolina

Compliance

We have audited the compliance of Beaufort County with the types of compliance requirements described in the applicable sections of OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012. Beaufort County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of Beaufort County's management. Our responsibility is to express an opinion on Beaufort County's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 of OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, 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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Beaufort County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Beaufort County's compliance with those requirements.

In our opinion, Beaufort County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Beaufort County is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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 applicable sections of OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Beaufort County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, others within the organization, members of the Board of 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
December 10, 2012

BEAUFORT COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses Yes None reported

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None reported

Type of auditors' 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 No

Identification of major federal programs:

<u>Federal Program/Cluster Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778/93.775/93.777/93.720
Child Care Development Fund Cluster:	
Child Care Development Fund - Administration	93.596
Child Care and Development Fund - Discretionary	93.575
Child Care and Development Fund - Mandatory and Match	93.596

Dollar threshold used to distinguish between Type A and Type B Programs: \$1,653,024

Auditee qualified as low-risk auditee? Yes No

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I. Summary of Auditors' Results (continued)

State Awards

Internal control over major State programs:

- Material weaknesses identified? _____ Yes X No

- Significant deficiencies identified that
that are not considered to be material
weaknesses? _____ Yes X No

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

Unqualified

Any findings disclosed that are required to be
reported in accordance with the State Single Audit
Implementation Act?

_____ Yes X No

Identification of major State programs:

Program Name:

Medicaid Cluster
Subsidized Child Care Cluster

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section II. Financial Statements Findings:

2012-01

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: In the current year, beginning net assets for the governmental activities were restated due to capital assets being understated in the prior year. Beginning net assets for the proprietary funds and business-type activities were restated due to capital assets being overstated in the prior year.

Context: While performing testing on capital assets, we noted the conditions described above.

Effect: For the statements affected, the prior year financial statements were misstated.

Cause: Inadequate supporting documentation provided to the external auditor, who drafted the report, and/or inadequate interpretation of the data provided to the external auditor, who drafted the report.

Recommendation: Review of the audited financial statements should be implemented to prevent prior period adjustments in the future.

Contact Person: Jim W. Chrisman, Assistant County Manager / Chief Financial Officer

Views of Responsible Officials and Planned Corrective Actions: Management concurs with finding and will continue to review financial statements to prevent prior period adjustments.

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

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 YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

None

BEAUFORT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Fed. (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>
Federal Awards:			
<u>U.S. Department of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Department of Health and Human Services:			
Division of Social Services:			
Administration:			
Supplemental Nutrition Assistance Program Cluster			
State Administrative Matching Grants for			
the Supplemental Nutrition Assistance Program	10.561	\$ 509,781	\$ -
Total Supplemental Nutrition Assistance Program Cluster		<u>509,781</u>	<u>-</u>
<u>Passed-through the NC Dept. of Health and Human Services:</u>			
<u>Division of Public Health:</u>			
Administration:			
Special Supplemental Nutrition Program for			
Women, Infants, and Children (WIC)	10.557	351,348	-
AGRI-SFP Food Program Meal	10.559	669	-
Direct Benefit Payments:			
Special Supplemental Nutrition Program for			
Women, Infants, and Children	10.557	1,260,042	-
Total U.S. Department of Agriculture		<u>2,121,840</u>	<u>-</u>
<u>U.S. Dept. of Justice:</u>			
<u>Bureau of Justice Assistance</u>			
ARRA- Public Safety Partnerships and Community Policing Grants	16.710	96,230	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17,525	-
Total U.S. Department of Justice		<u>113,755</u>	<u>-</u>
<u>U.S. Department of Homeland Security:</u>			
Passed-through N.C. Dept. of Crime Control and Public Safety:			
Federal Emergency Management Agency			
Public Assistance Grants - Irene	97.036	613,695	204,564
Division of Emergency Management			
Emergency Management Performance Grant	97.042	32,822	-
Pre-Disaster Mitigation	97.047	10,421	-
Total U.S. Department of Homeland Security		<u>656,938</u>	<u>204,564</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Administration on Aging:</u>			
<u>Division of Aging and Adult Services</u>			
Passed-through Mid East Commission Council of Governments:			
Aging Cluster:			
Special Programs for the Aging-Title II, Part B-Grants for			
Supportive Services and Senior Centers	93.044	107,916	124,430
Special Programs for the Aging-Title II, Part C-Nutrition Services	93.045	75,816	-
Nutrition Services Incentive Program	93.053	11,267	31,719
Total Aging Cluster		<u>194,999</u>	<u>156,149</u>

BEAUFORT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Fed. (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>
Social Service Block Grant (SSBG) - In Home Services	93.667	17,890	184,172
<u>Administration for Children and Families</u>			
Passed through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Work First Administration	93.558	171,406	-
Temporary Assistance for Needy Families	93.558	6,989	-
Work First Service	93.558	624,873	-
TANF Contingency Job Boost	93.558	29,198	7,300
TANF Domestic Violence	93.558	3,463	-
TANF Direct Benefit Payment	93.558	449,663	-
Total TANF Cluster		<u>1,285,592</u>	<u>7,300</u>
AFDC Payments and Penalties	93.560	(1,824)	(500)
IV-D Offset Fees Federal	93.563	2,591	-
IV-D Administration	93.563	487,125	-
IV-D Offset Fees ESC	93.563	168	-
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	42,508	-
Crisis Intervention	93.568	464,264	-
Energy Assistance	93.568	105,200	-
Energy Assistance-Direct Benefit Payments	93.568	198	-
Child Welfare Services - State Grants	93.645	9,264	-
Socials Services Block Grant - Other Services	93.667	-	3,923
Foster Care and Adoption Cluster: (Note 2)			
Title IV-E Foster Care - Administration	93.658	275,743	31,723
Foster Care - Direct Benefits Payments	93.658	141,653	41,312
Foster Care Title IV-E	93.658	11,456	100,000
Adoption Assistance - Direct Benefit Payments	93.659	443,346	119,024
Total Foster Care and Adoption Cluster		<u>872,198</u>	<u>292,059</u>
<u>Division of Child Development:</u>			
<u>Subsidized Child Care Cluster:</u>			
<u>Child Care Development Fund Cluster:</u>			
Division of Social Services:			
Child Care Development Fund - Administration	93.596	82,695	-
Division of Child Development:			
Child Care and Development Fund - Discretionary	93.575	642,633	-
Child Care and Development Fund-Mandatory	93.596	267,281	-
Child Care and Development Fund-Match	93.596	215,869	51,664
Total Child Care Development Fund Cluster:		<u>1,208,478</u>	<u>51,664</u>
Temporary Assistance for Needy Families for Needy Families State Programs	93.558 93.714	290,806 16,779	-
Smart Start		-	(6,050)
State Appropriations		-	326,316
TANF-MOE		-	124,876
Total Subsidized Child Care		<u>1,516,063</u>	<u>496,806</u>

BEAUFORT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor / Pass-Through</u> <u>Grantor / Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Fed. (Direct and</u> <u>Pass-Through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
<u>Centers for Medicare and Medicaid Services:</u>			
Passed through the N.C. Dept. of Health and Human Services:			
Division of Medical Assistance:			
Direct Benefit Payment:			
Medical Assistance Program	93.778	45,329,642	25,913,586
Division of Social Services:			
Administration:			
Medicaid	93.778	814,674	28,433
Division of Public Health:			
Medical Assistance Program	93.778	30,159	11,636
Total Medicaid Cluster		<u>46,174,475</u>	<u>25,953,655</u>
State Insurance Program - N.C. Health Choice	93.767	34,691	2,021
Total Centers for Medicare and Medicaid Services		<u>46,209,166</u>	<u>25,955,676</u>
<u>Division of Public Health:</u>			
<u>Health Resources and Service Administration</u>			
Passed through N.C. Dept of Health and Human Services:			
Division of Social Services			
Job Boost	93.714	2,297	-
Links	93.674	11,996	2,999
Social Service Block Grant	93.667	238,787	22,788
Adoption/Foster Care		41,129	-
Public Health Emergency Preparedness	93.069	41,513	-
Immunization Grant	93.268	17,309	-
Family Planning Services	93.217	60,210	-
Prevention Investigations and Tech. Assistance	93.283	1,620	-
ARRA Preventing Healthcare-Associated Infections	93.717	2,330	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	18,352	5,100
Maternal and Child Health Services Block Grant	93.994	46,386	289,050
<u>Dept. of Housing and Urban Development (HUD)</u>			
CDBG Grant-10-C-2115	14.228	173,996	-
CDBG Grant-10-C-2136	14.228	346,952	-
Total CDBG State Administered CDBG Cluster		<u>520,948</u>	<u>-</u>
Total Federal Awards		<u>55,100,812</u>	<u>27,620,086</u>
State Awards:			
<u>N.C. Dept. of Health and Human Services</u>			
Division of Social Services:			
Energy Assistance		-	4,747
AFDC Incent/Program		-	141
TANF Incent/Program		-	1,137
CWS Adopt Subsidy		-	130,596
Foster Care at Risk Maximum		-	2,661
SC/SA Domiciliary Care		-	545,592
SFHF Maximization		-	6,057
State Foster Home		-	29,897

BEAUFORT COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor / Pass-Through</u> <u>Grantor / Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Fed. (Direct and</u> <u>Pass-Through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
Division of Public Health:			
Food and Lodging Fees		-	6,178
Environmental Health		-	3,400
Lead Prevention Aid to County Funds		-	1,248
Communicable Disease		-	2,684
General Health		-	137,025
Risk Reduction/Health Promotion		-	7,202
ESMM Community Grants		-	500
WHSF		-	3,604
HIV/STD Non-Traditional Test Site		-	31,196
HIV/STD Prevention Risk Reduction		-	6,239
Tuberculosis		-	23,945
TB Medical Service		-	1,776
Total N.C. Department of Health and Human Services		-	945,825
<u>N.C. Dept. of Juvenile Justice</u>			
Juvenile Crime Prevention		-	182,190
Total N.C. Dept. of Juvenile Justice		-	182,190
<u>N.C. Department of Transportation:</u>			
Rural Operating Assistance Program (ROAP)			
Elderly and Disabled Transportation Assistance Program (E&DTAP)		-	67,475
ROAP Work First Transitional - Employment Transportation Assistance Program		-	28,529
ROAP Rural General Public Program		-	61,341
Total N.C. Dept. of Transportation		-	157,345
<u>N.C. Department of Public Instruction:</u>			
Public School Building Capital Fund - Lottery Proceeds		-	540,763
Total N.C. Dept. of Public Instruction		-	540,763
<u>N.C. Department Administration:</u>			
Veterans Service Grant			1,452
Elections-ADA Grant		-	29,853
Total N.C. Dept. of Administration		-	31,305
<u>N.C. Department of Commerce:</u>			
Industrial Development Fund		-	140,000
One N.C. Fund		-	200,000
Total N.C. Dept. of Commerce		-	340,000
<u>N.C. Department of Agriculture:</u>			
Soil and Water Grant		-	23,593
Total N.C. Dept. of Agriculture		-	23,593

BEAUFORT COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Fed. (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>
<u>NC Department of Crime Control and Public Safety</u>			
Governor's Crime Commission		-	381
Total NC Department of Crime Control and Public Safety		-	381
<u>N.C. Dept. of Corrections</u>			
Criminal Justice Partnership Program		-	47,793
Total N.C. Dept. of Corrections		-	47,793
Total State awards		-	2,269,194
Total Federal and State awards		\$ 55,100,812	\$ 29,889,280

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

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of 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, Non-Profit Organizations, and the State Single 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.

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

3. Subrecipients

Of the Federal and State expenditures presented in the schedule, Beaufort County provided federal and State awards to subrecipients as follows:

<u>Program Title</u>	<u>Pass-Through Grantor's Number</u>	<u>State Expenditures</u>
Public School Building Capital Fund - Lottery Proceeds	XXXX	\$ 540,763