

**BEAUFORT COUNTY  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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

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



# BEAUFORT COUNTY, NORTH CAROLINA

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## **Financial Section**

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

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

## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Beaufort County, North Carolina

### **Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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 from material misstatement. The financial statements of the Beaufort County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, 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, 2013, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Beaufort County's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statements, budgetary schedules, Schedule of Expenditures of Federal and State Awards, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2014 on our consideration of Beaufort County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beaufort County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 16, 2014

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## 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, 2013. 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**

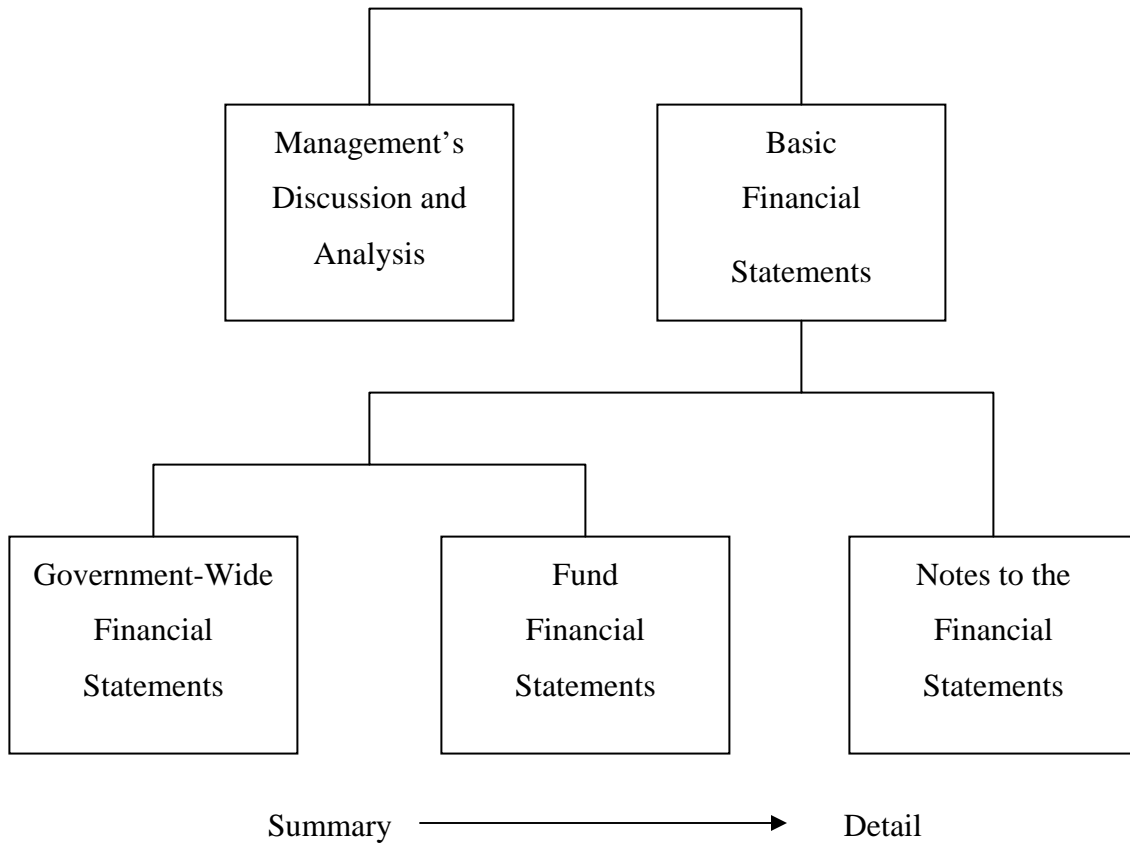
- The assets and deferred outflows of resources of Beaufort County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$45,327,169 (*net position*).
- The County's total net position for governmental activities and business-type activities were \$20,114,047 and \$25,213,122, respectively.
- The government's total net position increased by \$9,133,429, primarily due to large capital purchases in the governmental activities and an increase in the General Fund balance.
- As of the close of the current fiscal year, Beaufort County's governmental funds reported combined ending fund balances of \$22,133,480, an increase of \$2,999,838. Approximately 24.85% of this total amount, or \$5,499,646, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,962,287, or 30.80%, of total General Fund expenditures for the fiscal year.
- Beaufort County's total debt increased by \$30,829,202 during the current fiscal year. The key factor of this increase is the issuance of limited obligation bonds during the current year.

### **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 position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services, such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. 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 Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Beaufort County has 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 30 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 Position**

**Figure 2**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Assets:</b>						
Current and other assets	37,200,036	33,868,861	39,258,622	2,158,012	76,458,658	36,026,873
Capital assets, net	<u>15,980,083</u>	<u>11,686,531</u>	<u>60,755,261</u>	<u>62,542,337</u>	<u>76,735,344</u>	<u>74,228,868</u>
Total assets	<u>53,180,119</u>	<u>45,555,392</u>	<u>100,013,883</u>	<u>64,700,349</u>	<u>153,194,002</u>	<u>110,255,741</u>
Deferred outflows of resources	<u>957,069</u>	-	<u>351,891</u>	-	<u>1,308,960</u>	-
<b>Liabilities:</b>						
Long-term liabilities, outstanding	29,439,409	31,199,891	74,974,981	37,529,659	104,414,390	68,729,550
Other liabilities	<u>4,458,260</u>	<u>4,193,845</u>	<u>177,671</u>	<u>1,030,157</u>	<u>4,635,931</u>	<u>5,224,002</u>
Total liabilities	<u>33,897,669</u>	<u>35,393,736</u>	<u>75,152,652</u>	<u>38,559,816</u>	<u>109,050,321</u>	<u>73,953,552</u>
Deferred inflows of resources	<u>125,472</u>	<u>108,449</u>	-	-	<u>125,472</u>	<u>108,449</u>
<b>Net Position:</b>						
Net investment in capital assets	9,740,183	4,736,992	21,393,259	24,174,985	31,133,442	28,911,977
Restricted	5,496,149	7,545,531	-	-	5,496,149	7,545,531
Unrestricted	<u>4,877,715</u>	<u>(2,229,316)</u>	<u>3,819,863</u>	<u>1,965,548</u>	<u>8,697,578</u>	<u>(263,768)</u>
Total net position	<u>\$ 20,114,047</u>	<u>\$ 10,053,207</u>	<u>\$ 25,213,122</u>	<u>\$ 26,140,533</u>	<u>\$ 45,327,169</u>	<u>\$ 36,193,740</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Beaufort County exceeded its liabilities and deferred inflows of resources by \$45,327,169 as of June 30, 2013. The County's net position increased by \$9,133,429 for the fiscal year ended June 30, 2013. One of the largest portions \$31,133,442 (69%) reflects the County's net 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 position \$5,496,149 (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,697,578 is unrestricted.

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

- Expenditure decreases within the governmental activities and business type activities as well as a decrease reliance on State-shared revenues

## Beaufort County Changes in Net Position

### Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,531,573	\$ 3,354,548	\$ 5,583,823	\$ 6,357,355	\$ 9,115,396	\$ 9,711,903
Operating grants and contributions	11,481,057	12,465,904	-	-	11,481,057	12,465,904
Capital grants and contributions	1,280,488	3,148,005	30,599	-	1,311,087	3,148,005
General revenues:						
Property taxes	33,264,211	33,230,019	-	-	33,264,211	33,230,019
Other taxes	7,704,137	7,659,671	-	-	7,704,137	7,659,671
Other	1,360,737	185,667	1,199,591	-	2,560,328	185,667
Total revenues	<u>58,622,203</u>	<u>60,043,814</u>	<u>6,814,013</u>	<u>6,357,355</u>	<u>65,436,216</u>	<u>66,401,169</u>
<b>Expenses:</b>						
General government	7,320,573	4,867,413	-	-	7,320,573	4,867,413
Public safety	10,143,590	10,198,344	-	-	10,143,590	10,198,344
Cultural and recreation	298,296	301,867	-	-	298,296	301,867
Economic and physical development	2,323,874	7,124,228	-	-	2,323,874	7,124,228
Human services	14,961,909	15,092,013	-	-	14,961,909	15,092,013
Education	9,195,556	15,111,911	-	-	9,195,556	15,111,911
Environmental protection	2,979,532	4,670,928	-	-	2,979,532	4,670,928
Interest on long-term debt	1,338,033	2,041,552	-	-	1,338,033	2,041,552
Water and sewer	-	-	7,741,424	6,561,344	7,741,424	6,561,344
Total expenses	<u>48,561,363</u>	<u>59,408,256</u>	<u>7,741,424</u>	<u>6,561,344</u>	<u>56,302,787</u>	<u>65,969,600</u>
Increase in net position before special items and transfers	<u>10,060,840</u>	<u>635,558</u>	<u>(927,411)</u>	<u>(203,989)</u>	<u>9,133,429</u>	<u>431,569</u>
Special item - gain on hospital lease	-	23,677,187	-	-	-	23,677,187
Transfers	-	(109,312)	-	109,312	-	-
Increase (decrease) in net position	10,060,840	24,203,433	(927,411)	(94,677)	9,133,429	24,108,756
<b>Net Position:</b>						
Beginning of year-July 1	<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>
End of year, June 30	<u>\$ 20,114,047</u>	<u>\$ 10,053,207</u>	<u>\$ 25,213,122</u>	<u>\$ 26,140,533</u>	<u>\$ 45,327,169</u>	<u>\$ 36,193,740</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$10,060,840. Key elements of this increase are as follows:

- General Fund revenues exceeded expenditures
- Large capital acquisitions in the current year

**Business-Type Activities.** Business-type activities decreased Beaufort County's net position by \$927,411. Key elements of this decrease are as follows:

- Water District expenditures exceeded revenues due to increases for bond issuance costs in the current fiscal year due to debt refunding.

### **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 \$16,970,324, while total fund balance reached \$21,129,316. 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 32.68% of total General Fund expenditures and transfers out, while total fund balance represents 40.69% of that same amount.

At June 30, 2013, the governmental funds of Beaufort County reported a combined fund balance of \$22,133,480, a \$2,999,838 increase from last year. The primary reason for this increase in fund balance is due to a large increase in fund balance for the General Fund.

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

**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 position of the Water Districts equaled \$3,819,863. The total decrease in net position was \$927,411. 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, 2013 totals \$76,735,344 (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, \$144,356
- Construction in progress – Water District VI Capital Project Fund, \$30,599

### Beaufort County’s Capital Assets (net of depreciation)

**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 3,854,084	\$ 3,854,084	\$ 75,961	\$ 75,961	\$ 3,930,045	\$ 3,930,045
Buildings and system	8,884,857	4,878,229	60,436,809	62,214,362	69,321,666	67,092,591
Equipment and vehicles	1,086,142	913,574	102,580	142,702	1,188,722	1,056,276
Construction in progress	2,155,000	2,040,644	139,911	109,312	2,294,911	2,149,956
Capital assets, net	\$ 15,980,083	\$ 11,686,531	\$ 60,755,261	\$ 62,542,337	\$ 76,735,344	\$ 74,228,868

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, 2013, Beaufort County had total bonded debt outstanding of \$101,178,361, 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 23,665,000	\$ 25,150,000	\$ 36,000,000	\$ 38,076,800	\$ 59,665,000	\$ 63,226,800
Limited obligation bonds	-	-	36,000,000	-	36,000,000	-
Installment purchases	5,279,334	6,831,807	234,027	290,552	5,513,361	7,122,359
Total	\$ 28,944,334	\$ 31,981,807	\$ 72,234,027	\$ 38,367,352	\$ 101,178,361	\$ 70,349,159

Beaufort County's total debt increased by \$30,829,202, primarily due to the issuance of limited obligation bonds in the fiscal year.

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 \$434,128,000. The County has no general obligation bonds authorized or issued at June 30, 2013.

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 2013 continued to see an increase in sales tax revenue as well as other intergovernmental revenue that when added to the expenditure fall out increased fund balance. This trend has continued from an upswing in FY 2012 and, although the County staff remains cautious, it is apparent that the increase continues and represents a trend. Even with this increased sales tax revenue, the unemployment rate is still high, and very little increase in real property growth causes staff to continue to be conservative in budget recommendations as well as revenue estimates.

### **Budget Highlights for the Fiscal Year Ending June 30, 2014**

**Governmental Activities:** Property tax growth predictions are still extremely conservative due to little growth expected in real property, but revenue growth in sales tax is predicted to continue to climb as well as other state and federal revenues. As a result a FY 2014 Adopted Budget compared to FY 2013, actual spending shows an increase of just over \$2 million. At first glance, this increase seems quite large, but one should note that \$1.5 million of this increase is attributed to debt the County is paying and being reimbursed for from the Water Districts. With this increased debt driving the majority of the increase to the FY 2014 Adopted Budget, the remaining \$560,000 is driven by improvements the County has needed to complete in both buildings and IT infrastructure. The County continues to budget conservatively for services provided. 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 2014 budget, and staff will continue to 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:** Even with the refinancing of the Water District's debt in FY 2013, the Board of Commissioners will continue to evaluate rates as the debt service will increase and level out by FY 2018. These rates will likely remain constant in the next few years, but capital expenditures and future debt service may cause an increase in certain Districts. 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 Finance Officer  
121 West Third Street  
Washington, North Carolina 27889

## **Basic Financial Statements**

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## BEAUFORT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Beaufort County ABC Board</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 19,285,675	\$ 3,208,803	\$ 22,494,478	\$ 622,160
Receivables:				
Taxes receivable, net	2,874,030	-	2,874,030	-
Accounts receivable, net	3,670,299	618,526	4,288,825	-
Hospital lease receivable	10,000,000	-	10,000,000	-
Inventories	-	-	-	435,187
Internal balances	606,535	(606,535)	-	-
Other assets	-	-	-	133
Cash and cash equivalents - restricted	763,497	37,828	801,325	-
Current portion of investments	-	5,000	5,000	-
Capital assets:				
Non-depreciable capital assets	6,009,084	215,872	6,224,956	-
Other capital assets, net of depreciation	9,970,999	60,539,389	70,510,388	802,058
Investment in water distribution bonds	-	35,995,000	35,995,000	-
Total assets	<u>53,180,119</u>	<u>100,013,883</u>	<u>153,194,002</u>	<u>1,859,538</u>
<b>Deferred Outflows of Resources:</b>				
Unamortized bond refunding charges	<u>957,069</u>	<u>351,891</u>	<u>1,308,960</u>	-
Total deferred outflows of resources	<u>957,069</u>	<u>351,891</u>	<u>1,308,960</u>	-
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	2,067,054	36,030	2,103,084	341,709
Liabilities payable from restricted assets:				
Customer deposits	-	37,828	37,828	-
Long-term liabilities:				
Due within one year	2,391,206	103,813	2,495,019	-
Due in more than one year	<u>29,439,409</u>	<u>74,974,981</u>	<u>104,414,390</u>	-
Total liabilities	<u>33,897,669</u>	<u>75,152,652</u>	<u>109,050,321</u>	<u>341,709</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	<u>125,472</u>	-	<u>125,472</u>	-
Total deferred inflows of resources	<u>125,472</u>	-	<u>125,472</u>	-
<b>Net Position:</b>				
Net investment in capital assets	9,740,183	21,393,259	31,133,442	802,058
Restricted for:				
Stabilization by State statute	4,511,507	-	4,511,507	-
Public safety	707,294	-	707,294	-
Register of Deeds	72,319	-	72,319	-
Education	175,718	-	175,718	-
Economic and physical development	29,311	-	29,311	-
Unrestricted	<u>4,877,715</u>	<u>3,819,863</u>	<u>8,697,578</u>	<u>715,771</u>
Total net position	<u>\$ 20,114,047</u>	<u>\$ 25,213,122</u>	<u>\$ 45,327,169</u>	<u>\$ 1,517,829</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, 2013**

<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>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 7,320,573	\$ 1,064,015	\$ 300,992	\$ -
Public safety	10,143,590	370,525	999,707	-
Cultural and recreation	298,296	-	-	-
Economic and physical development	2,323,874	-	742,258	270,000
Human services	14,961,909	115,556	9,035,688	-
Education	9,195,556	-	402,412	1,010,488
Environmental protection	2,979,532	1,981,477	-	-
Interest on long-term debt	1,338,033	-	-	-
Total governmental activities	<u>48,561,363</u>	<u>3,531,573</u>	<u>11,481,057</u>	<u>1,280,488</u>
<b>Business-Type Activities:</b>				
Water Districts	6,541,833	5,583,823	-	30,599
Water Fund	1,199,591	-	-	-
Total business-type activities	<u>7,741,424</u>	<u>5,583,823</u>	<u>-</u>	<u>30,599</u>
Total primary government	<u>\$ 56,302,787</u>	<u>\$ 9,115,396</u>	<u>\$ 11,481,057</u>	<u>\$ 1,311,087</u>
<b>Component Unit:</b>				
ABC Board	\$ 3,471,008	\$ 3,573,100	\$ -	\$ -
Total component unit	<u>\$ 3,471,008</u>	<u>\$ 3,573,100</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

Change in net position

**Net Position:**

Beginning of year

End of year - June 30

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

**Exhibit B**

<b>Net (Expense) Revenue and Changes in Net Position</b>				
<b>Primary Government</b>			<b>Component Unit</b>	
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Beaufort County ABC Board</b>	<b>Reporting Unit</b>
\$ (5,955,566)	\$ -	\$ (5,955,566)	\$ -	\$ (5,955,566)
(8,773,358)	-	(8,773,358)	-	(8,773,358)
(298,296)	-	(298,296)	-	(298,296)
(1,311,616)	-	(1,311,616)	-	(1,311,616)
(5,810,665)	-	(5,810,665)	-	(5,810,665)
(7,782,656)	-	(7,782,656)	-	(7,782,656)
(998,055)	-	(998,055)	-	(998,055)
(1,338,033)	-	(1,338,033)	-	(1,338,033)
<u>(32,268,245)</u>	<u>-</u>	<u>(32,268,245)</u>	<u>-</u>	<u>(32,268,245)</u>
-	(927,411)	(927,411)	-	(927,411)
-	(1,199,591)	(1,199,591)	-	(1,199,591)
-	<u>(2,127,002)</u>	<u>(2,127,002)</u>	-	<u>(2,127,002)</u>
<u>(32,268,245)</u>	<u>(2,127,002)</u>	<u>(34,395,247)</u>	<u>-</u>	<u>(34,395,247)</u>
-	-	-	102,092	102,092
-	-	-	102,092	102,092
33,264,211	-	33,264,211	-	33,264,211
7,481,528	-	7,481,528	-	7,481,528
222,609	-	222,609	-	222,609
15,068	1,199,591	1,214,659	1,612	1,216,271
1,345,669	-	1,345,669	-	1,345,669
<u>42,329,085</u>	<u>1,199,591</u>	<u>43,528,676</u>	<u>1,612</u>	<u>43,530,288</u>
10,060,840	(927,411)	9,133,429	103,704	9,237,133
<u>10,053,207</u>	<u>26,140,533</u>	<u>36,193,740</u>	<u>1,414,125</u>	<u>37,607,865</u>
<u>\$ 20,114,047</u>	<u>\$ 25,213,122</u>	<u>\$ 45,327,169</u>	<u>\$ 1,517,829</u>	<u>\$ 46,844,998</u>

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

## BEAUFORT COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Major		Nonmajor	Total Governmental Funds
	General Fund	Administrative Building Fund	Other Governmental Funds	
<b>Assets:</b>				
Cash and cash equivalents	\$ 18,401,880	\$ -	\$ 883,795	\$ 19,285,675
Taxes receivable, net	2,596,137	-	277,893	2,874,030
Accounts receivable, net	3,317,784	-	352,515	3,670,299
Hospital lease receivable	10,000,000	-	-	10,000,000
Due from other funds	841,208	-	-	841,208
Restricted assets:				
Restricted cash	760,000	3,497	-	763,497
Total assets	\$ 35,917,009	\$ 3,497	\$ 1,514,203	\$ 37,434,709
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,066,084	\$ -	\$ 970	\$ 2,067,054
Due to other funds	-	-	234,673	234,673
Total liabilities	2,066,084	-	235,643	2,301,727
<b>Deferred Inflows of Resources:</b>				
Taxes receivable	2,596,137	-	277,893	2,874,030
Prepaid taxes	125,472	-	-	125,472
Hospital lease receivable	10,000,000	-	-	10,000,000
Total deferred inflows of resources:	12,721,609	-	277,893	12,999,502
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State statute	4,158,992	-	352,515	4,511,507
Restricted, all other	248,037	3,497	736,605	988,139
Committed	760,000	-	146,220	906,220
Unassigned	15,962,287	-	(234,673)	15,727,614
Total fund balances	21,129,316	3,497	1,000,667	22,133,480
Total liabilities, deferred inflows of resources, and fund balances	\$ 35,917,009	\$ 3,497	\$ 1,514,203	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,980,083
Deferred charges on refunding reported in governmental activities are not reported in the funds	957,069
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(31,830,615)
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred inflows of resources in the funds.	12,874,030
Net position of governmental activities	\$ 20,114,047

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, 2013

	Major			Nonmajor	Total
	General Fund	BCCC Project Fund	Administrative Building Fund	Other Governmental Funds	
<b>Revenues:</b>					
Ad valorem taxes	\$ 30,850,308	\$ -	\$ -	\$ 2,407,710	\$ 33,258,018
Local option sales taxes	7,481,528	-	-	-	7,481,528
Other taxes and licenses	222,609	-	-	-	222,609
Unrestricted intergovernmental	220,500	-	-	-	220,500
Restricted intergovernmental	10,396,587	1,010,488	-	1,131,392	12,538,467
Permits and fees	358,929	-	-	-	358,929
Sales and services	3,175,222	-	-	-	3,175,222
Investment earnings	14,947	-	121	-	15,068
Miscellaneous	1,219,210	-	-	126,459	1,345,669
Total revenues	<u>53,939,840</u>	<u>1,010,488</u>	<u>121</u>	<u>3,665,561</u>	<u>58,616,010</u>
<b>Expenditures:</b>					
Current:					
General government	5,044,846	-	-	-	5,044,846
Public safety	7,500,580	-	-	2,700,663	10,201,243
Economic and physical development	669,032	595,791	114,356	1,074,900	2,454,079
Human services	14,937,096	-	-	-	14,937,096
Cultural and recreational	298,296	-	-	-	298,296
Environmental protection	2,994,097	-	-	-	2,994,097
Education	15,471,659	-	-	151	15,471,810
Debt service:					
Principal	2,611,758	570,715	-	-	3,182,473
Interest	2,295,102	-	-	-	2,295,102
Total expenditures	<u>51,822,466</u>	<u>1,166,506</u>	<u>114,356</u>	<u>3,775,714</u>	<u>56,879,042</u>
Revenues over (under) expenditures	<u>2,117,374</u>	<u>(156,018)</u>	<u>(114,235)</u>	<u>(110,153)</u>	<u>1,736,968</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	557	-	-	110,427	110,984
Transfers to other funds	(110,427)	-	-	(557)	(110,984)
Refunding bonds issued	10,545,000	-	-	-	10,545,000
Premium	1,117,870	-	-	-	1,117,870
Payment to refunded bond escrow agent	(10,400,000)	-	-	-	(10,400,000)
Total other financing sources (uses)	<u>1,153,000</u>	<u>-</u>	<u>-</u>	<u>109,870</u>	<u>1,262,870</u>
Net change in fund balances	3,270,374	(156,018)	(114,235)	(283)	2,999,838
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>17,858,942</u>	<u>156,018</u>	<u>117,732</u>	<u>1,000,950</u>	<u>19,133,642</u>
End of year - June 30	<u>\$ 21,129,316</u>	<u>\$ -</u>	<u>\$ 3,497</u>	<u>\$ 1,000,667</u>	<u>\$ 22,133,480</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, 2013**

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)	\$ 2,999,838
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	6,193
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.	(115,415)
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.	6,935,037
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(507,016)
Loss on the disposal of capital assets during the year, not recognized on the modified accrual basis	(2,134,469)
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.	13,582,473
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, they are not a revenue, rather they are an increase in liabilities.	(10,545,000)
Governmental funds report the effect of bond premiums when the debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.	(1,117,870)
Deferred charges on refunding reported in governmental activities are not reported in the funds	<u>957,069</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 10,060,840</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 30,266,538	\$ 30,577,381	\$ 30,850,308	\$ 272,927
Local option sales tax	6,970,857	7,312,871	7,481,528	168,657
Other taxes and licenses	202,547	202,547	222,609	20,062
Unrestricted intergovernmental revenues	111,114	179,614	220,500	40,886
Restricted intergovernmental revenues	10,707,822	11,136,284	10,396,587	(739,697)
Permits and fees	281,491	295,992	358,929	62,937
Sales and services	2,790,594	2,928,438	3,175,222	246,784
Investment earnings	-	7,500	14,947	7,447
Miscellaneous	100,000	1,482,924	1,219,210	(263,714)
Total revenues	<u>51,430,963</u>	<u>54,123,551</u>	<u>53,939,840</u>	<u>(183,711)</u>
<b>Expenditures:</b>				
Current:				
General government	4,827,053	5,941,438	5,044,846	896,592
Public safety	7,939,369	8,347,424	7,500,580	846,844
Economic and physical development	654,126	763,322	669,032	94,290
Human services	15,781,372	16,524,508	14,937,096	1,587,412
Environmental protection	3,318,782	3,318,782	2,994,097	324,685
Cultural and recreational	301,796	301,796	298,296	3,500
Education	15,471,659	15,471,659	15,471,659	-
Debt service:				
Principal	1,970,724	2,623,291	2,616,758	6,533
Interest and other charges	1,201,850	3,715,355	3,494,693	220,662
Total expenditures	<u>51,466,731</u>	<u>57,007,575</u>	<u>53,027,057</u>	<u>3,980,518</u>
Revenues over (under) expenditures	<u>(35,768)</u>	<u>(2,884,024)</u>	<u>912,783</u>	<u>3,796,807</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	40,000	82,072	557	(81,515)
Transfers out	(65,400)	(188,843)	(110,427)	78,416
Limited obligation bonds issued	-	36,005,000	36,005,000	-
Purchase of district refunding bonds	-	(36,005,000)	(36,005,000)	-
Investment revenue - payment from Districts	-	1,204,591	1,204,591	-
Refunding bonds issued	-	10,545,000	10,545,000	-
Premium	-	1,117,870	1,117,870	-
Payment to refunded bond escrow agent	-	(10,400,000)	(10,400,000)	-
Fund balance appropriated	91,168	523,334	-	(523,334)
Contingency	(30,000)	-	-	-
Total other financing sources (uses)	<u>35,768</u>	<u>2,884,024</u>	<u>2,357,591</u>	<u>(526,433)</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Net change in fund balance	\$ -	\$ -	3,270,374	\$ 3,270,374
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>17,858,942</u>	
End of year - June 30			<u>\$ 21,129,316</u>	
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - fund balance, end of year			\$ 21,129,316	
Limited obligation bonds issued			(36,005,000)	
Purchase of district refunding bonds			36,005,000	
Interest expense			1,199,591	
Principal payment			5,000	
Investment revenue - payment from Districts			<u>(1,204,591)</u>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds (Exhibit D) - General Fund balance			<u>\$ 21,129,316</u>	

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

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**BEAUFORT COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013**

	<b>Water District I</b>	<b>Water District II</b>	<b>Water District III</b>	<b>Water District IV</b>
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 228,569	\$ 635,056	\$ 402,144	\$ 269,970
Accounts receivable, net	112,069	91,401	95,513	90,101
Restricted cash and investments	5,400	6,300	6,478	5,925
Current portion of investments	-	-	-	-
Total current assets	<u>346,038</u>	<u>732,757</u>	<u>504,135</u>	<u>365,996</u>
Non-current assets:				
Non-depreciable capital assets	28,450	-	2,000	-
Capital assets, net of depreciation	8,007,539	2,772,461	4,132,789	11,421,439
Investment in water distribution bonds	-	-	-	-
Total non-current assets	<u>8,035,989</u>	<u>2,772,461</u>	<u>4,134,789</u>	<u>11,421,439</u>
Total assets	<u>8,382,027</u>	<u>3,505,218</u>	<u>4,638,924</u>	<u>11,787,435</u>
<b>Deferred Outflows of Resources:</b>				
Unamortized bond refunding charges	<u>38,286</u>	<u>57,358</u>	<u>57,816</u>	<u>59,540</u>
Total deferred outflows of resources	<u>38,286</u>	<u>57,358</u>	<u>57,816</u>	<u>59,540</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	3,913	5,872	5,892	6,165
Due to other funds	11,640	18,429	182,381	18,176
Liabilities payable from restricted assets:				
Customer deposits	5,400	6,300	6,478	5,925
Current portion of compensated absences	4,057	6,078	6,126	6,309
Current portion of long-term debt	-	-	29,300	-
Total current liabilities	<u>25,010</u>	<u>36,679</u>	<u>230,177</u>	<u>36,575</u>
Non-current liabilities:				
Compensated absences	1,352	2,026	2,042	2,103
OPEB liability	1,989	3,045	3,048	3,193
Non-current portion of long-term debt	<u>4,952,038</u>	<u>3,707,502</u>	<u>4,489,710</u>	<u>7,164,713</u>
Total non-current liabilities	<u>4,955,379</u>	<u>3,712,573</u>	<u>4,494,800</u>	<u>7,170,009</u>
Total liabilities	<u>4,980,389</u>	<u>3,749,252</u>	<u>4,724,977</u>	<u>7,206,584</u>
<b>Net Position:</b>				
Net investment in capital assets	3,045,665	(992,399)	(442,037)	4,197,186
Unrestricted	<u>394,259</u>	<u>805,723</u>	<u>413,800</u>	<u>443,205</u>
Total net position	<u>\$ 3,439,924</u>	<u>\$ (186,676)</u>	<u>\$ (28,237)</u>	<u>\$ 4,640,391</u>

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

**Exhibit G**

<b>Water District V</b>	<b>Water District VI</b>	<b>Water District VII</b>	<b>Water Fund</b>	<b>Total</b>
\$ -	\$ 1,500,515	\$ 172,549	\$ -	\$ 3,208,803
48,715	115,145	65,582	-	618,526
1,950	9,000	2,775	-	37,828
-	-	-	5,000	5,000
50,665	1,624,660	240,906	5,000	3,870,157
-	185,422	-	-	215,872
7,764,001	17,901,937	8,539,223	-	60,539,389
-	-	-	35,995,000	35,995,000
7,764,001	18,087,359	8,539,223	35,995,000	96,750,261
7,814,666	19,712,019	8,780,129	36,000,000	100,620,418
25,723	70,660	42,508	-	351,891
25,723	70,660	42,508	-	351,891
2,640	7,245	4,303	-	36,030
170,114	21,485	184,310	-	606,535
1,950	9,000	2,775	-	37,828
2,726	7,487	4,505	-	37,288
32,225	-	-	5,000	66,525
209,655	45,217	195,893	5,000	784,206
908	2,496	1,501	-	12,428
1,342	4,042	2,308	-	18,967
3,466,834	10,112,438	5,055,351	35,995,000	74,943,586
3,469,084	10,118,976	5,059,160	35,995,000	74,974,981
3,678,739	10,164,193	5,255,053	36,000,000	75,759,187
4,239,219	7,904,261	3,441,364	-	21,393,259
(77,569)	1,714,225	126,220	-	3,819,863
\$ 4,161,650	\$ 9,618,486	\$ 3,567,584	\$ -	\$ 25,213,122

*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 POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Water District I</b>	<b>Water District II</b>	<b>Water District III</b>	<b>Water District IV</b>
<b>Operating Revenues:</b>				
Charges for services	\$ 615,675	\$ 754,597	\$ 857,961	\$ 927,116
Water taps	13,495	13,447	19,145	19,412
Other operating revenue	22,666	27,409	28,930	22,461
Total operating revenues	<u>651,836</u>	<u>795,453</u>	<u>906,036</u>	<u>968,989</u>
<b>Operating Expenses:</b>				
Salaries and benefits	121,790	184,492	181,847	190,060
Water purchase	98,954	154,959	151,695	158,288
Water operations and maintenance	121,001	181,018	199,346	231,137
Depreciation	197,763	296,281	298,644	307,551
Total operating expenses	<u>539,508</u>	<u>816,750</u>	<u>831,532</u>	<u>887,036</u>
Operating income (loss)	<u>112,328</u>	<u>(21,297)</u>	<u>74,504</u>	<u>81,953</u>
<b>Non-Operating Revenues (Expenses):</b>				
Investment revenue	-	-	-	-
Interest and bond issuance cost	(221,305)	(210,583)	(197,479)	(249,045)
Total non-operating revenues (expenses)	<u>(221,305)</u>	<u>(210,583)</u>	<u>(197,479)</u>	<u>(249,045)</u>
Income before transfers and contributions	(108,977)	(231,880)	(122,975)	(167,092)
Capital contributions	<u>28,450</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(80,527)	(231,880)	(122,975)	(167,092)
<b>Net Position:</b>				
Beginning of year - July 1	<u>3,520,451</u>	<u>45,204</u>	<u>94,738</u>	<u>4,807,483</u>
End of year - June 30	<u>\$ 3,439,924</u>	<u>\$ (186,676)</u>	<u>\$ (28,237)</u>	<u>\$ 4,640,391</u>

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

Exhibit H

<b>Water District V</b>	<b>Water District VI</b>	<b>Water District VII</b>	<b>Water Fund</b>	<b>Total</b>
\$ 425,643	\$ 1,117,641	\$ 617,225	\$ -	\$ 5,315,858
3,158	19,744	5,888	-	94,289
13,827	36,311	22,072	-	173,676
<u>442,628</u>	<u>1,173,696</u>	<u>645,185</u>	<u>-</u>	<u>5,583,823</u>
83,302	224,634	133,920	-	1,120,045
69,255	19,582	-	-	652,733
121,000	342,032	193,061	-	1,388,595
132,872	364,989	219,575	-	1,817,675
<u>406,429</u>	<u>951,237</u>	<u>546,556</u>	<u>-</u>	<u>4,979,048</u>
36,199	222,459	98,629	-	604,775
-	-	-	1,199,591	1,199,591
<u>(94,656)</u>	<u>(428,837)</u>	<u>(160,880)</u>	<u>(1,199,591)</u>	<u>(2,762,376)</u>
<u>(94,656)</u>	<u>(428,837)</u>	<u>(160,880)</u>	<u>-</u>	<u>(1,562,785)</u>
(58,457)	(206,378)	(62,251)	-	(958,010)
-	2,149	-	-	30,599
(58,457)	(204,229)	(62,251)	-	(927,411)
<u>4,220,107</u>	<u>9,822,715</u>	<u>3,629,835</u>	<u>-</u>	<u>26,140,533</u>
<u>\$ 4,161,650</u>	<u>\$ 9,618,486</u>	<u>\$ 3,567,584</u>	<u>\$ -</u>	<u>\$ 25,213,122</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, 2013**

	<b>Water District I</b>	<b>Water District II</b>	<b>Water District III</b>	<b>Water District IV</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 686,533	\$ 873,647	\$ 985,359	\$ 1,064,510
Cash paid for goods and services	(228,078)	(348,731)	(363,445)	(402,852)
Cash paid to employees for services	(120,934)	(183,284)	(180,486)	(188,793)
Net cash provided (used) by operating activities	<u>337,521</u>	<u>341,632</u>	<u>441,428</u>	<u>472,865</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Repayments to/from other funds	(366)	331	(510)	(572)
Net cash provided (used) by non-capital financing activities	<u>(366)</u>	<u>331</u>	<u>(510)</u>	<u>(572)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(28,450)	-	-	-
Principal paid on long-term debt	-	-	(29,300)	-
Bond issuance cost paid on long-term debt	(221,305)	(210,583)	(197,479)	(249,045)
General obligation refunding bonds issued	4,650,000	3,255,000	3,995,000	6,695,000
Premium on bonds issued	302,038	452,502	456,111	469,713
Payments to bond holders	(4,847,300)	(3,552,000)	(4,337,500)	(7,079,500)
Deferred charge on refunding	(38,286)	(57,358)	(57,816)	(59,540)
Contributed capital	28,450	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(154,853)</u>	<u>(112,439)</u>	<u>(170,984)</u>	<u>(223,372)</u>
<b>Cash Flows from Investing Activities:</b>				
Principal received on investment in water distribution bonds	-	-	-	-
Interest received on investment in water distribution bonds	-	-	-	-
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	182,302	229,524	269,934	248,921
Cash and cash equivalents - July 1	<u>51,667</u>	<u>411,832</u>	<u>138,688</u>	<u>26,974</u>
Cash and cash equivalents - June 30	<u>\$ 233,969</u>	<u>\$ 641,356</u>	<u>\$ 408,622</u>	<u>\$ 275,895</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 112,328	\$ (21,297)	\$ 74,504	\$ 81,953
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	197,763	296,281	298,644	307,551
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	33,872	78,194	73,670	92,471
Increase (decrease) in accounts payable and accrued liabilities	(8,123)	(12,754)	(12,404)	(13,427)
Increase (decrease) in customer deposits	825	-	5,653	3,050
Increase (decrease) in accrued OPEB liability	318	477	480	494
Increase (decrease) in compensated absences payable	538	731	881	773
Net cash provided (used) by operating activities	<u>\$ 337,521</u>	<u>\$ 341,632</u>	<u>\$ 441,428</u>	<u>\$ 472,865</u>
<b>Non-Cash Transactions:</b>				
Investment in water distribution bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>Water Fund</u>	<u>Total</u>
\$ 482,132	\$ 1,158,978	\$ 646,116	\$ -	\$ 5,897,275
(195,979)	(363,068)	(192,943)	-	(2,095,096)
<u>(82,790)</u>	<u>(223,152)</u>	<u>(133,114)</u>	<u>-</u>	<u>(1,112,553)</u>
<u>203,363</u>	<u>572,758</u>	<u>320,059</u>	<u>-</u>	<u>2,689,626</u>
<u>(59,790)</u>	<u>(674)</u>	<u>(375)</u>	<u>-</u>	<u>(61,956)</u>
<u>(59,790)</u>	<u>(674)</u>	<u>(375)</u>	<u>-</u>	<u>(61,956)</u>
-	(2,149)	-	-	(30,599)
(32,225)	-	-	(5,000)	(66,525)
(94,656)	(428,837)	(160,880)	(1,199,591)	(2,762,376)
3,135,000	9,555,000	4,720,000	-	36,005,000
202,931	557,438	335,351	-	2,776,084
(3,328,500)	(9,922,000)	(5,010,000)	-	(38,076,800)
(25,723)	(70,660)	(42,508)	-	(351,891)
<u>-</u>	<u>2,149</u>	<u>-</u>	<u>-</u>	<u>30,599</u>
<u>(143,173)</u>	<u>(309,059)</u>	<u>(158,037)</u>	<u>(1,204,591)</u>	<u>(2,476,508)</u>
-	-	-	5,000	5,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,199,591</u>	<u>1,199,591</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,204,591</u>	<u>1,204,591</u>
400	263,025	161,647	-	1,355,753
<u>1,550</u>	<u>1,246,490</u>	<u>13,677</u>	<u>-</u>	<u>1,890,878</u>
<u>\$ 1,950</u>	<u>\$ 1,509,515</u>	<u>\$ 175,324</u>	<u>\$ -</u>	<u>\$ 3,246,631</u>
\$ 36,199	\$ 222,459	\$ 98,629	\$ -	\$ 604,775
132,872	364,989	219,575	-	1,817,675
39,104	57	(269)	-	317,099
(5,724)	(1,454)	118	-	(53,768)
400	(14,775)	1,200	-	(3,647)
214	587	353	-	2,923
298	895	453	-	4,569
<u>\$ 203,363</u>	<u>\$ 572,758</u>	<u>\$ 320,059</u>	<u>\$ -</u>	<u>\$ 2,689,626</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,005,000</u>	<u>\$ 36,005,000</u>

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

# BEAUFORT COUNTY, NORTH CAROLINA

## STATEMENT OF FIDUCIARY NET POSITION

### FIDUCIARY FUNDS

JUNE 30, 2013

	<u>Social Services</u>	<u>Sheriff Accounts</u>	<u>Motor Vehicle Tax</u>	<u>BC Home Foundation</u>
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 69,160	\$ 12,077	\$ -	\$ 62,591
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 69,160</u>	<u>\$ 12,077</u>	<u>\$ -</u>	<u>\$ 62,591</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 69,160</u>	<u>\$ 12,077</u>	<u>\$ -</u>	<u>\$ 62,591</u>

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

**Exhibit J**

<u>Taxes Held for Municipalities</u>	<u>4-H</u>	<u>Cooperative Extension</u>	<u>Total</u>
\$ -	\$ 15,877	\$ 33,509	\$ 193,214
<u>877,926</u>	<u>-</u>	<u>-</u>	<u>877,926</u>
<u>\$ 877,926</u>	<u>\$ 15,877</u>	<u>\$ 33,509</u>	<u>\$ 1,071,140</u>
<u>\$ 877,926</u>	<u>\$ 15,877</u>	<u>\$ 33,509</u>	<u>\$ 1,071,140</u>

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

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## **Notes to the Financial Statements**

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# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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 Position 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.

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. 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:

*Water Fund.* This fund is used to account for the activities of the investment in Water Districts Funds' General Obligation Bonds and liabilities for proceeds received for the issuance of Limited Obligation Bonds.

*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 Capital Project Fund is consolidated with Water District VI (the operating fund) for financial reporting purposes. The Water District I – Northside to Southside Connectivity Capital Project Fund is consolidated with Water District I (the operating fund) for financial reporting purposes.

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 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 ten 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, 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 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.

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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.

*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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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 position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, special revenue funds (excluding grant and capital projects funds), and enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Capital Projects Funds except capital reserve. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund. Expenditures may not legally exceed appropriations at the fund level for all other annually budgeted funds and at the project level for multi-year funds. Amendments are required for revisions that alter total expenditures of any fund or that change functional appropriations 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, Deferred Inflows and Outflows, 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, 2013

### **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, 2012. 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, 2013

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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for Deferred Outflow of Resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion - a charge on refunding. In addition to liabilities, the Statement of Net Position can also report a separate section for Deferred Inflows of Resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet the criterion for this category - prepaid taxes, taxes receivable, and hospital lease receivable.

#### 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 Position.

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

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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, 2013 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.

### Net Position/Fund Balances

#### Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position 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.

## BEAUFORT COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

*Restricted for Education* – Included in this amount at June 30, 2013, is \$175,718 restricted for future USDA debt service payments.

Restricted fund balance at June 30, 2013 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Administrative Building Fund</u>	<u>Other Governmental Funds</u>
<b>Restricted, all other:</b>			
Register of Deeds	\$ 72,319	\$ -	\$ -
Public safety	-	-	707,294
Education	175,718	-	-
Economic and physical development	-	3,497	29,311
Total	<u>\$ 248,037</u>	<u>\$ 3,497</u>	<u>\$ 736,605</u>

**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.

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Tax revaluation	\$ 760,000	\$ -
Economic and physical development	-	146,220
Total	<u>\$ 760,000</u>	<u>\$ 146,220</u>

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**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 35% of budgeted expenditures. Any portion of the General Fund balance in excess of 35% of budgeted expenditures may be utilized with Board's approval to fund approved capital projects or pay down outstanding County debt.

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.

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	\$ 21,129,316
<b>Less:</b>	
Stabilization by State statute	<u>4,158,992</u>
Total available fund balance	<u>\$ 16,970,324</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.

### Stewardship, Compliance, and Accountability

#### Deficit in Fund Balance or Net Position of Individual Funds

The County's Water District II and Water District III had a deficit net position of \$186,676 and \$28,237. The deficit net position will be eliminated with future revenues.

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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.

At June 30, 2013, the County's deposits had a carrying amount of \$14,321,181 and a bank balance of \$15,372,721. Of the bank balance, \$512,077 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2013, The County had \$1,624 cash on hand.

At June 30, 2013, the carrying amount of deposits for Beaufort County ABC Board was \$662,160 and the bank balance was \$604,138. Of the bank balance, \$250,000 was covered by federal depository insurance and \$354,138 was collateralized under the Pooling Method.

#### Investments

As of June 30, 2013, the County's investments consisted of \$9,166,212 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.

The Water Fund owns General Obligation Bonds in the amount of \$36,000,000 which were issued in the current year from the Water Districts. These bonds are considered to be investments and should be included in the County's investments. \$5,000 matures in six to twelve months, and \$30,995,000 mature in over one year.

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

*Credit Risk.* The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The County's Water Fund investments in Water Districts General Obligation Refunding Bonds, Series 12 are rated Aa3 by Moody's Investors Service.

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County had no policy on custodial 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>
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
2012	1,525,690	87,703	1,613,393
Total	<u>\$ 5,641,810</u>	<u>\$ 459,004</u>	<u>\$ 6,100,814</u>

**BEAUFORT COUNTY, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Receivables**

Receivables at the government-wide level at June 30, 2013 were as follows:

	<b>Government-Wide Financial Statements</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Receivables:</b>			
Accounts	\$ 1,398,964	\$ 1,003,991	\$ 2,402,955
Due from other governments	3,003,335	19,521	3,022,856
Gross receivables	4,402,299	1,023,512	5,425,811
Less: allowance for uncollectibles	(732,000)	(404,986)	(1,136,986)
Net total receivables	<u>\$ 3,670,299</u>	<u>\$ 618,526</u>	<u>\$ 4,288,825</u>

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

	<b>Government-Wide Financial Statements</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Local option sales tax	\$ 2,772,010	\$ -
Other governments	231,325	19,521
Total	<u>\$ 3,003,335</u>	<u>\$ 19,521</u>

## BEAUFORT COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

#### Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 3,854,084	\$ -	\$ -	\$ 3,854,084
Construction in progress	<u>2,040,644</u>	<u>114,356</u>	<u>-</u>	<u>2,155,000</u>
Total non-depreciable capital assets	<u>5,894,728</u>	<u>114,356</u>	<u>-</u>	<u>6,009,084</u>
 <b>Depreciable Capital Assets:</b>				
Buildings	13,535,548	6,302,514	2,341,749	17,496,313
Equipment and vehicles	<u>4,576,733</u>	<u>518,167</u>	<u>131,772</u>	<u>4,963,128</u>
Total depreciable capital assets	<u>18,112,281</u>	<u>6,820,681</u>	<u>2,473,521</u>	<u>22,459,441</u>
 <b>Less Accumulated Depreciation:</b>				
Buildings	8,657,319	173,676	219,539	8,611,456
Equipment and vehicles	<u>3,663,159</u>	<u>333,340</u>	<u>119,513</u>	<u>3,876,986</u>
Total accumulated depreciation	<u>12,320,478</u>	<u>\$ 507,016</u>	<u>\$ 339,052</u>	<u>12,488,442</u>
 Total depreciable capital assets, net	 <u>5,791,803</u>			 <u>9,970,999</u>
 Capital assets, net	 <u>\$ 11,686,531</u>			 <u>\$ 15,980,083</u>

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

General government	\$ 172,074
Public safety	250,036
Economic and physical development	7,976
Human services	50,670
Education	<u>26,260</u>
Total depreciation expense	<u>\$ 507,016</u>

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
<b>Business-Type Activities:</b>				
<b>Beaufort County Water Districts I-VII:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 75,961	\$ -	\$ -	\$ 75,961
Construction in progress	<u>109,312</u>	<u>30,599</u>	<u>-</u>	<u>139,911</u>
Total non-depreciable capital assets	<u>185,273</u>	<u>30,599</u>	<u>-</u>	<u>215,872</u>
<b>Depreciable Capital Assets:</b>				
Plant and distribution systems	71,102,128	-	-	71,102,128
Furniture and equipment	179,105	-	-	179,105
Vehicles and motor equipment	<u>401,500</u>	<u>-</u>	<u>-</u>	<u>401,500</u>
Total depreciable capital assets	<u>71,682,733</u>	<u>-</u>	<u>-</u>	<u>71,682,733</u>
<b>Less Accumulated Depreciation:</b>				
Plant and distribution systems	8,887,766	1,777,553	-	10,665,319
Furniture and equipment	167,679	4,037	-	171,716
Vehicles and motor equipment	<u>270,224</u>	<u>36,085</u>	<u>-</u>	<u>306,309</u>
Total accumulated depreciation	<u>9,325,669</u>	<u>\$ 1,817,675</u>	<u>\$ -</u>	<u>11,143,344</u>
Total depreciable capital assets, net	<u>62,357,064</u>			<u>60,539,389</u>
Total Beaufort County Water Districts I-VII capital assets, net	<u>\$ 62,542,337</u>			<u>\$ 60,755,261</u>

Depreciation for the Water Districts was charged as follows:

Water District I	\$ 197,763
Water District II	296,281
Water District III	298,644
Water District IV	307,551
Water District V	132,872
Water District VI	364,989
Water District VII	<u>219,575</u>
Total	<u>\$ 1,817,675</u>

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Liabilities

#### Payables

Payables at the government-wide level at June 30, 2013, were as follows:

##### Governmental Activities:

Vendors	\$ 2,057,874
Salary-related liabilities	<u>9,180</u>
Total governmental activities	<u>\$ 2,067,054</u>

##### Business-Type Activities:

Vendors	<u>\$ 36,030</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 7.07% and 7.28% 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, 2013, 2012, and 2011 were \$799,953, \$799,710, and \$732,561, respectively. The ABC Board's contribution to LGERS for the years ended June 30, 2013, 2012, and 2011 was \$22,202, \$22,858, and \$22,454, respectively. 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, 2013

### 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, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>53</u>
Total	<u><u>58</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, 2011 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, 2013

**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	\$ 79,675
Interest on net pension obligation	23,089
Adjustment to annual required contribution	<u>(28,737)</u>
Annual pension cost	74,027
Employer contributions made	<u>44,219</u>
Increase (decrease) in net pension obligation	29,808
Net pension obligation, July 1	<u>461,783</u>
Net pension obligation, June 30	<u>\$ 491,591</u>

#### Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 76,924	29.93%	\$ 373,726
2012	69,125	50.59%	461,783
2013	74,027	59.73%	491,591

**Funded Status and Funding Progress.** As of December 31, 2012, 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 \$604,453. The covered payroll (annual payroll of active employees covered by the plan) was \$2,091,435 and the ratio of the UAAL to the covered payroll was 28.90 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 Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 were \$129,650, which consisted of \$108,355 from the County and \$21,295 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 3 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, 2013, the County's required and actual contributions were \$4,305.

### **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 post-employment 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, 2013

Membership of the HCB plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	15	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active members	259	53
Total	274	53

**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 2013, the County contributed \$72,096, 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, 2013

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	\$	127,606
Interest on net OPEB obligation		12,309
Adjustment to annual required contribution		<u>(11,759)</u>
Annual OPEB cost (expense)		128,156
Contributions made		<u>(72,096)</u>
Increase (decrease) in net OPEB obligation		56,060
Net OPEB obligation, beginning of year		<u>307,735</u>
Net OPEB obligation, end of year	\$	<u>363,795</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 102,849	49.30%	\$ 211,140
2012	113,488	60.83%	307,735
2013	128,156	56.26%	363,795

**Funded Status and Funding Progress.** As of December 31, 2012, 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 \$1,022,544. The covered payroll (annual payroll of active employees covered by the plan) was \$11,424,455, and the ratio of the UAAL to the covered payroll was 8.95 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, mortality, 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, 2013

**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, 2012 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 8.5% 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, 2012, 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 \$160,213 reported as landfill post-closure liability at June 30, 2013, 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, 2013

### Deferred Outflows and Inflows of Resources

The amount of deferred outflows of resources is a charge on refunding of debt of \$957,069 for governmental activities and \$351,891 for business type activities. Deferred inflows of resources are shown below:

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
Taxes receivable, net (General)	\$ 2,596,137	\$ -
Taxes receivable, net (Fire District Fund)	277,893	-
Prepaid taxes (General)	-	125,472
Hospital lease receivable (General)	10,000,000	-
Total	<u>\$ 12,874,030</u>	<u>\$ 125,472</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 County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The 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.

The 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, 2013

### Contingent Liabilities

At June 30, 2013, 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:

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. On May 1, 2013, the County entered into a permanent loan agreement with the United States Department of Agriculture's Division of Rural Development in the amount of \$3,231,285. The loan agreement offers simple interest financing at 3.5% for 30 years with annual payments of \$175,718.	3,231,285
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.	<u>2,048,049</u>
Total installment purchases serviced by General Fund	<u>\$ 5,279,334</u>

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.	\$ 72,899
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.	<u>161,128</u>
Total installment purchases serviced by the enterprise funds	<u>\$ 234,027</u>

## BEAUFORT COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

For Beaufort County, the minimum payments for installment purchases as of June 30, 2013 in the governmental activities and for the business-type activities are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 152,807	\$ 198,449	\$ 56,525	\$ 3,174
2015	164,607	192,219	56,525	5,918
2016	175,893	185,535	56,525	3,442
2017	187,771	178,377	32,225	2,072
2018	200,266	170,722	32,227	2,072
2019-2023	1,212,417	719,465	-	-
2024-2028	1,162,642	454,140	-	-
2029-2033	562,605	315,985	-	-
2034-2038	668,199	210,391	-	-
2039-2043	792,127	86,463	-	-
Total	<u>\$ 5,279,334</u>	<u>\$ 2,711,746</u>	<u>\$ 234,027</u>	<u>\$ 16,678</u>

#### Limited Obligation Bonds

On August 8, 2012, the County Water Districts issued individual refunding bonds in the amount of \$36,005,000 for each of the USDA Bonds being refinanced. The County then issued Limited Obligation Bonds (“LOBs”) to purchase these bonds, as well as to refinance the Installment Purchase Contracts; the County (and bondholders) have a security interest in the Water District’s refunding bonds. When debt service is due, each water district will remit the debt service payments for their respective bonds to the County, who will then remit it to the bondholders. If a district does not pay, the County has the bonds (and the District’s ad valorem taxing power for the general obligation bonds) as collateral. The Limited Obligation Bonds are appropriation-backed and require the Board to budget for the debt service annually. The payments will consist of an annual principal payment and bi-annual interest payments with a 3.47% average interest rate over the life of the term. As of June 30, 2013, the balance of the bonds was \$36,000,000. The reader should note that this debt issuance is entirely offset by the Water District’s Refunding 2012 Bonds as detailed below under the General Obligation Indebtedness section.

The Limited Obligation Bonds were budgeted by the Board to be recorded and presented in the General Fund. Therefore the issuance and purchase of the District's bonds are presented in the General Fund's budget and actual schedule and exhibit. These amounts have been eliminated from the General Fund on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and reclassified to the Water Fund.

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The minimum payments for the Limited Obligation Bonds as of June 30, 2013 in the governmental activities are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 5,000	\$ 1,473,800
2015	180,000	1,473,700
2016	285,000	1,470,100
2017	650,000	1,464,400
2018	1,255,000	1,444,900
2019-2023	6,590,000	6,441,050
2024-2028	7,930,000	4,704,850
2029-2033	8,790,000	3,095,088
2034-2038	7,970,000	1,357,800
2039-2043	2,345,000	175,000
Total	<u>\$ 36,000,000</u>	<u>\$ 23,100,688</u>

### 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.

### Advance Refundings – General Fund:

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, a portion totaling \$10,400,000 of the School, Series 2005 general obligation bonds are considered paid, and that portion of 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 Position in the fiscal year ending June 30, 2013. The reacquisition price exceeded the net carrying amount of the old debt by \$957,069. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$56,243 and resulted in an economic gain of \$843,645.

## BEAUFORT COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County's general obligation bonds payable at June 30, 2013 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%	\$ 6,300,000
\$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%	1,600,000
\$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%	5,250,000
\$10,545,000 Refunding, Series 2012, dated August 8, 2012 due in semi-annual installments; beginning in 2013; from \$259,000 to \$1,200,000 through April 1, 2028; interest at 2.0% - 5.0%	<u>10,515,000</u>
Total general obligation bonds service by General Fund	<u>\$ 23,665,000</u>

#### **Advance Refundings – Water Districts:**

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 Position in the fiscal year ending June 30, 2013. This advance refunding was undertaken to reduce total debt service payments over the next 28 years by \$30,975 and resulted in an economic gain of \$867,299.

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 Position in the fiscal year ending June 30, 2013. This advance refunding was undertaken to reduce total debt service payments over the next 21 years by \$51,031 and resulted in an economic gain of \$1,071,644.

## **BEAUFORT COUNTY, NORTH CAROLINA**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

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 Position in the fiscal year ending June 30, 2013. This advance refunding was undertaken to reduce total debt service payments over the next 23 years by \$55,854 and resulted in an economic gain of \$1,284,638.

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 Position in the fiscal year ending June 30, 2013. This advance refunding was undertaken to reduce total debt service payments over the next 26 years by \$45,764 and resulted in an economic gain of \$1,189,867.

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 Position in the fiscal year ending June 30, 2013. This advance refunding was undertaken to reduce total debt service payments over the next 25 years by \$22,354 and resulted in an economic gain of \$558,855.

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 Position in the fiscal year ending June 30, 2013. This advance refunding was undertaken to reduce total debt service payments over the next 25 years by \$33,249 and resulted in an economic gain of \$831,231.

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 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 Position in the fiscal year ending June 30, 2013. This advance refunding was undertaken to reduce total debt service payments over the next 28 years by \$80,093 and resulted in an economic gain of \$2,242,597.

### **Serviced by Water District I:**

\$4,650,000 Refunding, Series 2012 due in semi-annual installments; beginning in 2013; from \$155,000 to \$320,000 through June 1, 2041; interest at 3.125% - 5.0% \$ 4,650,000

### **Serviced by Water District II Long Acre West:**

\$3,255,000 Refunding, Series 2012 due in semi-annual installments; beginning in 2013; from \$112,000 to \$322,000 through June 1, 2041; interest at 3.125% - 5.0% 3,255,000

### **Serviced by Water District III Long Acre East:**

\$3,995,000 Refunding, Series 2012 due in semi-annual installments; beginning in 2013; from \$142,000 to \$377,000 through June 1, 2041; interest at 3.125% - 5.0% 3,990,000

### **Serviced by Water District IV Bath:**

\$6,695,000 Refunding, Series 2012 due in semi-annual installments; beginning in 2013; from \$223,000 to \$482,000 through June 1, 2041; interest at 3.125% - 5.0% 6,695,000

### **Serviced by Water District V Pantego:**

\$3,135,000 Refunding, Series 2012 due in semi-annual installments; beginning in 2013; from \$105,000 to \$228,000 through June 1, 2041; interest at 3.125% - 5.0% 3,135,000

### **Serviced by Water District VII Richland:**

\$4,720,000 Refunding, Series 2012 due in semi-annual installments; beginning in 2013; from \$158,000 to \$343,000 through June 1, 2041; interest at 3.125% - 5.0% 4,720,000

### **Serviced by Water District VI Chowinity/Richland:**

\$9,555,000 Refunding, Series 2012 due in semi-annual installments; beginning in 2013; from \$309,000 to \$593,000 through June 1, 2041; interest at 3.125% - 5.0% 9,555,000

Total general obligation bonds serviced by enterprise funds \$ 36,000,000

## BEAUFORT COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 Activates		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 1,645,000	\$ 829,825	\$ 5,000	\$ 1,473,800
2015	1,645,000	766,675	180,000	1,473,700
2016	1,650,000	703,950	285,000	1,470,100
2017	1,630,000	658,450	650,000	1,464,400
2018	1,625,000	605,838	1,255,000	1,444,900
2019-2023	8,045,000	2,233,238	6,590,000	6,441,050
2024-2028	7,425,000	769,788	7,930,000	4,704,850
2029-2033	-	-	8,790,000	3,095,088
2034-2038	-	-	7,970,000	1,357,800
2039-2043	-	-	2,345,000	175,000
Total	<u>\$ 23,665,000</u>	<u>\$ 6,567,764</u>	<u>\$ 36,000,000</u>	<u>\$ 23,100,688</u>

At June 30, 2013 Beaufort County had a legal debt margin of \$434,128,000.

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2013.

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 25,150,000	\$10,545,000	\$12,030,000	\$ 23,665,000	\$ 1,645,000
Unamortized premium	-	1,117,870	-	1,117,870	-
Installment purchases	6,831,807	-	1,552,473	5,279,334	152,807
Compensated absences	724,744	1,045,559	998,524	771,779	578,834
Net pension obligation	461,783	29,808	-	491,591	-
Other post-employment benefits	291,691	53,137	-	344,828	-
Landfill post-closure care	174,778	-	14,565	160,213	14,565
Total governmental activities	<u>\$ 33,634,803</u>	<u>\$12,791,374</u>	<u>\$14,595,562</u>	<u>\$ 31,830,615</u>	<u>\$ 2,391,206</u>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 38,076,800	\$36,005,000	\$38,081,800	\$ 36,000,000	\$ 5,000
Unamortized premium	-	2,776,084	-	2,776,084	-
Limited obligation bonds	-	36,005,000	5,000	36,000,000	5,000
Installment purchases	290,552	-	56,525	234,027	56,525
Other post-employment benefits	16,044	2,923	-	18,967	-
Compensated absences	45,147	80,646	76,077	49,716	37,288
Total business-type activities	<u>\$ 38,428,543</u>	<u>\$74,869,653</u>	<u>\$38,219,402</u>	<u>\$ 75,078,794</u>	<u>\$ 103,813</u>

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 841,208	\$ -
Nonmajor governmental funds:		
Fire and Rescue Tax Districts Special Revenue Fund	-	60,900
Hazard Mitigation Capital Project Fund	-	62,631
CDBG Capital Project Fund	-	111,142
Total nonmajor governmental funds	-	234,673
Water District I	-	11,640
Water District II	-	18,429
Water District III	-	182,381
Water District IV	-	18,176
Water District V	-	170,114
Water District VI	-	21,485
Water District VII	-	184,310
Total	\$ 841,208	\$ 841,208

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, 2013

### Transfers To/From Other Funds

Transfers in (out) for the year ended June 30, 2013 are summarized below:

	<b>Interfund Transfers</b>	
	<b>From</b>	<b>To</b>
General Fund	\$ 110,427	\$ 557
<b>Nonmajor Capital Project Funds:</b>		
Fire and Rescue Districts Special Revenue Fund	-	66,285
CDBG Capital Project Fund	557	44,142
Total nonmajor governmental funds	557	110,427
<b>Total Interfund Transfers</b>	<b>\$ 110,984</b>	<b>\$ 110,984</b>

The transfer to the General Fund from the CDBG Capital Project Fund was 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, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$195,955 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.

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.

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County has an ongoing responsibility for the Community College because of the statutory responsibility to provide funding for the Community College's facilities. The County contributed \$2,148,949 and \$165,500 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2013. 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, 2013. 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 \$173,599 to ECBH during the fiscal year ended June 30, 2013. 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 \$13,731 to the Council during the fiscal year ended June 30, 2013.

#### 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	\$ 46,843,016	\$ 26,315,566
Special Supplemental Food Program, WIC	1,295,133	-
Energy Assistance Payment	151,500	-
TANF	387,301	-
CWS Adopt and Subsidy Vendor	105,139	31,828
IV-E Adopt and Subsidy Vendor	457,021	121,057
Total	<u>\$ 49,239,110</u>	<u>\$ 26,468,451</u>

# BEAUFORT COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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 2013 of \$6,193,242 for 21.58% of net property tax levied.

### 8. Change in Accounting Principles

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized, must be included in current expenditures.

## **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**

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## BEAUFORT COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013

## 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)
12/31/2003	\$ -	\$ 231,208	\$ 231,208	0.00%	\$ 1,322,765	17.48%
12/31/2004	-	264,787	264,787	0.00%	1,403,511	18.87%
12/31/2005	-	284,787	284,787	0.00%	1,546,967	18.61%
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%
12/31/2012	-	604,453	604,453	0.00%	2,091,435	28.90%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2004	\$ 33,926	0.00%
2005	37,642	0.00%
2006	42,426	16.76%
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%
2013	79,675	55.50%

## 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	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 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, 2013

## 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%
12/31/2012	-	1,022,544	1,022,544	0.00%	11,424,455	8.95%

## 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%
2013	127,606	56.50%

## 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	12/31/2012
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	8.50% - 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.**

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BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		2012
	Budget	Actual	Variance Over/Under
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Current year, net of discounts	\$ 30,360,278	\$ 30,424,083	\$ 30,402,097
Penalties and interest	217,103	426,225	358,186
Total	<u>30,577,381</u>	<u>30,850,308</u>	<u>\$ 30,760,283</u>
<b>Local Option Sales Taxes:</b>			
Local option sales tax	7,312,871	7,481,528	7,373,520
Total	<u>7,312,871</u>	<u>7,481,528</u>	<u>168,657</u>
<b>Other Taxes and Licenses:</b>			
Documentary stamps	98,200	115,525	144,761
Scrap tire disposal tax/grant	69,547	79,316	105,071
White goods disposal tax	11,400	3,723	7,936
Privilege licenses	8,000	7,461	7,336
Rental vehicles receipt tax	15,400	16,584	21,047
Total	<u>202,547</u>	<u>222,609</u>	<u>20,062</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Beer and wine tax	107,000	138,126	148,305
Other	72,614	82,374	77,968
Total	<u>179,614</u>	<u>220,500</u>	<u>40,886</u>
<b>Restricted Intergovernmental Revenues:</b>			
State and Federal Grants	10,949,180	10,265,987	11,978,735
Loan reimbursements	110,000	-	265,521
ABC distributions/tax	77,104	130,600	115,104
Total	<u>11,136,284</u>	<u>10,396,587</u>	<u>(739,697)</u>
<b>Permits and Fees:</b>			
Building permits and inspection fees	100,992	144,623	148,898
Register of Deeds	195,000	213,924	197,660
Other permits and fees	-	382	284
Total	<u>295,992</u>	<u>358,929</u>	<u>62,937</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over/Under	2012
	Budget	Actual		Actual
<b>Sales and Services:</b>				
Attorney fees/tax admin	90,700	212,765		73,475
Animal control fees	41,612	31,015		57,799
Tax collection fees	112,171	109,090		107,073
Sheriff fees	106,794	116,252		112,514
Electronic house arrest	4,200	5,400		3,200
IV-D deputy travel	58,500	64,697		60,780
Gun storage fees	-	-		910
State prisoner's reimbursement	-	6,732		705
Environmental health	55,829	45,645		64,245
Vending and phones	14,000	20,211		23,430
Health & immunizations	79,023	95,221		79,227
Solid waste	1,908,502	1,935,832		1,830,590
Rescue fees	138,652	146,429		139,138
Share of service fee	12,600	27,752		31,003
Rent	148,355	200,496		123,230
Cable franchise fee	138,500	137,350		142,264
DSS aging	8,500	8,185		9,556
NC health choice	10,500	12,150		12,800
Total	<u>2,928,438</u>	<u>3,175,222</u>	<u>246,784</u>	<u>2,871,939</u>
<b>Investment Earnings</b>	<u>7,500</u>	<u>14,947</u>	<u>7,447</u>	<u>16,357</u>
<b>Miscellaneous:</b>				
Proceeds from sale of assets/insurance claims	1,096,488	1,097,934		28,052
Donations	35,193	35,345		62,721
Miscellaneous	351,243	85,931		44,551
Total	<u>1,482,924</u>	<u>1,219,210</u>	<u>(263,714)</u>	<u>135,324</u>
Total revenues	<u>54,123,551</u>	<u>53,939,840</u>	<u>(183,711)</u>	<u>54,376,049</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		2012
	Budget	Actual	Variance Over/Under
<b>Expenditures:</b>			
<b>General Government:</b>			
Governing body	209,090	201,894	180,694
County Manager	964,845	933,312	782,718
Finance	529,706	498,153	486,225
Tax administration	1,447,630	1,399,934	1,155,879
Legal	279,690	171,226	262,548
Register of Deeds	347,674	350,678	291,690
Elections	303,667	295,276	238,582
Public buildings	1,639,536	1,075,893	1,143,866
Court facilities	219,600	118,480	128,045
Total	<u>5,941,438</u>	<u>5,044,846</u>	<u>4,670,247</u>
<b>Public Safety:</b>			
Sheriff	4,246,652	3,987,231	3,850,021
Jail	2,164,292	1,836,388	1,554,078
Criminal justice partnership	99,080	46,283	59,257
Emergency communications	627,260	604,024	559,377
Emergency management	223,086	190,555	263,701
Fire protection	152,172	107,489	139,668
Inspections	198,974	188,306	186,254
Ambulance/rescue service	144,500	142,072	139,483
Animal control	455,718	364,832	314,638
Medical examiner	35,690	33,400	21,300
Total	<u>8,347,424</u>	<u>7,500,580</u>	<u>7,087,777</u>
<b>Economic and Physical Development:</b>			
Economic development	352,211	337,539	282,892
Agricultural extension	251,620	181,130	163,081
Soil/water conservation	159,491	150,363	97,359
Total	<u>763,322</u>	<u>669,032</u>	<u>94,290</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over/Under	2012
	Budget	Actual		Actual
<b>Human Services:</b>				
Administration-general	234,362	201,801		225,263
AIDS control/STD	198,376	200,534		176,718
TB program	77,040	67,171		62,818
Immunization	207,177	217,906		174,886
Health promotion	35,236	33,146		10,275
Child health	376,484	365,423		377,676
Maternal health	383,042	341,649		402,884
WIC - Administration	408,229	364,709		363,935
Environmental health	568,188	620,480		727,767
Family planning	439,470	384,452		396,479
Other health programs	306,431	304,074		295,210
Total	<u>3,234,035</u>	<u>3,101,345</u>	<u>132,690</u>	<u>3,213,911</u>
<b>Mental Health:</b>				
General appropriation	156,599	156,599		156,599
Alcohol rehab	17,000	17,000		17,000
Total	<u>173,599</u>	<u>173,599</u>	<u>-</u>	<u>173,599</u>
Beaufort County Develop Center	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>
NC Elderly handicapped transportation/other	<u>32,500</u>	<u>24,136</u>	<u>8,364</u>	<u>37,127</u>
<b>Social Services:</b>				
Administration	6,173,114	5,692,033		5,458,308
State in-home aging services	611,075	471,999		522,058
Day care	2,392,659	1,965,722		2,084,184
Medical assistance	553,200	527,680		542,253
Energy assistance	604,748	494,623		599,556
County provided assistance	647,675	614,963		603,804
Transportation	135,000	119,452		113,351
Child support enforcement	771,402	766,427		747,657
Aid to the blind program	13,200	10,816		11,809
Foster care	729,736	597,767		541,226
Work First program	109,368	44,944		100,927
Total	<u>12,741,177</u>	<u>11,306,426</u>	<u>1,434,751</u>	<u>11,325,133</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over/Under	2012
	Budget	Actual		Actual
<b>Other Human Services:</b>				
Veterans services	53,073	51,964		51,190
Youth services	235,124	224,626		239,700
Total	<u>288,197</u>	<u>276,590</u>	11,607	<u>290,890</u>
Total social services	<u>13,029,374</u>	<u>11,583,016</u>	1,446,358	<u>11,616,023</u>
Total human services	<u>16,524,508</u>	<u>14,937,096</u>	1,587,412	<u>15,095,660</u>
<b>Cultural and Recreational:</b>				
Recreation	33,341	33,341		28,391
Library and museum	206,755	206,755		200,108
Special appropriations	61,700	58,200		73,368
Total	<u>301,796</u>	<u>298,296</u>	3,500	<u>301,867</u>
<b>Environmental Protection:</b>				
Solid waste	<u>3,318,782</u>	<u>2,994,097</u>	324,685	<u>4,685,493</u>
<b>Education:</b>				
Public schools:				
Current expense	12,195,150	12,195,150		11,995,150
Capital outlay	962,060	962,060		1,002,472
Community colleges:				
Current expense	2,148,949	2,148,949		1,973,949
Capital outlay	<u>165,500</u>	<u>165,500</u>		<u>140,296</u>
Total	<u>15,471,659</u>	<u>15,471,659</u>	-	<u>15,111,867</u>
<b>Debt Service:</b>				
Principal retirement	2,623,291	2,616,758		1,780,455
Interest and fees	<u>3,715,355</u>	<u>3,494,693</u>		<u>1,316,923</u>
Total	<u>6,338,646</u>	<u>6,111,451</u>	227,195	<u>3,097,378</u>
Total expenditures	<u>57,007,575</u>	<u>53,027,057</u>	3,980,518	<u>50,593,621</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over/Under	2012
	Budget	Actual		Actual
Revenues over (under) expenditures	(2,884,024)	912,783	3,796,807	3,782,428
<b>Other Financing Sources (Uses):</b>				
Hospital lease revenue	-	-	-	18,331,754
Principal retirement - hospital debt	-	-	-	(17,607,125)
Interest expense - hospital debt	-	-	-	(724,629)
Limited obligation bonds issued	36,005,000	36,005,000	-	-
Purchase of district refunding bonds	(36,005,000)	(36,005,000)	-	-
Investment revenue - payment from Districts	1,204,591	1,204,591	-	-
Refunding bonds issued	10,545,000	10,545,000	-	-
Premium	1,117,870	1,117,870	-	-
Payment to refunded bond escrow agent	(10,400,000)	(10,400,000)	-	-
Fund balance appropriated	523,334	-	(523,334)	-
Transfers from other funds:				
Special revenue - Fire and Rescue Districts Fund	14,515	-	(14,515)	43,596
Capital project - Hospital Renovations Fund	-	-	-	148,822
Capital Project- CDBG Fund	67,557	557	(67,000)	-
Transfers to other funds:				
Water District Capital Project Fund	-	-	-	(109,312)
Capital project - Economic Development	-	-	-	(51,474)
Capital Project- CDBG Fund	(111,143)	(44,142)	67,001	-
Special revenue - Fire and Rescue Districts Fund	(77,700)	(66,285)	11,415	(59,294)
Special revenue - Industrial Recruitment	-	-	-	(10,427)
Total other financing sources (uses)	2,884,024	2,357,591	(526,433)	(38,089)
Net change in fund balance	\$ -	3,270,374	\$ 3,270,374	3,744,339
<b>Fund Balance:</b>				
Beginning of year - July 1		17,858,942		14,114,603
End of year - June 30		\$ 21,129,316		\$ 17,858,942

## 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, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Grants	\$ 2,500,000	\$ 1,489,511	\$ 1,010,488	\$ 2,499,999	\$ (1)
Investment earnings	514	515	-	515	1
Total revenues	<u>2,500,514</u>	<u>1,490,026</u>	<u>1,010,488</u>	<u>2,500,514</u>	<u>-</u>
<b>Expenditures:</b>					
Economic & physical development					
Construction	5,731,799	5,136,008	595,791	5,731,799	-
Principal payment	<u>570,715</u>	<u>-</u>	<u>570,715</u>	<u>570,715</u>	<u>-</u>
Total expenditures	<u>6,302,514</u>	<u>5,136,008</u>	<u>1,166,506</u>	<u>6,302,514</u>	<u>-</u>
Revenues over (under) expenditures	(3,802,000)	(3,645,982)	(156,018)	(3,802,000)	-
<b>Other Financing Sources (Uses):</b>					
USDA loan issued	<u>3,802,000</u>	<u>3,802,000</u>	<u>-</u>	<u>3,802,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 156,018</u>	(156,018)	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>156,018</u>		
End of year - June 30			<u>\$ -</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, 2013

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
<b>Revenues:</b>					
Interest income	\$ -	\$ 3,376	\$ 121	\$ 3,497	\$ 3,497
Total revenues	-	3,376	121	3,497	3,497
<b>Expenditures:</b>					
Economic & physical development	2,155,000	2,040,644	114,356	2,155,000	-
Total expenditures	2,155,000	2,040,644	114,356	2,155,000	-
Revenues over (under) expenditures	(2,155,000)	(2,037,268)	(114,235)	(2,151,503)	3,497
<b>Other Financing Sources (Uses):</b>					
Installment financing issued	2,155,000	2,155,000	-	2,155,000	-
Net change in fund balance	\$ -	\$ 117,732	(114,235)	\$ 3,497	\$ 3,497
<b>Fund Balance:</b>					
Beginning of year - July 1			117,732		
End of year - June 30			\$ 3,497		

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**BEAUFORT COUNTY, NORTH CAROLINA**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	<u>Nonmajor Special Revenue Funds</u>				<b>Total Nonmajor Special Revenue Funds</b>
	<b>Economic Development</b>	<b>Fire and Rescue Tax Districts</b>	<b>E911 Fund</b>	<b>State and Federal Seizures</b>	
<b>Assets:</b>					
Cash and cash equivalents	\$ 30,249	\$ -	\$ 600,989	\$ 106,337	\$ 737,575
Accounts receivable, net	62,003	60,900	54,846	993	178,742
Taxes receivable, net	-	277,893	-	-	277,893
Total assets	<u>\$ 92,252</u>	<u>\$ 338,793</u>	<u>\$ 655,835</u>	<u>\$ 107,330</u>	<u>\$ 1,194,210</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 938	\$ -	\$ 15	\$ 17	\$ 970
Due to other funds	-	60,900	-	-	60,900
Total liabilities	<u>938</u>	<u>60,900</u>	<u>15</u>	<u>17</u>	<u>61,870</u>
<b>Deferred Inflows of Resources:</b>					
Taxes receivable	-	277,893	-	-	277,893
Total deferred inflows of resources:	<u>-</u>	<u>277,893</u>	<u>-</u>	<u>-</u>	<u>277,893</u>
<b>Fund Balances:</b>					
Restricted:					
Stabilization by State statute	62,003	60,900	54,846	993	178,742
Restricted, all other	29,311	-	600,974	106,320	736,605
Committed	-	-	-	-	-
Unassigned	-	(60,900)	-	-	(60,900)
Total fund balances	<u>91,314</u>	<u>-</u>	<u>655,820</u>	<u>107,313</u>	<u>854,447</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 92,252</u>	<u>\$ 338,793</u>	<u>\$ 655,835</u>	<u>\$ 107,330</u>	<u>\$ 1,194,210</u>

**Nonmajor Capital Project Funds**

<b>Hazard Mitigation</b>	<b>Pantego Sewer</b>	<b>Economic Development</b>	<b>CDBG Fund</b>	<b>Capital Reserve</b>	<b>Total Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 13,753	\$ 79,420	\$ -	\$ 53,047	\$ 146,220	\$ 883,795
62,631	-	-	111,142	-	173,773	352,515
-	-	-	-	-	-	277,893
<u>\$ 62,631</u>	<u>\$ 13,753</u>	<u>\$ 79,420</u>	<u>\$ 111,142</u>	<u>\$ 53,047</u>	<u>\$ 319,993</u>	<u>\$ 1,514,203</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 970
62,631	-	-	111,142	-	173,773	234,673
<u>62,631</u>	<u>-</u>	<u>-</u>	<u>111,142</u>	<u>-</u>	<u>173,773</u>	<u>235,643</u>
-	-	-	-	-	-	277,893
-	-	-	-	-	-	277,893
62,631	-	-	111,142	-	173,773	352,515
-	-	-	-	-	-	736,605
-	13,753	79,420	-	53,047	146,220	146,220
<u>(62,631)</u>	<u>-</u>	<u>-</u>	<u>(111,142)</u>	<u>-</u>	<u>(173,773)</u>	<u>(234,673)</u>
<u>-</u>	<u>13,753</u>	<u>79,420</u>	<u>-</u>	<u>53,047</u>	<u>146,220</u>	<u>1,000,667</u>
<u>\$ 62,631</u>	<u>\$ 13,753</u>	<u>\$ 79,420</u>	<u>\$ 111,142</u>	<u>\$ 53,047</u>	<u>\$ 319,993</u>	<u>\$ 1,514,203</u>

**BEAUFORT COUNTY, NORTH CAROLINA**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Nonmajor Special Revenue Funds</b>					<b>Total Nonmajor Special Revenue Funds</b>
	<b>Economic Development</b>	<b>Washington Admin Unit</b>	<b>Fire and Rescue Tax Districts</b>	<b>E911 Fund</b>	<b>State and Federal Seizures</b>	
<b>Revenues:</b>						
Ad valorem taxes	\$ -	\$ 151	\$ 2,407,559	\$ -	\$ -	\$ 2,407,710
Restricted intergovernmental	258,415	-	-	196,327	24,173	478,915
Other	6,311	-	-	-	9,006	15,317
Total revenues	<u>264,726</u>	<u>151</u>	<u>2,407,559</u>	<u>196,327</u>	<u>33,179</u>	<u>2,901,942</u>
<b>Expenditures:</b>						
Current:						
Public safety	-	-	2,475,052	164,517	61,094	2,700,663
Education	-	151	-	-	-	151
Economic and physical development	241,418	-	-	-	-	241,418
Total expenditures	<u>241,418</u>	<u>151</u>	<u>2,475,052</u>	<u>164,517</u>	<u>61,094</u>	<u>2,942,232</u>
Revenues over (under) expenditures	<u>23,308</u>	<u>-</u>	<u>(67,493)</u>	<u>31,810</u>	<u>(27,915)</u>	<u>(40,290)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers from other funds	-	-	66,285	-	-	66,285
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>66,285</u>	<u>-</u>	<u>-</u>	<u>66,285</u>
Net change in fund balances	23,308	-	(1,208)	31,810	(27,915)	25,995
<b>Fund Balances:</b>						
Beginning of year - July 1	<u>68,006</u>	<u>-</u>	<u>1,208</u>	<u>624,010</u>	<u>135,228</u>	<u>828,452</u>
End of year - June 30	<u>\$ 91,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,820</u>	<u>\$ 107,313</u>	<u>\$ 854,447</u>

<b>Nonmajor Capital Project Funds</b>						
<b>Hazard Mitigation</b>	<b>Pantego Sewer</b>	<b>Economic Development</b>	<b>CDBG Fund</b>	<b>Capital Reserve</b>	<b>Total Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,407,710
382,477	-	-	270,000	-	652,477	1,131,392
-	-	-	111,142	-	111,142	126,459
<u>382,477</u>	<u>-</u>	<u>-</u>	<u>381,142</u>	<u>-</u>	<u>763,619</u>	<u>3,665,561</u>
-	-	-	-	-	-	2,700,663
-	-	-	-	-	-	151
362,308	-	-	471,174	-	833,482	1,074,900
<u>362,308</u>	<u>-</u>	<u>-</u>	<u>471,174</u>	<u>-</u>	<u>833,482</u>	<u>3,775,714</u>
<u>20,169</u>	<u>-</u>	<u>-</u>	<u>(90,032)</u>	<u>-</u>	<u>(69,863)</u>	<u>(110,153)</u>
-	-	-	44,142	-	44,142	110,427
-	-	-	(557)	-	(557)	(557)
-	-	-	43,585	-	43,585	109,870
20,169	-	-	(46,447)	-	(26,278)	(283)
<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>\$ -</u>	<u>\$ 13,753</u>	<u>\$ 79,420</u>	<u>\$ -</u>	<u>\$ 53,047</u>	<u>\$ 146,220</u>	<u>\$ 1,000,667</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 264,968	\$ 258,415	\$ (6,553)	\$ 303,864
Other income	-	6,311	6,311	-
Total revenues	<u>264,968</u>	<u>264,726</u>	<u>(242)</u>	<u>303,864</u>
<b>Expenditures:</b>				
Economic and physical development	<u>294,025</u>	<u>241,418</u>	<u>52,607</u>	<u>329,496</u>
Total expenditures	<u>294,025</u>	<u>241,418</u>	<u>52,607</u>	<u>329,496</u>
Revenues over (under) expenditures	(29,057)	23,308	52,365	(25,632)
<b>Other Financing Sources (Uses):</b>				
Fund balance appropriated	<u>29,057</u>	-	<u>(29,057)</u>	-
Net change in fund balance	<u>\$ -</u>	23,308	<u>\$ 23,308</u>	(25,632)
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>68,006</u>		<u>93,638</u>
End of year - June 30		<u>\$ 91,314</u>		<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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 200	\$ 151	\$ (49)	\$ 44
Total revenues	<u>200</u>	<u>151</u>	<u>(49)</u>	<u>44</u>
<b>Expenditures:</b>				
Education - school current expense	<u>200</u>	<u>151</u>	<u>49</u>	<u>44</u>
Total expenditures	<u>200</u>	<u>151</u>	<u>49</u>	<u>44</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>-</u>		<u>-</u>
End of year - June 30		<u><u>\$ -</u></u>		<u><u>\$ -</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,399,648	\$ 2,407,559	\$ 7,911	\$ 2,397,450
Total revenues	<u>2,399,648</u>	<u>2,407,559</u>	<u>7,911</u>	<u>2,397,450</u>
<b>Expenditures:</b>				
Public safety expenditures	2,477,348	2,475,052	2,296	2,411,940
Total expenditures	<u>2,477,348</u>	<u>2,475,052</u>	<u>2,296</u>	<u>2,411,940</u>
Revenues over (under) expenditures	<u>(77,700)</u>	<u>(67,493)</u>	<u>10,207</u>	<u>(14,490)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from other funds	77,700	66,285	(11,415)	59,294
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,596)</u>
Total other financing sources (uses)	<u>77,700</u>	<u>66,285</u>	<u>(11,415)</u>	<u>15,698</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,208)</u>	<u>\$ (1,208)</u>	<u>\$ 1,208</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,208</u>		<u>-</u>
End of year - June 30		<u>\$ -</u>		<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, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 208,983	\$ 196,327	\$ (12,656)	\$ 228,082
Total revenues	<u>208,983</u>	<u>196,327</u>	<u>(12,656)</u>	<u>228,082</u>
<b>Expenditures:</b>				
Public safety:				
Implemental functions	26,300	29,299	(2,999)	65
Telephone	95,200	71,466	23,734	83,493
Software maintenance	21,623	23,342	(1,719)	37,939
Hardware maintenance	64,360	39,090	25,270	66,053
Training	1,500	1,320	180	-
S.L. 2010-158 expenditures	-	-	-	272,983
Total expenditures	<u>208,983</u>	<u>164,517</u>	<u>44,466</u>	<u>460,533</u>
Net change in fund balance	<u>\$ -</u>	31,810	<u>\$ 31,810</u>	(232,451)
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>624,010</u>		<u>856,461</u>
End of year - June 30		<u>\$ 655,820</u>		<u>\$ 624,010</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 52,000	\$ 24,173	\$ (27,827)	\$ 17,779
Miscellaneous	-	9,006	9,006	13,836
Total revenues	<u>52,000</u>	<u>33,179</u>	<u>(18,821)</u>	<u>31,615</u>
<b>Expenditures:</b>				
Public safety expenditures	<u>103,800</u>	<u>61,094</u>	<u>42,706</u>	<u>15,575</u>
Total expenditures	<u>103,800</u>	<u>61,094</u>	<u>42,706</u>	<u>15,575</u>
Revenues over (under) expenditures	<u>(51,800)</u>	<u>(27,915)</u>	<u>23,885</u>	<u>16,040</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(14,515)	-	14,515	-
Fund balance appropriated	<u>66,315</u>	-	<u>(66,315)</u>	-
Total other financing sources (uses)	<u>51,800</u>	-	<u>(51,800)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>(27,915)</u>	<u>\$ (27,915)</u>	16,040
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>135,228</u>		<u>119,188</u>
End of year - June 30		<u>\$ 107,313</u>		<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, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
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	195,922	39,586	235,508	(164,492)
Restricted intergovernmental - CDBG- 10-C-2136	500,000	370,374	111,255	481,629	(18,371)
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	46,065	10,421	6,847	17,268	(28,797)
Restricted intergovernmental - SRL-PJ-04-NC-2010-002	264,379	39,590	224,789	264,379	-
Other	-	3,744	-	3,744	3,744
Total revenues	<u>4,958,661</u>	<u>4,171,595</u>	<u>382,477</u>	<u>4,554,072</u>	<u>(404,589)</u>
<b>Expenditures:</b>					
Current:					
Economic and physical development	<u>4,962,397</u>	<u>4,307,931</u>	<u>362,308</u>	<u>4,670,239</u>	<u>292,158</u>
Total expenditures	<u>4,962,397</u>	<u>4,307,931</u>	<u>362,308</u>	<u>4,670,239</u>	<u>292,158</u>
Revenues over (under) expenditures	<u>(3,736)</u>	<u>(136,336)</u>	<u>20,169</u>	<u>(116,167)</u>	<u>(112,431)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	<u>3,736</u>	<u>116,167</u>	<u>-</u>	<u>116,167</u>	<u>112,431</u>
Total other financing sources (uses)	<u>3,736</u>	<u>116,167</u>	<u>-</u>	<u>116,167</u>	<u>112,431</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (20,169)</u>	<u>20,169</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>(20,169)</u>		
End of year - June 30			<u>\$ -</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, 2013**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
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>
<b>Expenditures:</b>					
Economic and physical development:					
Construction	<u>3,399,910</u>	<u>769,771</u>	<u>-</u>	<u>769,771</u>	<u>2,630,139</u>
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	-	(8,747)	-	(8,747)	(8,747)
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)	<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>
<b>Fund Balance:</b>					
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, 2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
CDBG Grant	\$ -	\$ 3,673	\$ -	\$ 3,673	\$ 3,673
Sale of industrial ready building	-	1,387,466	-	1,387,466	1,387,466
Other	24,100	24,100	-	24,100	-
Interest income	-	13,517	-	13,517	13,517
Total revenues	<u>24,100</u>	<u>1,428,756</u>	<u>-</u>	<u>1,428,756</u>	<u>1,404,656</u>
<b>Expenditures:</b>					
Economic and physical development:					
Construction	<u>4,997,029</u>	<u>2,770,036</u>	<u>-</u>	<u>2,770,036</u>	<u>2,226,993</u>
Total expenditures	<u>4,997,029</u>	<u>2,770,036</u>	<u>-</u>	<u>2,770,036</u>	<u>2,226,993</u>
Revenues over (under) expenditures	<u>(4,972,929)</u>	<u>(1,341,280)</u>	<u>-</u>	<u>(1,341,280)</u>	<u>3,631,649</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	2,295,656	51,474	-	51,474	(2,244,182)
Transfers to other funds	(79,420)	-	-	-	79,420
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>4,972,929</u>	<u>1,420,700</u>	<u>-</u>	<u>1,420,700</u>	<u>(3,552,229)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 79,420</u>	<u>-</u>	<u>\$ 79,420</u>	<u>\$ 79,420</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>79,420</u>		
End of year - June 30			<u>\$ 79,420</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, 2013

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,592,635	\$ 2,223,003	\$ 270,000	\$ 2,493,003	\$ 900,368
Other income	128,317	29,943	111,142	141,085	12,768
Total revenues	<u>1,720,952</u>	<u>2,252,946</u>	<u>381,142</u>	<u>2,634,088</u>	<u>913,136</u>
<b>Expenditures:</b>					
Current:					
Economic and physical development	<u>2,157,777</u>	<u>2,592,130</u>	<u>471,174</u>	<u>3,063,304</u>	<u>(905,527)</u>
Total expenditures	<u>2,157,777</u>	<u>2,592,130</u>	<u>471,174</u>	<u>3,063,304</u>	<u>(905,527)</u>
Revenues over (under) expenditures	<u>(436,825)</u>	<u>(339,184)</u>	<u>(90,032)</u>	<u>(429,216)</u>	<u>7,609</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	437,382	393,239	44,142	437,381	(1)
Transfers to other funds	<u>(557)</u>	<u>(7,608)</u>	<u>(557)</u>	<u>(8,165)</u>	<u>(7,608)</u>
Total other financing sources (uses)	<u>436,825</u>	<u>385,631</u>	<u>43,585</u>	<u>429,216</u>	<u>(7,609)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 46,447</u>	(46,447)	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>46,447</u>		
End of year - June 30			<u>\$ -</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, 2013

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ 2
Total revenues	-	-	-	2
Revenues over (under) expenditures	-	-	-	2
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	-	-	-	(4,324)
Total other financing sources (uses)	-	-	-	(4,324)
Net change in fund balance	\$ -	-	\$ -	(4,322)
<b>Fund Balance:</b>				
Beginning of year - July 1		53,047		57,369
End of year - June 30		\$ 53,047		\$ 53,047

**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 692,258	\$ 615,675	\$ (76,583)	\$ 690,587
Tap on fees	25,000	13,495	(11,505)	20,075
Miscellaneous	-	22,666	22,666	30,540
Total operating revenues	<u>717,258</u>	<u>651,836</u>	<u>(65,422)</u>	<u>741,202</u>
<b>Expenditures:</b>				
Administration:				
Supplies	890	821	69	783
Travel	11,006	11,111	(105)	11,726
Utilities	12,450	11,127	1,323	9,834
Other administration expenses	4,452	3,586	866	3,377
Total	<u>28,798</u>	<u>26,645</u>	<u>2,153</u>	<u>25,720</u>
Water treatment & distribution:				
Salaries and employee benefits	116,683	120,934	(4,251)	123,215
Water purchase	127,140	98,954	28,186	102,420
Supplies	1,168	264	904	108
Maintenance	80,508	74,854	5,654	70,268
Other expenses	35,648	19,238	16,410	19,372
Total	<u>361,147</u>	<u>314,244</u>	<u>46,903</u>	<u>315,383</u>
Budgetary appropriations:				
Capital outlay	4,007	-	4,007	5,161
Interest and bond issuance cost	236,306	259,591	(23,285)	240,352
Debt principal	87,000	-	87,000	83,000
Total	<u>327,313</u>	<u>259,591</u>	<u>67,722</u>	<u>328,513</u>
Total expenditures	<u>717,258</u>	<u>600,480</u>	<u>116,778</u>	<u>669,616</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues over (under) expenditures	-	51,356	51,356	71,586
<b>Other Financing Sources (Uses):</b>				
Refunding bonds issued	-	4,650,000	4,650,000	-
Premium	-	302,038	302,038	-
Payment to bond holders	-	(4,847,300)	(4,847,300)	-
Total other financing sources (uses)	-	104,738	104,738	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 156,094</u>	<u>\$ 156,094</u>	<u>\$ 71,586</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 156,094		
Reconciling items:				
Refunding bonds issued		(4,650,000)		
Premium		(302,038)		
Payment to bond holders		4,847,300		
Deferred charges on refunding		38,286		
Capital contributions - Capital Project Fund		28,450		
Change in OPEB liability		(318)		
Change in compensated absences		(538)		
Depreciation		<u>(197,763)</u>		
Change in net position		<u>\$ (80,527)</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 863,913	\$ 754,597	\$ (109,316)	\$ 848,801
Tap on fees	25,100	13,447	(11,653)	7,525
Miscellaneous	-	27,409	27,409	41,546
Total operating revenues	<u>889,013</u>	<u>795,453</u>	<u>(93,560)</u>	<u>897,872</u>
<b>Expenditures:</b>				
Administration:				
Supplies	1,304	1,238	66	1,180
Telephone	4,891	5,219	(328)	5,091
Travel	15,664	16,687	(1,023)	17,679
Utilities	18,075	16,882	1,193	14,827
Other administration expenses	1,630	177	1,453	1
Total	<u>41,564</u>	<u>40,203</u>	<u>1,361</u>	<u>38,778</u>
Water treatment & distribution:				
Salaries and employee benefits	174,806	183,284	(8,478)	186,125
Water purchase	173,160	154,959	18,201	160,386
Supplies	1,835	397	1,438	164
Maintenance	120,807	112,766	8,041	106,200
Other expenses	44,592	27,652	16,940	29,200
Total	<u>515,200</u>	<u>479,058</u>	<u>36,142</u>	<u>482,075</u>
Budgetary appropriations:				
Capital outlay	5,869	-	5,869	7,781
Interest and bond issuance cost	215,880	267,941	(52,061)	222,205
Debt principal	110,500	-	110,500	104,000
Total	<u>332,249</u>	<u>267,941</u>	<u>64,308</u>	<u>333,986</u>
Total expenditures	<u>889,013</u>	<u>787,202</u>	<u>101,811</u>	<u>854,839</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	-	8,251	8,251	43,033
<b>Other Financing Sources (Uses):</b>				
Refunding bonds issued	-	3,255,000	3,255,000	-
Premium	-	452,502	452,502	-
Payment to bond holders	-	(3,552,000)	(3,552,000)	-
Total other financing sources (uses)	-	155,502	155,502	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 163,753	\$ 163,753	\$ 43,033
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 163,753		
Reconciling items:				
Refunding bonds issued		(3,255,000)		
Premium		(452,502)		
Payment to bond holders		3,552,000		
Deferred charges on refunding		57,358		
Change in OPEB liability		(477)		
Change in compensated absences		(731)		
Depreciation		(296,281)		
Change in net position		\$ (231,880)		

**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 948,371	\$ 857,961	\$ (90,410)	\$ 925,376
Tap on fees	41,500	19,145	(22,355)	23,900
Miscellaneous	-	28,930	28,930	34,824
Total operating revenues	989,871	906,036	(83,835)	984,100
<b>Expenditures:</b>				
Administration:				
Supplies	1,314	1,226	88	1,168
Telephone	4,928	5,188	(260)	5,038
Travel	14,629	16,698	(2,069)	17,497
Utilities	17,700	16,604	1,096	14,674
Other administration expenses	1,595	395	1,200	162
Total	40,166	40,111	55	38,539
Water treatment & distribution:				
Salaries and employee benefits	176,201	180,486	(4,285)	182,966
Water purchase	187,980	151,695	36,285	157,008
Supplies	52,567	53,782	(1,215)	52,446
Maintenance	69,008	57,847	11,161	52,437
Other expenses	45,862	47,606	(1,744)	28,899
Total	531,618	491,416	40,202	473,756
Budgetary appropriations:				
Capital outlay	5,914	-	5,914	7,700
Interest and bond issuance cost	262,373	255,295	7,078	270,987
Debt principal	149,800	29,300	120,500	143,800
Total	418,087	284,595	133,492	422,487
Total expenditures	989,871	816,122	173,749	934,782

**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		2012	
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	-	89,914	89,914	49,318
<b>Other Financing Sources (Uses):</b>				
Refunding bonds issued	-	3,995,000	3,995,000	-
Premium	-	456,111	456,111	-
Payment to bond holders	-	(4,337,500)	(4,337,500)	-
Total other financing sources (uses)	-	113,611	113,611	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 203,525</u>	<u>\$ 203,525</u>	<u>\$ 49,318</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 203,525		
Reconciling items:				
Refunding bonds issued		(3,995,000)		
Premium		(456,111)		
Payment to bond holders		4,337,500		
Deferred charges on refunding		57,816		
Change in OPEB liability		(480)		
Change in compensated absences		(881)		
Principal payments		29,300		
Depreciation		<u>(298,644)</u>		
Change in net position		<u>\$ (122,975)</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over/Under	2012
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 1,032,600	\$ 927,116	\$ (105,484)	\$ 1,025,829
Tap on fees	52,150	19,412	(32,738)	35,300
Miscellaneous	-	22,461	22,461	59,892
Total operating revenues	1,084,750	968,989	(115,761)	1,121,021
<b>Expenditures:</b>				
Administration:				
Supplies	1,354	1,283	71	1,222
Telephone	5,076	5,410	(334)	5,273
Travel	15,626	17,307	(1,681)	18,310
Utilities	20,175	17,376	2,799	15,356
Other administration expenses	1,780	413	1,367	169
Total	44,011	41,789	2,222	40,330
Water treatment & distribution:				
Salaries and employee benefits	181,457	188,793	(7,336)	191,532
Water purchase	193,440	158,288	35,152	163,831
Supplies	54,144	56,299	(2,155)	54,926
Maintenance	27,072	30,220	(3,148)	33,108
Other expenses	90,258	102,829	(12,571)	84,213
Total	546,371	536,429	9,942	527,610
Budgetary appropriations:				
Capital outlay	6,091	-	6,091	8,060
Interest and bond issuance cost	336,277	308,585	27,692	343,211
Debt principal	152,000	-	152,000	146,000
Total	494,368	308,585	185,783	497,271
Total expenditures	1,084,750	886,803	197,947	1,065,211

**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over/Under	2012
	Budget	Actual		Actual
Revenues over (under) expenditures	-	82,186	82,186	55,810
<b>Other Financing Sources (Uses):</b>				
Refunding bonds issued	-	6,695,000	6,695,000	-
Premium	-	469,713	469,713	-
Payment to bond holders	-	(7,079,500)	(7,079,500)	-
Total other financing sources (uses)	-	85,213	85,213	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 167,399	\$ 167,399	\$ 55,810

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 167,399
Reconciling items:	
Refunding bonds issued	(6,695,000)
Premium	(469,713)
Payment to bond holders	7,079,500
Deferred charges on refunding	59,540
Change in OPEB liability	(494)
Change in compensated absences	(773)
Depreciation	(307,551)
Change in net position	\$ (167,092)

**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 493,736	\$ 425,643	\$ (68,093)	\$ 491,120
Tap on fees	15,200	3,158	(12,042)	(9,925)
Miscellaneous	-	13,827	13,827	21,870
Total operating revenues	<u>508,936</u>	<u>442,628</u>	<u>(66,308)</u>	<u>503,065</u>
<b>Expenditures:</b>				
Administration:				
Supplies	585	562	23	536
Telephone	2,193	2,364	(171)	2,312
Travel	6,956	7,522	(566)	8,028
Utilities	6,600	7,617	(1,017)	6,732
Other administration expenses	676	180	496	74
Total	<u>17,010</u>	<u>18,245</u>	<u>(1,235)</u>	<u>17,682</u>
Water treatment & distribution:				
Salaries and employee benefits	78,397	82,790	(4,393)	83,989
Water purchase	67,080	69,255	(2,175)	71,680
Supplies	23,392	24,701	(1,309)	24,047
Maintenance	30,706	26,536	4,170	24,068
Other expenses	20,672	51,518	(30,846)	13,271
Total	<u>220,247</u>	<u>254,800</u>	<u>(34,553)</u>	<u>217,055</u>
Budgetary appropriations:				
Capital outlay	2,632	-	2,632	3,534
Interest and bond issuance cost	164,321	120,379	43,942	168,681
Debt principal	104,726	32,225	72,501	102,225
Total	<u>271,679</u>	<u>152,604</u>	<u>119,075</u>	<u>274,440</u>
Total expenditures	<u>508,936</u>	<u>425,649</u>	<u>83,287</u>	<u>509,177</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	-	16,979	16,979	(6,112)
<b>Other Financing Sources (Uses):</b>				
Refunding bonds issued	-	3,135,000	3,135,000	-
Premium	-	202,931	202,931	-
Payment to bond holders	-	(3,328,500)	(3,328,500)	-
Total other financing sources (uses)	-	9,431	9,431	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 26,410	\$ 26,410	\$ (6,112)

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 26,410
Reconciling items:	
Refunding bonds issued	(3,135,000)
Premium	(202,931)
Payment to bond holders	3,328,500
Deferred charges on refunding	25,723
Change in OPEB liability	(214)
Change in compensated absences	(298)
Principal payments	32,225
Depreciation	(132,872)
Change in net position	\$ (58,457)

**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		Variance Over/Under	2012
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 1,099,200	\$ 1,117,641	\$ 18,441	\$ 1,079,487
Tap on fees	49,500	19,744	(29,756)	26,854
Miscellaneous	-	36,311	36,311	305,133
Total operating revenues	1,148,700	1,173,696	24,996	1,411,474
<b>Expenditures:</b>				
Administration:				
Supplies	1,639	1,516	123	1,444
Telephone	6,194	6,401	(207)	6,233
Travel	18,661	20,506	(1,845)	21,646
Utilities	76,200	60,186	16,014	4,222
Other administration expenses	44,037	29,441	14,596	28,283
Total	146,731	118,050	28,681	61,828
Water treatment & distribution:				
Salaries and employee benefits	215,344	223,152	(7,808)	226,369
Water purchase	31,200	19,582	11,618	20,268
Supplies	65,577	66,519	(942)	65,094
Maintenance	84,989	74,161	10,828	70,346
Other expenses	4,032	83,302	(79,270)	2,201
Total	401,142	466,716	(65,574)	384,278
Budgetary appropriations:				
Capital outlay	7,337	-	7,337	10,000
Interest and bond issuance cost	446,490	499,497	(53,007)	453,015
Debt principal	147,000	-	147,000	145,000
Total	600,827	499,497	101,330	608,015
Total expenditures	1,148,700	1,084,263	64,437	1,054,121

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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	-	89,433	89,433	357,353
<b>Other Financing Sources (Uses):</b>				
Refunding bonds issued	-	9,555,000	9,555,000	-
Premium	-	557,438	557,438	-
Payment to bond holders	-	(9,922,000)	(9,922,000)	-
Total other financing sources (uses)	-	190,438	190,438	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 279,871	\$ 279,871	\$ 357,353

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 279,871
Reconciling items:	
Refunding bonds issued	(9,555,000)
Premium	(557,438)
Payment to bond holders	9,922,000
Deferred charges on refunding	70,660
Capital contributions - Capital Project Fund	2,149
Change in OPEB liability	(587)
Change in compensated absences	(895)
Depreciation	(364,989)
Change in net position	\$ (204,229)

**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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 680,200	\$ 617,225	\$ (62,975)	\$ 636,108
Tap on fees	26,500	5,888	(20,612)	10,862
Miscellaneous	-	22,072	22,072	51,651
Total operating revenues	<u>706,700</u>	<u>645,185</u>	<u>(61,515)</u>	<u>698,621</u>
<b>Expenditures:</b>				
Administration:				
Supplies	970	906	64	861
Telephone	3,639	3,824	(185)	3,714
Travel	11,308	12,306	(998)	13,671
Utilities	37,000	37,734	(734)	81,778
Other administration expenses	25,342	48,603	(23,261)	16,870
Total	<u>78,259</u>	<u>103,373</u>	<u>(25,114)</u>	<u>116,894</u>
Water treatment & distribution:				
Salaries and employee benefits	129,551	133,114	(3,563)	137,013
Supplies	38,816	39,680	(864)	38,691
Maintenance	105,342	44,083	61,259	41,932
Other expenses	2,390	5,925	(3,535)	1,312
Total	<u>276,099</u>	<u>222,802</u>	<u>53,297</u>	<u>218,948</u>
Budgetary appropriations:				
Capital outlay	4,367	-	4,367	5,678
Interest and bond issuance cost	237,975	203,388	34,587	242,963
Debt principal	110,000	-	110,000	105,000
Total	<u>352,342</u>	<u>203,388</u>	<u>148,954</u>	<u>353,641</u>
Total expenditures	<u>706,700</u>	<u>529,563</u>	<u>177,137</u>	<u>689,483</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	-	115,622	115,622	9,138
<b>Other Financing Sources (Uses):</b>				
Refunding bonds issued	-	4,720,000	4,720,000	-
Premium	-	335,351	335,351	-
Payment to bond holders	-	(5,010,000)	(5,010,000)	-
Total other financing sources (uses)	-	45,351	45,351	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 160,973	\$ 160,973	\$ 9,138
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 160,973		
Reconciling items:				
Refunding bonds issued		(4,720,000)		
Premium		(335,351)		
Payment to bond holders		5,010,000		
Deferred charges on refunding		42,508		
Change in OPEB liability		(353)		
Change in compensated absences		(453)		
Depreciation		(219,575)		
Change in net position		\$ (62,251)		

## BEAUFORT COUNTY, NORTH CAROLINA

WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT 1  
 NORTHSIDE TO SOUTHSIDE CONNECTIVITY PROJECT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental:					
Other	\$ 3,300,001	\$ -	\$ 28,450	\$ 28,450	\$ (3,271,551)
Total revenues	<u>3,300,001</u>	<u>-</u>	<u>28,450</u>	<u>28,450</u>	<u>(3,271,551)</u>
<b>Expenditures:</b>					
Engineering	293,000	-	-	-	293,000
Construction	2,638,209	-	1,300	1,300	2,636,909
Land purchase	120,700	-	27,150	27,150	93,550
Interest	150,000	-	-	-	150,000
Other	98,092	-	-	-	98,092
Total expenditures	<u>3,300,001</u>	<u>-</u>	<u>28,450</u>	<u>28,450</u>	<u>3,271,551</u>
Revenues 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

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, 2013

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental:					
Federal and state grants	\$ 9,381,577	\$ 9,381,577	\$ -	\$ 9,381,577	\$ -
Other	3,417,980	139,077	2,149	141,226	(3,276,754)
Total revenues	<u>12,799,557</u>	<u>9,520,654</u>	<u>2,149</u>	<u>9,522,803</u>	<u>(3,276,754)</u>
<b>Expenditures:</b>					
Engineering	1,019,209	1,029,615	-	1,029,615	(10,406)
Construction	21,059,616	16,661,751	2,149	16,663,900	4,395,716
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	-	1,165	-	1,165	(1,165)
Total expenditures	<u>24,032,477</u>	<u>20,391,786</u>	<u>2,149</u>	<u>20,393,935</u>	<u>3,638,542</u>
Revenues over (under) expenditures	<u>(11,232,920)</u>	<u>(10,871,132)</u>	<u>-</u>	<u>(10,871,132)</u>	<u>361,788</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	10,700,000	10,700,000	-	10,700,000	-
Transfer from/to other funds	532,920	171,132	-	171,132	(361,788)
Total other financing sources (uses)	<u>11,232,920</u>	<u>10,871,132</u>	<u>-</u>	<u>10,871,132</u>	<u>(361,788)</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, 2013**

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Social Services Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 56,248	\$ 527,743	\$ 514,831	\$ 69,160
<b>Liabilities:</b>				
Accounts payable	\$ 56,248	\$ 527,743	\$ 514,831	\$ 69,160
<b>Sheriff Accounts:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 14,134	\$ 144,580	\$ 146,637	\$ 12,077
<b>Liabilities:</b>				
Accounts payable	\$ 14,134	\$ 144,580	\$ 146,637	\$ 12,077
<b>Beaufort County Home Foundation:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 62,523	\$ 92	\$ 24	\$ 62,591
<b>Liabilities:</b>				
Accounts payable	\$ 62,523	\$ 92	\$ 24	\$ 62,591
<b>Tax Collections Held for Municipalities:</b>				
<b>Assets:</b>				
Taxes receivables	\$ 910,595	\$ 5,558,213	\$ 5,590,882	\$ 877,926
<b>Liabilities:</b>				
Intergovernmental payable	\$ 910,595	\$ 5,558,213	\$ 5,590,882	\$ 877,926
<b>4-H :</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 12,585	\$ 26,462	\$ 23,170	\$ 15,877
<b>Liabilities:</b>				
Accounts payable	\$ 12,585	\$ 26,462	\$ 23,170	\$ 15,877
<b>Cooperative Extension:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 36,680	\$ 13,611	\$ 16,782	\$ 33,509
<b>Liabilities:</b>				
Accounts payable	\$ 36,680	\$ 13,611	\$ 16,782	\$ 33,509

**BEAUFORT COUNTY, NORTH CAROLINA****AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Total - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 182,170	\$ 712,488	\$ 701,444	\$ 193,214
Taxes receivables	910,595	5,558,213	5,590,882	877,926
Total assets	<u>\$ 1,092,765</u>	<u>\$ 6,270,701</u>	<u>\$ 6,292,326</u>	<u>\$ 1,071,140</u>
<b>Liabilities:</b>				
Accounts payable	\$ 1,092,765	\$ 6,270,701	\$ 6,292,326	\$ 1,071,140
Total liabilities	<u>\$ 1,092,765</u>	<u>\$ 6,270,701</u>	<u>\$ 6,292,326</u>	<u>\$ 1,071,140</u>

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## **Other Schedules**

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

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## BEAUFORT COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2013

<u>Fiscal Year</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2013</u>
2012-2013	\$ -	\$ 30,715,010	\$ 29,117,959	\$ 1,597,051
2011-2012	1,562,621	-	1,047,836	514,785
2010-2011	528,344	-	238,683	289,661
2009-2010	296,736	-	92,253	204,483
2008-2009	187,418	-	40,506	146,912
2007-2008	168,952	-	26,458	142,494
2006-2007	147,069	-	19,242	127,827
2005-2006	127,420	-	14,429	112,991
2004-2005	113,309	-	11,113	102,196
2003-2004	121,054	-	9,987	111,067
2002-2003	128,718	-	128,718	-
Total	<u>\$ 3,381,641</u>	<u>\$ 30,715,010</u>	<u>\$ 30,747,184</u>	3,349,467
Less: Allowance for uncollectible accounts:				
General Fund				<u>(753,330)</u>
Ad valorem taxes receivable, net:				
General Fund				<u>\$ 2,596,137</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				\$ 30,850,308
<b>Reconciling Items:</b>				
Penalties and interest				(426,225)
Releases/adjustments				69,375
Miscellaneous				<u>253,726</u>
Total collections and credits				<u>\$ 30,747,184</u>
<b>Secondary Market Disclosures:</b>				
Assessed valuation:				
Assessment ratio				100%
Real property				\$ 4,432,687,390
Personal property				1,272,141,458
Public service companies				86,506,057
Total assessed valuation				<u>\$ 5,791,334,905</u>
Tax rate per \$100				0.53
Levy (includes discoveries, releases, and abatements)				<u>\$ 30,715,010</u>

## BEAUFORT COUNTY NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY  
FOR THE YEAR ENDED JUNE 30, 2013

	County-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 5,787,167,358	0.53	\$ 30,671,987	\$ 28,596,618	\$ 2,075,369
Total original levy	<u>5,787,167,358</u>		<u>30,671,987</u>	<u>28,596,618</u>	<u>2,075,369</u>
<b>Discoveries:</b>					
Current year's taxes	17,257,170	0.53	91,463	91,463	-
Penalties	-		20,935	20,935	-
Total	<u>17,257,170</u>		<u>112,398</u>	<u>112,398</u>	<u>-</u>
<b>Abatements:</b>					
Current year's taxes	(13,089,623)	0.53	(69,375)	(38,293)	(31,082)
Total	<u>(13,089,623)</u>		<u>(69,375)</u>	<u>(38,293)</u>	<u>(31,082)</u>
Total property valuation	<u>\$ 5,791,334,905</u>				
<b>Net Levy</b>			30,715,010	28,670,723	2,044,287
Uncollected taxes June 30, 2013			<u>1,597,051</u>	<u>1,260,119</u>	<u>336,932</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 29,117,959</u>	<u>\$ 27,410,604</u>	<u>\$ 1,707,355</u>
<b>Current Levy Collection Percentage</b>			<u>94.80%</u>	<u>95.60%</u>	<u>83.52%</u>

**BEAUFORT COUNTY, NORTH CAROLINA****TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b><u>Taxpayer</u></b>	<b><u>Type of Business</u></b>	<b><u>Valuation</u></b>	<b><u>Percentage of Total Assessed Valuation</u></b>
PCS Phosphate Company, Inc.	Phosphate Mining/Acid Production	\$ 993,140,466	17.15%
Purified Acid Partnership	Acid Production	113,100,538	1.95%
Weyerhaeuser Company	Tree Farm Operation	109,598,563	1.89%
Tideland Electric Membership	Utilities	28,642,284	0.49%
Stanadyne Automotive Corp.	Automotive Diesel Components	21,339,847	0.37%
Flanders Filters Inc.	Manufacturing	13,259,853	0.23%
Carolina Telephone & Tele	Utilities	15,802,865	0.27%
Progress Energy	Utilities	15,317,570	0.26%
Alabama Carbon	Agricultural	13,816,600	0.24%
Fountain Powerboats Inc	Boat Manufacturer	11,071,284	0.19%

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## **Compliance Section**

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

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

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Beaufort County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 16, 2014. The financial statements of the Beaufort County ABC Board were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

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

## **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*.

## **Purpose of this Report**

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 16, 2014

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

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

## **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Beaufort County, North Carolina

#### **Report on Compliance for Each Major Federal Program**

We have audited Beaufort County, North Carolina, compliance 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, 2013. Beaufort County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Beaufort County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Beaufort County's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, Beaufort County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Report on Internal Control Over Compliance**

Management of Beaufort County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. 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 that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 16, 2014

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

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

## **Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance with OMB Circular A-133; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Beaufort County, North Carolina

#### **Report on Compliance for Each Major State Program**

We have audited Beaufort County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Beaufort County's major State programs for the year ended June 30, 2013. Beaufort County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Beaufort County's major State programs based on our audit of the types of compliance requirements referred to above. 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; 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, 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 on compliance for each major State program. However, our audit does not provide a legal determination of Beaufort County's compliance.

## **Opinion on Each Major State Program**

In our opinion, Beaufort County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

## **Report on Internal Control Over Compliance**

Management of Beaufort County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Beaufort County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on our requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 16, 2014

# BEAUFORT COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

### 1. Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

#### Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with U.S Office of Management and Budget, Circular A-133, Audits of States, Local Governments, Non Profit Organizations, Section .510(a)?	No
Identification of major federal programs:	
Medical Assistance Program Cluster	93.778, 93.775, 93.777, 93.720
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$1,668,624</u>
Auditee qualified as low-risk auditee?	No

**BEAUFORT COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**1. Summary of Auditor's Results (continued)**

**State Awards**

Internal control over major State programs:

- Material weakness(es) identified? No
  
- Significant deficiency(s) identified that are not considered to be material weaknesses? None reported

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

Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major State programs:

Medical Assistance Program Cluster

**BEAUFORT COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**2. Findings Related to the Audit of the Basic Financial Statements**

None reported

**3. Federal Award Findings, Responses, and Questioned Costs**

None reported

**4. State Award Findings, Responses, and Questioned Costs**

None reported

**BEAUFORT COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Finding:** 2012-01

**Status:** Corrected

## BEAUFORT COUNTY, NORTH CAROLINA

### SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2013

Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<b>Federal Awards:</b>			
<b><u>U.S. Department of Agriculture</u></b>			
<b><u>Food and Nutrition Service</u></b>			
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	\$ 480,636	\$ -
Total Supplemental Nutrition Assistance Program Cluster		480,636	-
<b><u>Passed-through the NC Dept. of Health and Human Services:</u></b>			
<b><u>Division of Public Health:</u></b>			
Administration:			
Special Supplemental Nutrition Program for			
Women, Infants, and Children (WIC)	10.557	346,049	-
AGRI-SFP Food Program Meal	10.559	414	-
Direct Benefit Payments:			
Special Supplemental Nutrition Program for			
Women, Infants, and Children	10.557	1,295,133	-
<b>Total U.S. Department of Agriculture</b>		<u>2,122,232</u>	<u>-</u>
<b><u>U.S. Dept. of Justice:</u></b>			
<b><u>Bureau of Justice Assistance</u></b>			
ARRA- Public Safety Partnerships and Community Policing Grants	16.710	88,200	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,113	-
<b>Total U.S. Department of Justice</b>		<u>89,313</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security:</u></b>			
Passed-through N.C. Dept. of Public Safety:			
Federal Emergency Management Agency			
Division of Emergency Management			
Emergency Management Performance Grant	97.042	30,959	-
Pre-Disaster Mitigation	97.047	6,847	-
Hazardous Mitigation Grant	97.039	224,789	-
<b>Total U.S. Department of Homeland Security</b>		<u>262,595</u>	<u>-</u>
<b><u>U.S. Department of Health &amp; Human Services</u></b>			
<b><u>Administration on Aging:</u></b>			
<b><u>Division of Aging and Adult Services</u></b>			
Passed-through Mid East Commission Council of Governments:			
Aging Cluster:			
Access Title III-B	93.044	48,146	6,565
In-Home Services:			
Title IIIB	93.044	243,324	42,940

## BEAUFORT COUNTY, NORTH CAROLINA

### SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
Congregate Nutrition:			
Title III-C1	93.045	58,482	10,320
Home Delivered Meals:			
Title III-C2	93.045	60,843	10,737
Total Aging Cluster		<u>410,795</u>	<u>70,562</u>
Social Services Block Grant	93.667	<u>22,745</u>	<u>650</u>
<b><u>Administration for Children and Families</u></b>			
Passed through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Work First Administration	93.558	164,855	-
Temporary Assistance for Needy Families	93.558	5,766	-
Work First Service	93.558	606,468	-
TANF Direct Benefit Payment	93.558	387,301	(82)
Total TANF Cluster		<u>1,164,390</u>	<u>(82)</u>
AFDC Payments and Penalties	93.560	(740)	(203)
IV-D Offset Fees Federal	93.563	2,226	4
IV-D Administration	93.563	406,495	-
IV-D Offset Fees ESC	93.563	214	-
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	45,926	-
Crisis Intervention	93.568	330,503	-
Energy Assistance	93.568	151,500	-
Child Welfare Services - State Grants	93.645	24,854	2,555
Socials Services Block Grant	93.667	-	3,923
Family Preservation	93.556	5,824	-
State County Special Assistance		7,462	-
Foster Care and Adoption Cluster: (Note 2)			
Title IV-E Foster Care - Administration	93.658	243,557	23,101
Foster Care - Direct Benefits Payments	93.658	105,139	31,828
Adoption Assistance - Administration	93.659	6,966	-
Adoption Assistance - Direct Benefit Payments	93.659	457,021	121,057
Total Foster Care and Adoption Cluster		<u>812,683</u>	<u>175,986</u>
<b><u>Division of Child Development:</u></b>			
<b><u>Subsidized Child Care Cluster:</u></b>			
<b><u>Child Care Development Fund Cluster:</u></b>			
Division of Social Services:			
Child Care Development Fund - Administration	93.596	80,000	-
Division of Child Development:			
Child Care and Development Fund - Discretionary	93.575	563,116	-
Child Care and Development Fund-Mandatory	93.596	231,125	-
Child Care and Development Fund-Match	93.596	279,414	103,218
Total Child Care Development Fund Cluster:		<u>1,153,655</u>	<u>103,218</u>

**BEAUFORT COUNTY, NORTH CAROLINA****SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Grantor / Pass-through Grantor / Program Title</b>	<b>Federal CFDA Number</b>	<b>Fed. (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>
Social Services Block Grant	93.667	6,989	-
Temporary Assistance for Needy Families	93.558	302,295	-
Foster Care Title IV-E	93.658	13,513	6,750
Smart Start		-	39,862
State Appropriations		-	227,615
TANF-MOE		-	158,099
Total Subsidized Child Care Cluster		<u>1,476,452</u>	<u>535,544</u>
<b><u>Centers for Medicare and Medicaid Services:</u></b>			
Passed through the N.C. Dept. of Health and Human Services:			
Division of Medical Assistance:			
Direct Benefit Payment:			
Medical Assistance Program	93.778	46,843,016	26,315,566
Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	<u>744,928</u>	<u>23,335</u>
Total Medicaid Cluster		<u>47,587,944</u>	<u>26,338,901</u>
State Insurance Program - N.C. Health Choice	93.767	<u>32,794</u>	<u>1,820</u>
Total Centers for Medicare and Medicaid Services		<u>47,620,738</u>	<u>26,340,721</u>
<b><u>Division of Public Health:</u></b>			
<b><u>Health Resources and Service Administration</u></b>			
Passed through N.C. Dept of Health and Human Services:			
Division of Social Services			
Links	93.674	13,015	3,254
Social Service Block Grant	93.667	264,198	22,660
Passed through N.C. Dept of Health and Human Services:			
Division of Public Health			
Public Health Emergency Preparedness	93.069	49,725	-
Immunization Grant	93.268	14,342	-
State Health Access Program	93.256	11,004	-
Family Planning Services	93.217	53,258	-
Prevention Investigations & Tech. Assistance	93.283	3,549	-
Centers for Disease and Control and Statewide Health Promotion	93.991	9,641	-
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	<u>76,672</u>	<u>57,510</u>
<b>Total U.S. Department of Health and Human Services</b>		<u>52,562,283</u>	<u>27,146,972</u>
<b><u>Dept. of Housing and Urban Development (HUD)</u></b>			
CDBG - State Administered CDBG Cluster			
CDBG Grant-10-C-2115	14.228	39,586	-
CDBG Grant-10-C-2136	14.228	<u>111,255</u>	-
Total CDBG State Administered CDBG Cluster		<u>150,841</u>	-
<b>Total U.S. Department of Housing and Urban Development</b>		<u>150,841</u>	-

## BEAUFORT COUNTY, NORTH CAROLINA

### SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2013

Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
Total Federal Awards		55,620,804	27,218,184
<b>State Awards:</b>			
<b><u>N.C. Dept. of Health and Human Services</u></b>			
Division of Social Services:			
Energy Assistance		-	3,148
AFDC Incent/Program		-	584
Direct Benefit Payments			
CWS Adopt Subsidy		-	149,291
SC/SA Domiciliary Care		-	606,281
SFHF Maximization		-	16,584
State Foster Home		-	48,446
Division of Public Health:			
Food and Lodging Fees		-	6,573
Environmental Health		-	4,000
General Aid to Counties		-	84,025
General Communicable Disease Control		-	2,684
Mosquito-Public Health Pesticide		-	5,351
Healthy Communities		-	2,839
Risk Reduction/Health Promotion		-	6,206
WHSF		-	4,281
HIV/STD Non-Traditional Test Site		-	30,592
HIV/STD Prevention Risk Reduction		-	6,239
Tuberculosis		-	23,945
School Nurse Funding Initiative		-	250,000
TB Medical Service		-	1,776
<b>Total N.C. Department of Health and Human Services</b>		-	1,252,845
<b><u>N.C. Dept. of Public Safety</u></b>			
Criminal Justice Partnership Program		-	17,655
Juvenile Crime Prevention		-	168,589
<b>Total N.C. Dept. of Public Safety</b>		-	186,244
<b><u>N.C. Department of Transportation:</u></b>			
Rural Operating Assistance Program (ROAP)			
Elderly and Disabled Transportation Assistance Program (E&DTAP)		-	60,339
ROAP Work First Transitional - Employment Transportation Assistance Program			
Assistance Program		-	17,267
ROAP Rural General Public Program		-	69,452
<b>Total N.C. Dept. of Transportation</b>		-	147,058
<b><u>N.C. Department of Public Instruction:</u></b>			
Public School Building Capital Fund		-	402,412
<b>Total N.C. Dept. of Public Instruction</b>		-	402,412

## BEAUFORT COUNTY, NORTH CAROLINA

### SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2013

Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<b><u>N.C. Department of Environment and Natural Resources:</u></b>			
Scrap Tire Program		-	1,196
<b>Total N.C. Dept. of Environment and Natural Resources</b>		-	1,196
<b><u>N.C. Department Administration:</u></b>			
Veterans Service Grant		-	1,452
Elections - ADA Grant		-	6,314
<b>Total N.C. Dept. of Administration</b>		-	7,766
<b><u>N.C. Department of Agriculture:</u></b>			
Soil and Water Grant		-	27,898
<b>Total N.C. Dept. of Agriculture</b>		-	27,898
Total State awards		-	2,025,419
Total Federal and State awards		\$ 55,620,804	\$ 29,243,603

#### **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:

<b><u>Program Title</u></b>	<b><u>Pass-through Grantor's Number</u></b>	<b><u>State Expenditures</u></b>
Public School Building Capital Fund	XXXX	\$ 402,412

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