

Beaufort County, North Carolina
Financial Statements
June 30, 2018



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INDEPENDENT AUDITORS' REPORT

To the 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of and for the year then ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Beaufort 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 did not audit the financial statements of Beaufort County ABC Board, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort County ABC Board is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Healthcare Reserve 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 on pages 4 through 14, the Other Postemployment Benefits schedules of Changes in Net OPEB Liability on page 69, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, pages 70 and 71, and the Register of Deeds' Supplemental Pension Fund schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions on pages 72 and 73, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, pages 74 and 75, 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 and other auditors 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 the basic financial statements of Beaufort County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 US Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 financial 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards 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 November 29, 2018 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 the 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.



Belhaven, North Carolina
November 29, 2018

Beaufort County, North Carolina Management's Discussion and Analysis

As management of Beaufort County, we offer this overview and analysis of the financial activities of Beaufort County for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with the County's financial statements and notes to those 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 \$55,775,989 (*net position*).
- Beaufort County's total net position decreased by \$5,116,830 due to the removal of a \$10 million note receivable associated with an option to purchase under the Vidant Health Systems agreement.
- As of June 30, 2018, Beaufort County's governmental funds reported combined ending fund balances of \$27,359,229, an increase of \$1,876,791 in comparison with the prior year. Approximately 23.03% of this total amount or \$6,301,335 is restricted or committed.
- Also at June 30, 2018, unassigned fund balance for the General Fund was \$14,920,124, or 26.99% of total general fund expenditures of \$55,288,019 for the fiscal year.
- Beaufort County's total debt decreased by \$3,047,360 or 5.16% during the current fiscal year. The key factor in this decrease was the scheduled payments on outstanding debt.

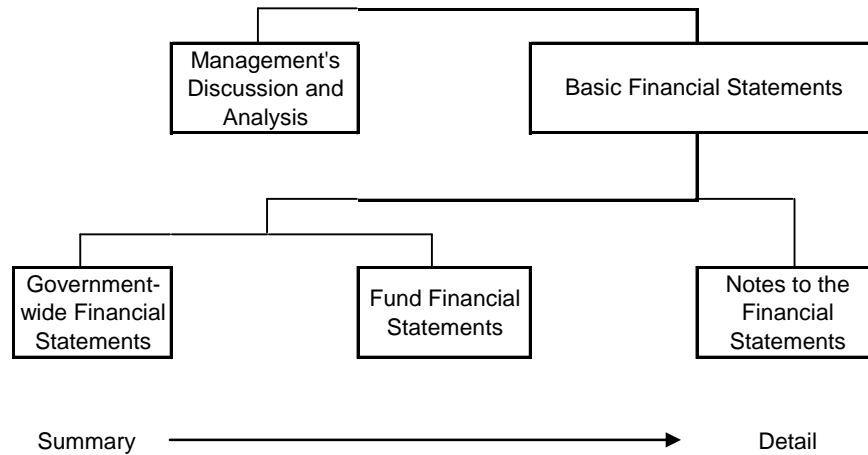
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Beaufort County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two views of the County's activities both from a broad government-wide and from a more focused fund perspective. This report contains supplemental information intended to enhance the understanding of the County's financial condition.

Beaufort County, North Carolina Management's Discussion and Analysis

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The **notes** to the financial statements follow the Fund Financial Statements, explaining in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's major and non-major governmental funds, with the non-major funds added together in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes also can be found within the supplemental information.

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

Beaufort County, North Carolina Management's Discussion and Analysis

statements provide short and long-term information about the County's overall financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and total liabilities and deferred inflows 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 and include the water services offered by the County. The final category is the County's single component unit, the ABC Board. Although legally separate, the County is financially accountable for the ABC Board through appointment of its members and because the ABC Board is required to distribute a portion of its profits to the County.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes. 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 North Carolina 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 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 has a current financial resources focus. As a result, the governmental fund financial statements give users a detailed short-term view that helps 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,

Beaufort County, North Carolina Management's Discussion and Analysis

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 and solid waste operations. These funds are the same as those separate activities 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 fiduciary funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 27 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Beaufort County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 69 of this report.

Government-Wide Financial Analysis

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 30,826,184	\$ 38,041,211	\$ 9,887,058	\$ 9,370,981	\$ 40,713,242	\$ 47,412,192
Capital assets	22,256,784	19,432,115	59,278,120	60,619,401	81,534,904	80,051,516
Deferred outflows of resources	3,783,449	4,859,962	225,248	256,531	4,008,697	5,116,493
Total assets and deferred outflows of resources	56,866,417	62,333,288	69,390,426	70,246,913	126,256,843	132,580,201
Current and other liabilities	2,051,908	1,309,528	683,363	404,771	2,735,271	1,714,299
Long-term liabilities outstanding	28,839,842	30,337,483	38,572,801	39,384,448	67,412,643	69,721,931
Deferred inflows of resources	284,487	238,262	48,453	12,894	332,940	251,156
Total liabilities and deferred inflows of resources	31,176,237	31,885,273	39,304,617	39,802,113	70,480,854	71,687,386
Net position:						
Net investment in capital assets	19,179,411	16,270,608	23,653,120	23,727,176	42,832,531	39,997,784
Restricted	6,105,484	6,288,947	-	-	6,105,484	6,288,947
Unrestricted	405,285	7,888,460	6,432,689	6,717,624	6,837,974	14,606,084
Total net position	\$ 25,690,180	\$ 30,448,015	\$ 30,085,809	\$ 30,444,800	\$ 55,775,989	\$ 60,892,815

Beaufort County, North Carolina Management's Discussion and Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$55,775,989 as of June 30, 2018. The County's net position decreased by \$5,116,830 for the fiscal year ended June 30, 2018. One of the largest portions \$42,832,531 (76.79%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). 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 \$6,105,484 (10.95%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,837,974 is unrestricted.

The government's net investment in capital assets increased by \$2,834,747 or (7.09%). This increase is attributable to additional capital investments in land, buildings, vehicles, equipment, and the water utility during the fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 2,832,756	\$ 2,525,520	\$ 10,503,501	\$ 9,922,907	\$ 13,336,257	\$ 12,448,427
Operating grants and contributions	10,039,782	13,463,835	-	-	10,039,782	13,463,835
Capital grants and contributions	1,215,428	1,295,224	53,991	-	1,269,419	1,295,224
General revenues:						
Property taxes	36,605,867	35,699,524	-	-	36,605,867	35,699,524
Other taxes	9,247,498	8,829,560	-	-	9,247,498	8,829,560
Investment earnings	277,379	80,283	98,967	17,178	376,346	97,461
Miscellaneous	4,995,976	241,106	-	-	4,995,976	241,106
Total revenues	65,214,686	62,135,052	10,656,459	9,940,085	75,871,145	72,075,137
Expenses:						
General government	3,287,085	6,262,091	-	-	3,287,085	6,262,091
Public safety	15,951,110	13,613,307	-	-	15,951,110	13,613,307
Economic and physical development	4,828,511	2,836,832	-	-	4,828,511	2,836,832
Human services	14,640,156	17,711,070	-	-	14,640,156	17,711,070
Environmental protection	-	-	-	-	-	-
Cultural and recreational	444,070	431,270	-	-	444,070	431,270
Education	18,658,263	17,962,312	-	-	18,658,263	17,962,312
Interest and fees on long-term debt	611,982	748,635	-	-	611,982	748,635
Water and Solid Waste	-	-	10,456,966	9,824,226	10,456,966	9,824,226
Total expenses	58,421,177	59,565,517	10,456,966	9,824,226	68,878,143	69,389,743
Increase in net position before transfers	6,793,509	2,569,535	199,493	115,859	6,993,002	2,685,394
Transfers	-	(134,919)	-	134,919	-	-
Increase in net position	6,793,509	2,434,616	199,493	250,778	6,993,002	2,685,394
Net position-beginning, previously reported	30,448,015	28,940,490	30,444,800	29,837,904	60,892,815	58,778,394
Restatement	(11,551,344)	(927,091)	(558,484)	356,118	(12,109,828)	(570,973)
Net position-beginning, restated	18,896,671	28,013,399	29,886,316	30,194,022	48,782,987	58,207,421
Net position-ending	\$ 25,690,180	\$ 30,448,015	\$ 30,085,809	\$ 30,444,800	\$ 55,775,989	\$ 60,892,815

Governmental activities. Governmental activities increased the County's net position by \$6,793,509 during the fiscal year. Key elements of this increase include:

Beaufort County, North Carolina Management's Discussion and Analysis

- Capital grants and contributions totaling \$1,215,428
- Increase in and sales tax collections
- General Fund actual expenditures were 3.1% less than budgeted in FY 2017-2018, excluding Human Services (6.9% less than budgeted including Human Services).

A restatement of net position in the total amount of \$11,551,344 occurred in the governmental activities due to the implementation of Government Accounting Standards Board Statement (GASB) No. 75 related to Other Postemployment Benefits (\$1,551,344) and a \$10 million adjustment to remove a note receivable associated with an option to purchase under the September 1, 2011 capital lease agreement with Vidant Health Systems. The 30-year capital lease does not guarantee a \$10 million payment to the County from Vidant Health Systems in the year 2041, but rather allows Vidant an option to purchase the leased assets at the expiration of the lease term if they so choose. Management believes because Vidant Health Systems has an "option to purchase" along with the uncertainty of health care in our nation, the adjustment to remove the note receivable from the balance sheet is necessary so the County's assets will not be over stated. In the case that Vidant Health Systems does exercise the option to purchase, the County's fund balance would increase by \$10 million upon receipt of the funds.

Business-type activities: Business-type activities increased Beaufort County's net position by \$199,493. Key elements of this increase include:

- Water District increased revenues due to a 3% increase in rates
- Solid Waste increased revenues due to billing the annual solid waste fee to all parcels except those with vacant land or a recognized waste hauling contract.

A restatement of net position for business-type activities in the amount of \$558,584 was necessary due to the implementation of Government Accounting Standards Board (GASB) No. 75.

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 appropriations 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, Beaufort County's fund balance available in the General Fund was \$14,920,124, while total fund balance reached \$20,035,894. The Beaufort County Board of Commissioners has determined that the

Beaufort County, North Carolina Management's Discussion and Analysis

County should maintain an available fund balance of 35% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 26.99% of general fund expenditures, while total fund balance represents 36.24% of that same amount.

At June 30, 2018, the governmental funds of Beaufort County reported a combined fund balance of \$27,359,229, a 7.37% increase over last year.

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. Differences between the original budgeted revenues and final budgeted revenues for the General Fund amounted to a \$959,448 increase and are summarized as follows:

- \$621,470 increase in restricted governmental revenues
- \$59,000 increase in sales and service
- \$160,000 increase in investment earnings
- \$1,200 increase in permits and fees
- \$117,778 increase in miscellaneous revenue

Differences between the original budgeted expenditures and the final amended appropriations for the General Fund amounted to a \$668,239 decrease and are summarized as follows:

- \$1,811,689 decrease in general government activity
- \$1,106,631 increase in public safety
- \$96,815 increase in economic and physical development
- \$135,251 increase in human services
- \$7,600 increase in education
- \$202,847 decrease in debt service

Transfers and appropriation of fund balance rebalanced the General Fund as follows:

- Transfers to other funds included \$162,050 for the required annual contribution to the Revaluation Reserve Fund, \$55,000 to the Voting Machine Reserve Fund, \$88,567 to Special Revenue Funds, and \$3,152,372 to a capital project fund for major capital improvements to County facilities. Transfers into the General Fund included \$3.5 million from the Health Care Reserve Fund as a loan to the General Fund to pay for the capital improvements to the facilities, and \$121,448 from the completed Courthouse Roof Replacement Capital Project Fund.
- \$1,962,822 in fund balance was appropriated to be spent during FY 17/18; however, on a budgetary basis of accounting, \$506,751 was added to fund balance before the adjustment

Beaufort County, North Carolina Management's Discussion and Analysis

for the \$3.5 million advance from the Health Care Reserve Fund. Because the fund balance for the interfund loan between the General Fund and the Health Care Reserve Fund is showing in the Health Care Reserve Fund, the General Fund balance is reduced by a net amount of \$3,116,273.

During the year, General Fund revenue came in 2.82% lower than budgetary estimates and actual expenditures came in 6.89% lower than appropriations. Originally, \$1,962,822 in fund balance was expected to be used; however, \$506,751 was actually used. As mentioned previously, the drawdown of fund balance was mainly used to pay cash for several large capital items.

Proprietary Funds. Beaufort County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water districts and the Solid Waste Fund equaled \$6,432,689 at June 30, 2018. There was an increase in net position of \$199,493. Four of the seven water districts saw increases in their net position at the close of the year on the full accrual basis of accounting. District II, District VI, and District VII were the three districts that experienced a negative change in net position as a result of the fiscal year operations. Future rate increases of 3% are anticipated for the next several years to not only allow these districts to overcome their annual losses, but also provide needed funds to satisfy laddered debt service on the limited obligations bonds.

Net position in the Solid Waste Fund increased by \$220,651 as a result of operations during the fiscal year. Additional revenue received from charging all parcels except those with vacant land or a recognized waste hauling contract, accounted for the increase.

Capital Asset and Debt Administration

Capital assets. Beaufort County's capital assets for its governmental and business – type activities as of June 30, 2018, totals \$81,534,904 (net of accumulated depreciation). This investment in capital assets includes buildings, land, equipment, vehicles, water utility system, and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was \$1,483,388, a 14.54% increase for governmental activities and a 2.21% decrease for business-type activities.

Major capital asset transactions during the year include:

- Courthouse improvements totaling \$1,420,697
- Various building roof repairs and replacements amounting to \$354,450
- Vehicles for the Sheriff's Office and water system
- Renovations to the Financial Services Center began and amounted to \$65,642 at June 30, 2018
- Radio system upgrades during the fiscal year continued at a cost of \$451,617
- Automated Metering Infrastructure feasibility study concluded with infrastructure and meter installation/integration to begin next fiscal year (FY 2018-2019)

Beaufort County, North Carolina Management's Discussion and Analysis

- A metal storage building for the water operations was constructed at a cost of \$107,500
- The Southside emergency generator power project was completed at a cost of \$471,186

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 6,853,330	\$ 6,770,335	\$ 108,157	\$ 108,157	\$ 6,961,487	\$ 6,878,492
Building and system	9,976,036	8,422,077	58,369,963	60,339,275	68,345,999	68,761,352
Machinery and equipment	2,264,147	2,069,273	214,101	115,970	2,478,248	2,185,243
Construction in progress	3,163,271	2,170,431	585,899	55,998	3,749,170	2,226,429
Total	\$ 22,256,784	\$ 19,432,116	\$ 59,278,120	\$ 60,619,400	\$ 81,534,904	\$ 80,051,516

Additional information on the County's capital assets can be found in Note III.A.5.

Long-term Debt. As of June 30, 2018, Beaufort County had total debt outstanding of \$55,963,372, all of which is backed by the full faith and credit of the County. Of this amount, \$15,704,000 is owed in general obligation school bonds, \$33,755,000 is outstanding for the Water District limited obligation bonds, and \$6,504,372 is obligated for installment note balances.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 15,704,000	\$ 17,250,000	\$ -	\$ -	\$ 15,704,000	\$ 17,250,000
Limited obligation bonds	-	-	33,755,000	34,880,000	33,755,000	34,880,000
Installment purchases	4,634,372	4,868,507	1,870,000	2,012,225	6,504,372	6,880,732
Total	\$ 20,338,372	\$ 22,118,507	\$ 35,625,000	\$ 36,892,225	\$ 55,963,372	\$ 59,010,732

The County maintained an Aa3 bond rating from Moody's Investor Service and a AA- bond rating from Standard and Poor's. This bond rating is a clear indication of the sound financial condition of Beaufort County, and a primary factor in keeping interest costs low on the County's outstanding debt and future borrowings.

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 \$456,503,170.

Additional information regarding Beaufort County's long-term debt can be found in Note III.B.7 beginning on page 60 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The original General Fund budget for FY 2018-2019 totals \$58,488,793, a decrease of \$1,548,558 when compared to the FY 2017-2018 original budget of \$60,037,351. The reason for the decrease is due to a large drop in the Department of Social Service's budget as a result of the federal childcare payments being handled by the State of North Carolina and no longer flowing through the County's budget. Most other General Fund departments experienced slightly higher budgets in FY 2018-2019 compared to FY 2017-2018 due to County employees receiving a 2% cost of living adjustment effective July 1, 2018. The Sheriff's Office budget increased by \$633,649 or 12.1% to provide six

Beaufort County, North Carolina Management's Discussion and Analysis

additional school resource officers throughout the County school system. One safety officer was also added at the community college.

The County completed its octennial revaluation during fiscal year 2017-2018. Overall, valuations were down 5.5% throughout the County when compared to 2010 due to the decline in waterfront values. The 5.5% decrease equated to a 3 cents tax rate adjustment to keep ad valorem tax revenues neutral. An additional adjustment of 3.5 cents was needed to maintain services at the current level and pay for the six additional school resource officers and the safety officer at the community college.

There is \$25,000 in General Fund contingency currently budgeted in fiscal year 2018-2019. Fund balance is available for appropriation at the Board's discretion should emergency items arise during the year.

The operations of the seven water districts into a single operational water system under an interlocal operating agreement between the County and Districts began on July 1, 2018. Also, the result of a new rate study that consolidates the existing water rates over a 5-year period into one uniform rate started. A \$4.5 million borrowing is planned for fiscal year 2018-2019 to finance the advanced metering infrastructure project for the water system. The project is expected to take two years to complete.

The fiscal year 2018-2019 budget implements an administrative charge to the water and solid waste enterprise operations to help offset the cost to the General Fund of providing administrative, IT, and legal services. The administrative charge is based on a per unit fee specific to the services provided to the enterprise fund. The administrative charges for fiscal year 2018-2019 are estimated to be \$304,387.

Budget Highlights for the Fiscal Year Ending June 30, 2019

The following factors were also considered when preparing the County's budget for fiscal year 2018-2019:

- The unemployment rate for Beaufort County is currently 3.6%, a decrease of 1.5 from a rate of 5.1% in 2017. This compares favorably to the State's average unemployment rate of 3.8% and a national average of 3.7%.
- Ad valorem tax collections are expected to remain at 98%.
- Sales tax is expected to increase approximately 5% during fiscal year 2018-2019 due to good economic conditions and recent State law changes that impose sales tax on labor.
- The property tax rate was adjusted to \$.615/\$100 assessed valuation for the 2018 levy.
- The water system had a 3% increase in water rates to provide funds for operational and capital needs while building reserves for future debt service on the limited obligation bonds.



Beaufort County, North Carolina Management's Discussion and Analysis

Requests for Information

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

Beaufort County Government
Chief Financial Officer
121 West Third Street
Washington, North Carolina 27889

Beaufort County, North Carolina
Statement of Net Position
June 30, 2018
Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Beaufort County ABC Board
Assets:				
Cash and cash equivalents	\$ 24,658,708	\$ 8,232,270	\$ 32,890,978	\$ 1,014,600
Receivables, (net)	5,894,532	1,564,563	7,459,095	-
Inventories	-	-	-	539,572
Restricted cash and cash equivalents	195,242	90,225	285,467	-
Total current assets	30,748,482	9,887,058	40,635,540	1,554,172
Net pension asset	77,702	-	77,702	-
Capital assets:				
Land, improvements, and construction in progress	10,016,602	694,055	10,710,657	-
Other capital assets, net of depreciation	12,240,182	58,584,065	70,824,247	1,061,458
Total capital assets	22,256,784	59,278,120	81,534,904	1,061,458
Total assets	53,082,968	69,165,178	122,248,146	2,615,630
Deferred Outflows of Resources	3,783,449	225,248	4,008,697	164,015
Liabilities:				
Accounts payable and accrued expenses	2,051,908	593,138	2,645,046	426,337
Customer deposits	-	90,225	90,225	-
Long-term liabilities				
Due within one year	2,327,564	1,479,503	3,807,067	-
Due in more than one year	26,512,278	37,093,298	63,605,576	123,425
Total long-term liabilities	28,839,842	38,572,801	67,412,643	123,425
Total liabilities	30,891,750	39,256,164	70,147,914	549,762
Deferred Inflows of Resources	284,487	48,453	332,940	589
Net Position:				
Net investment in capital assets	19,179,411	23,653,120	42,832,531	1,061,458
Restricted for:				
Stabilization by State Statute	5,002,451	-	5,002,451	-
Other	1,103,033	-	1,103,033	-
Working capital	-	-	-	163,599
Unrestricted (deficit)	405,285	6,432,689	6,837,974	1,004,237
Total net position	\$ 25,690,180	\$ 30,085,809	\$ 55,775,989	\$ 2,229,294

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

Beaufort County, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2018
Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Unit
					Governmental Activities	Business-type Activities		Beaufort County ABC Board
Primary government:								
Governmental Activities:								
General government	\$ 3,287,085	\$ 1,260,041	\$ 184,870	\$ -	\$ (1,842,174)	\$ -	\$ (1,842,174)	\$ -
Public safety	15,951,110	1,319,422	1,421,649	-	(13,210,039)	-	(13,210,039)	-
Economic and physical development	4,828,511	-	-	1,215,428	(3,613,083)	-	(3,613,083)	-
Human services	14,640,156	195,016	7,952,616	-	(6,492,524)	-	(6,492,524)	-
Environmental protection	-	58,277	30,647	-	88,924	-	88,924	-
Cultural and recreational	444,070	-	-	-	(444,070)	-	(444,070)	-
Education	18,658,263	-	450,000	-	(18,208,263)	-	(18,208,263)	-
Debt service:								
Interest and fees on long-term debt	611,982	-	-	-	(611,982)	-	(611,982)	-
Total governmental activities	58,421,177	2,832,756	10,039,782	1,215,428	(44,333,211)	-	(44,333,211)	-
Business-type activities:								
Water Districts	7,161,398	6,987,282	-	53,991	-	(120,125)	-	-
Solid Waste	3,295,568	3,516,219	-	-	-	220,651	-	-
Total business-type activities	10,456,966	10,503,501	-	53,991	-	100,526	-	-
Total primary government	\$ 68,878,143	\$ 13,336,257	\$ 10,039,782	\$ 1,269,419	\$ (44,333,211)	\$ 100,526	\$ (44,333,211)	\$ -
Component unit:								
ABC Board	\$ 4,114,853	\$ 4,253,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,717
General revenues:								
Taxes:								
Property taxes, levied for general purpose					36,605,867	-	36,605,867	-
Local option sales tax					9,022,108	-	9,022,108	-
Other taxes and licenses					225,390	-	225,390	-
Investment earnings, unrestricted					277,379	98,967	376,346	811
Miscellaneous, unrestricted					4,995,976	-	4,995,976	(7,784)
Total general revenues					51,126,720	98,967	51,225,687	(6,973)
Change in net position					6,793,509	199,493	6,993,002	131,744
Net position-beginning, previously reported					30,448,015	30,444,800	60,892,815	2,022,982
Restatement					(11,551,344)	(558,484)	(12,109,828)	74,568
Net position-beginning, restated					18,896,671	29,886,316	48,782,987	2,097,550
Net position-ending					\$ 25,690,180	\$ 30,085,809	\$ 55,775,989	\$ 2,229,294

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

Beaufort County, North Carolina
Balance Sheet – Governmental Fund
June 30, 2018
Exhibit 3

	Major		Non-Major	Total
	General Fund	Healthcare Reserve Fund	Other Governmental Funds	
Assets:				
Cash and cash equivalents	\$ 20,057,288	\$ 1,109,398	\$ 3,492,022	\$ 24,658,708
Taxes receivable, net	1,330,805	-	-	1,330,805
Accounts receivable, net	3,868,871	-	694,856	4,563,727
Due from other funds	438,725	3,445,032	-	3,883,757
Restricted cash	195,242	-	-	195,242
Total assets	25,890,931	4,554,430	4,186,878	34,632,239
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses	1,072,660	1,136	978,112	2,051,908
Due to other funds	3,445,032	-	438,725	3,883,757
Total liabilities	4,517,692	1,136	1,416,837	5,935,665
Deferred Inflows of Resources:				
Taxes receivable	1,330,806	-	-	1,330,806
Prepaid taxes	6,539	-	-	6,539
Hospital lease receivable	-	-	-	-
Total deferred inflows of resources	1,337,345	-	-	1,337,345
Fund balances:				
Nonspendable:				
Advance to General Fund	-	3,445,032	-	3,445,032
Restricted:				
Stabilization for State Statute	4,307,595	-	694,856	5,002,451
Other	-	-	1,103,033	1,103,033
Committed:				
Tax Revaluation	195,851	-	-	195,851
Assigned:				
Subsequent year's expenditures	612,324	1,108,262	972,152	2,692,738
Unassigned	14,920,124	-	-	14,920,124
Total fund balances	20,035,894	4,553,294	2,770,041	27,359,229
Total liabilities, deferred inflows of resources, and fund balances	\$ 25,890,931	\$ 4,554,430	\$ 4,186,878	

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

Beaufort County, North Carolina
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2018
Exhibit 3

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

Total Fund Balance, Governmental Funds	27,359,229
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,256,783
Net pension asset	77,702
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	2,977,837
Benefit payments and pension administration costs for LEOSA are deferred outflows of resources on the Statement of Net Position	103,556
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	86,797
Net pension liability	(3,816,431)
Net OPEB liability	(1,569,449)
Total pension liability	(1,118,105)
Deferred inflows of resources for taxes and special assessments receivable	1,330,806
Pension related deferrals	(182,865)
OPEB related deferrals	(95,083)
Deferred charges on refunding reported in governmental activities are not reported in the funds	615,259
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	(22,335,856)
Net position of governmental activities	\$ 25,690,180

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

Beaufort County, North Carolina
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Governmental Fund
For the Fiscal Year Ended June 30, 2018
Exhibit 4

	Major		Non-Major	Total Governmental Funds
	General Fund	Healthcare Reserve Fund	Other Governmental Funds	
Revenues:				
Ad valorem taxes	\$ 32,810,609	\$ -	\$ 3,711,024	\$ 36,521,633
Local option sales tax	9,022,108	-	-	9,022,108
Other taxes and licenses	225,390	-	-	225,390
Unrestricted intergovernmental revenues	216,044	-	-	216,044
Restricted intergovernmental revenues	9,621,485	-	1,462,817	11,084,302
Permits and fees	365,397	-	-	365,397
Sales and services	2,452,723	-	-	2,452,723
Investment earnings	277,379	-	-	277,379
Miscellaneous	355,102	4,564,577	45,797	4,965,476
Total revenues	55,346,237	4,564,577	5,219,638	65,130,452
Expenditures:				
Current:				
General government	6,071,602	-	-	6,071,602
Public safety	11,915,214	-	4,252,095	16,167,309
Economic and physical development	1,140,365	11,283	3,696,064	4,847,712
Human services	14,635,829	-	6,200	14,642,029
Cultural and recreational	444,070	-	-	444,070
Education	18,500,700	-	-	18,500,700
Debt service:				
Principal	1,968,257	-	-	1,968,257
Interest and other charges	611,982	-	-	611,982
Total expenditures	55,288,019	11,283	7,954,359	63,253,661
Excess (deficiency) of revenues over expenditures	58,218	4,553,294	(2,734,721)	1,876,791
Other Financing Sources (Uses):				
Transfers from other funds	121,448	-	3,295,939	3,417,387
Transfers to other funds	(3,295,939)	-	(121,448)	(3,417,387)
Total other financing sources and uses	(3,174,491)	-	3,174,491	-
Net change in fund balance	(3,116,273)	4,553,294	439,770	1,876,791
Fund balances-beginning	23,152,167	-	2,330,271	25,482,438
Fund balances-ending	\$ 20,035,894	\$ 4,553,294	\$ 2,770,041	\$ 27,359,229

The accompanying footnotes are an integral part of these financial statements.

Beaufort County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance – Governmental Fund
For the Fiscal Year Ended June 30, 2018
Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 1,876,791
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,852,907
Cost of capital asset disposed of during the year, not recognized on modified accrual basis.	(28,239)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	(1,160,838)
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	65,889
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position.	86,797
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	84,234
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.	411,541
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.	5,468,135
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.	(3,688,000)
Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.	79,847
Deferred charges on refunding reported in governmental activities are not reported in the funds.	(68,361)
County's portion of collective pension expense.	812,806
Total changes in net position of governmental activities	\$ 6,793,509

The accompanying footnotes are an integral part of these financial statements.

Beaufort County, North Carolina
General Fund Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
Exhibit 6

	General Fund			Variance With Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 33,107,096	\$ 33,107,096	\$ 32,810,609	\$ (296,487)
Local option sales tax	8,807,078	8,807,078	9,022,108	215,030
Other taxes and licenses	163,700	163,700	225,390	61,690
Unrestricted intergovernmental revenues	219,000	219,000	216,044	(2,956)
Restricted intergovernmental revenues	10,832,317	11,453,787	9,621,485	(1,832,302)
Permits and fees	343,850	345,050	365,397	20,347
Sales and services	2,347,720	2,406,720	2,452,723	46,003
Investment earnings	100,000	260,000	277,379	17,379
Miscellaneous	71,750	189,528	355,102	165,574
Total revenues	55,992,511	56,951,959	55,346,237	(1,605,722)
Expenditures:				
Current:				
General government	7,956,473	6,144,784	5,731,560	413,224
Public safety	11,522,275	12,628,906	11,915,214	713,692
Economic and physical development	1,149,112	1,245,927	1,140,365	105,562
Human services	17,271,050	17,406,301	14,635,829	2,770,472
Cultural and recreational	464,370	464,370	444,070	20,300
Education	18,525,700	18,533,300	18,500,700	32,600
Debt service:				
Principal	2,096,701	2,023,264	2,023,225	39
Interest and other charges	754,620	625,210	611,982	13,228
Total expenditures	59,740,301	59,072,062	55,002,945	4,069,117
Revenues over (under) expenditures	(3,747,790)	(2,120,103)	343,292	2,463,395
Other Financing Sources (Uses):				
Transfers from other funds	-	3,615,270	3,621,448	6,178
Transfers to other funds	(297,050)	(3,457,989)	(3,457,989)	-
Installment proceeds	3,000,000	-	-	-
Total other financing sources and uses	2,702,950	157,281	163,459	6,178
Revenues and other financing sources over (under) expenditures and other financing uses	(1,044,840)	(1,962,822)	506,751	2,469,573
Appropriated fund balance	1,044,840	1,962,822	-	(1,962,822)
Net change in fund balance	\$ -	\$ -	506,751	\$ 506,751
Fund balances-beginning			22,778,324	
Fund balances-ending			\$ 23,285,075	
The legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Transfers in - General Fund			\$ 162,050	
Tax Listing			(340,042)	
Less: Transfer from Healthcare Reserve Fund			(3,500,000)	
Add: Principal payments to Healthcare Reserve Fund			54,968	
Fund balance, beginning			373,843	
Fund balance, ending (Exhibit 4)			\$ 20,035,894	

The accompanying footnotes are an integral part of these financial statements.

Beaufort County, North Carolina
Healthcare Reserve Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
Exhibit 6

	Healthcare Reserve Fund			Variance With Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Miscellaneous	\$ 4,689,832	\$ 4,689,832	\$ 4,619,545	\$ (70,287)
Total revenues	4,689,832	4,689,832	4,619,545	(70,287)
Expenditures:				
Current:				
Economic and physical development	4,535,000	1,189,832	11,283	1,178,549
Total expenditures	4,535,000	1,189,832	11,283	1,178,549
Revenues over (under) expenditures	154,832	3,500,000	4,608,262	1,108,262
Other Financing Sources (Uses):				
Transfers to other funds	(3,500,000)	(3,500,000)	(3,500,000)	-
Total other financing sources and uses	(3,500,000)	(3,500,000)	(3,500,000)	-
Revenues and other financing sources over (under) expenditures and other financing uses	(3,345,168)	-	1,108,262	1,108,262
Appropriated fund balance	3,345,168	-	-	-
Net change in fund balance	\$ -	\$ -	1,108,262	\$ 1,108,262
Fund balances-beginning			-	-
Fund balances-ending			\$ 1,108,262	-
Add: Transfers to General Fund			\$ 3,500,000	
Less: Principal and interest payments			(54,968)	
			3,445,032	
Fund balance, beginning			-	-
Fund balance, ending (Exhibit 4)			\$ 4,553,294	-

The accompanying footnotes are an integral part of these financial statements.

Beaufort County, North Carolina
Statement of Net Position – Proprietary Funds
June 30, 2018
Exhibit 7

	Business-type Activities - Proprietary Funds - Major								Total
	Water District I	Water District II	Water District III	Water District IV	Water District V	Water District VI	Water District VII	Solid Waste	
Assets:									
Current assets:									
Cash and investments	\$ 994,476	\$ 1,575,015	\$ 1,536,977	\$ 1,385,288	\$ 164,558	\$ 1,671,958	\$ 433,553	\$ 470,445	\$ 8,232,270
Accounts receivable, net	166,545	130,073	139,995	132,502	100,236	201,828	99,348	594,036	1,564,563
Total current assets	1,161,021	1,705,088	1,676,972	1,517,790	264,794	1,873,786	532,901	1,064,481	9,796,833
Noncurrent assets:									
Restricted assets:									
Cash and investments	11,675	14,700	15,450	14,350	6,250	20,625	7,175	-	90,225
Capital assets:									
Land and improvements	29,828	-	2,000	-	-	73,961	-	2,368	108,157
Construction in progress	134,933	12,942	31,827	62,718	34,660	199,247	109,571	-	585,898
Buildings, improvements, and equipment	12,589,918	4,987,690	6,581,334	12,880,720	8,906,728	23,791,151	9,593,995	236,428	79,567,964
Less accumulated depreciation	(1,958,954)	(3,725,910)	(3,969,888)	(3,023,888)	(1,820,614)	(4,079,306)	(2,176,940)	(228,399)	(20,983,899)
Total capital assets	10,795,725	1,274,722	2,645,273	9,919,550	7,120,774	19,985,053	7,526,626	10,397	59,278,120
Total noncurrent assets	10,807,400	1,289,422	2,660,723	9,933,900	7,127,024	20,005,678	7,533,801	10,397	59,368,345
Total assets	11,968,421	2,994,510	4,337,695	11,451,690	7,391,818	21,879,464	8,066,702	1,074,878	69,165,178
Deferred Outflows of Resources	26,019	35,640	36,882	39,614	15,688	47,152	24,253	-	225,248
Liabilities:									
Current liabilities:									
Accounts payable and accrued liabilities	47,127	63,673	68,589	70,504	27,873	27,816	8,343	279,213	593,138
Customer deposits	11,675	14,700	15,450	14,350	6,250	20,625	7,175	-	90,225
Compensated absences	8,687	11,713	12,221	13,147	5,169	15,642	8,120	-	74,699
Installment purchase	55,000	-	-	-	-	55,000	-	-	110,000
Limited obligation bonds	130,000	190,000	210,000	215,000	105,000	230,000	155,000	-	1,235,000
Original issue discount/premium	9,746	14,635	14,752	15,192	6,563	18,029	10,846	-	89,763
Total current liabilities	262,235	294,721	321,012	328,193	150,855	367,112	189,484	279,213	2,192,825
Noncurrent liabilities:									
Installment purchase	880,000	-	-	-	-	880,000	-	-	1,760,000
Limited obligation bonds	4,395,000	2,895,000	3,570,000	6,055,000	2,815,000	8,510,000	4,280,000	-	32,520,000
Net pension liability	28,195	38,739	40,027	42,977	17,043	51,161	26,268	-	244,410
Net OPEB liability	76,053	102,537	106,984	115,093	45,252	136,934	71,083	-	653,936
Original issue discount/premium	204,653	307,335	309,783	319,021	137,830	378,604	227,767	-	1,884,993
Total noncurrent liabilities	5,583,901	3,343,611	4,026,794	6,532,091	3,015,125	9,956,699	4,605,118	-	37,063,339
Total liabilities	5,846,136	3,638,332	4,347,806	6,860,284	3,165,980	10,323,811	4,794,602	279,213	39,256,164
Deferred Inflows of Resources	5,627	7,612	7,928	8,527	3,358	10,145	5,256	-	48,453
Net Position:									
Net investment in capital assets	5,335,725	(1,810,278)	(1,134,727)	3,649,550	4,200,774	10,310,053	3,091,626	10,397	23,653,120
Unrestricted	806,953	1,194,484	1,153,570	972,942	37,394	1,282,607	199,471	785,268	6,432,689
Total net position	\$ 6,142,678	\$ (615,794)	\$ 18,843	\$ 4,622,492	\$ 4,238,168	\$ 11,592,660	\$ 3,291,097	\$ 795,665	\$ 30,085,809

The accompanying footnotes are an integral part of these financial statements.

Beaufort County, North Carolina
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds
For the Fiscal Year Ended June 30, 2018
Exhibit 8

	Business-type Activities - Proprietary Funds - Major								Total
	Water District I	Water District II	Water District III	Water District IV	Water District V	Water District VI	Water District VII	Solid Waste	
Operating Revenues:									
Water sales	\$ 856,993	\$ 918,498	\$ 1,060,601	\$ 1,193,663	\$ 534,485	\$ 1,287,568	\$ 688,965	\$ -	\$ 6,540,773
Tap on fees	23,250	18,400	25,950	32,825	8,850	44,300	13,900	-	167,475
Solid waste fees	-	-	-	-	-	-	-	3,516,219	3,516,219
Miscellaneous	46,505	44,396	43,202	37,034	23,615	55,993	28,289	-	279,034
Total operating revenue	926,748	981,294	1,129,753	1,263,522	566,950	1,387,861	731,154	3,516,219	10,503,501
Operating Expenses:									
Salaries and benefits	159,828	218,726	226,615	243,388	96,404	289,743	148,754	-	1,383,458
Water purchase	148,845	205,347	211,974	226,972	90,874	25,132	-	-	909,144
Water operations and maintenance	131,134	173,260	195,225	185,633	84,842	431,148	209,365	-	1,410,607
Solid waste operations and maintenance	-	-	-	-	-	-	-	3,294,391	3,294,391
Depreciation expense	228,699	342,629	345,361	355,661	153,657	422,085	253,924	1,177	2,103,193
Total operating expenses	668,506	939,962	979,175	1,011,654	425,777	1,168,108	612,043	3,295,568	9,100,793
Operating income (loss)	258,242	41,332	150,578	251,868	141,173	219,753	119,111	220,651	1,402,708
Nonoperating revenues (expenses):									
Investment earnings	12,707	18,308	16,987	16,981	5	28,371	5,608	-	98,967
Interest, fees and amortization	(180,517)	(122,765)	(152,548)	(253,058)	(120,004)	(347,752)	(179,529)	-	(1,356,173)
Total nonoperating revenues (expenses)	(167,810)	(104,457)	(135,561)	(236,077)	(119,999)	(319,381)	(173,921)	-	(1,257,206)
Income (loss) before contributions and installment proceeds	90,432	(63,125)	15,017	15,791	21,174	(99,628)	(54,810)	220,651	145,502
Capital contributions	18,750	-	-	-	21,743	-	-	-	40,493
Installment proceeds	6,250	-	-	-	7,248	-	-	-	13,498
Total transfers and capital contributions	25,000	-	-	-	28,991	-	-	-	53,991
Change in net position	115,432	(63,125)	15,017	15,791	50,165	(99,628)	(54,810)	220,651	199,493
Net position, beginning	6,092,506	(465,375)	95,165	4,705,256	4,226,487	11,809,564	3,406,183	575,014	30,444,800
Restatement	(65,260)	(87,294)	(91,339)	(98,555)	(38,484)	(117,276)	(60,276)	-	(558,484)
Net position, beginning, restated	6,027,246	(552,669)	3,826	4,606,701	4,188,003	11,692,288	3,345,907	575,014	29,886,316
Net position, ending	6,142,678	(615,794)	18,843	4,622,492	4,238,168	11,592,660	3,291,097	795,665	30,085,809

The accompanying footnotes are an integral part of these financial statements.

Beaufort County, North Carolina
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2018
Exhibit 9

	Business-type Activities - Proprietary Funds - Major								
	Water District I	Water District II	Water District III	Water District IV	Water District V	Water District VI	Water District VII	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from customers	\$ 876,734	\$ 932,070	\$ 1,086,589	\$ 1,240,497	\$ 546,269	\$ 1,325,683	\$ 694,488	\$ 3,389,789	\$ 10,092,119
Cash paid for goods and services	(241,416)	(327,777)	(351,535)	(357,264)	(155,051)	(448,466)	(210,015)	(3,239,747)	(5,331,271)
Cash paid to employees for services	(153,570)	(210,368)	(217,815)	(233,908)	(92,673)	(278,461)	(142,961)	-	(1,329,756)
Customer deposits (net)	3,725	5,700	6,150	5,125	2,800	10,425	2,075	-	36,000
Other operating revenues	46,505	44,396	43,202	37,034	23,615	55,993	28,289	-	279,034
Net cash provided (used) by operating activities	531,978	444,021	566,591	691,484	324,960	665,174	371,876	150,042	3,746,126
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Nonoperating income	12,707	18,308	16,987	16,981	5	28,371	5,608	-	98,967
Due to other funds	(185,845)	(117,757)	(108,723)	(116,750)	(46,281)	(31,411)	(70,600)	39,828	(637,539)
Net cash provided (used) from noncapital financing activities	(173,138)	(99,449)	(91,736)	(99,769)	(46,276)	(3,040)	(64,992)	39,828	(538,572)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Acquisition and construction of capital assets	(188,094)	(46,986)	(67,799)	(102,282)	(78,628)	(250,115)	(135,951)	-	(869,855)
Interest paid on construction debt	(190,263)	(137,400)	(167,300)	(268,250)	(126,567)	(365,781)	(190,375)	-	(1,445,936)
Principal paid on bond maturities and equipment contracts	(180,000)	(140,000)	(165,000)	(210,000)	(137,225)	(280,000)	(155,000)	-	(1,267,225)
Capital contributions - Federal grant	18,750	-	-	-	21,743	-	-	-	40,493
Proceeds from long-term borrowing	6,250	-	-	-	7,248	-	-	-	13,498
Net cash provided (used) for capital and related financing activities	(533,357)	(324,386)	(400,099)	(580,532)	(313,429)	(895,896)	(481,326)	-	(3,529,025)
Net increase (decrease) in cash and cash equivalents	(174,517)	20,186	74,756	11,183	(34,745)	(233,762)	(174,442)	189,870	(321,471)
Cash and cash equivalents, beginning	1,180,668	1,569,529	1,477,671	1,388,455	205,553	1,926,345	615,170	280,575	8,643,966
Cash and cash equivalents, ending	\$ 1,006,151	\$ 1,589,715	\$ 1,552,427	\$ 1,399,638	\$ 170,808	\$ 1,692,583	\$ 440,728	\$ 470,445	\$ 8,322,495
Reconciliation of operating income (loss) to net cash provided (used) by operating revenues									
Operating income (loss)	\$ 258,242	\$ 41,332	\$ 150,578	\$ 251,868	\$ 141,173	\$ 219,753	\$ 119,111	\$ 220,651	\$ 1,402,708
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation	228,699	342,629	345,361	355,661	153,657	422,085	253,924	1,177	2,103,193
Change in assets, liabilities, and deferred outflows and inflows of resources:									
(Increase) decrease in accounts receivable	(3,509)	(4,828)	38	14,009	2,935	(6,186)	(8,377)	(126,430)	(132,348)
(Increase) decrease in deferred outflows of resources for pensions	7,641	11,122	10,979	11,693	4,723	13,910	7,382	-	67,450
(Increase) decrease in deferred outflows of resources - OPEB	(4,206)	(5,671)	(5,917)	(6,366)	(2,503)	(7,573)	(3,931)	-	(36,167)
Increase (decrease) in net pension liability	(5,575)	(8,373)	(8,063)	(8,550)	(3,489)	(10,166)	(5,496)	-	(49,712)
Increase (decrease) in net OPEB liability	3,884	5,237	5,464	5,878	2,311	6,993	3,631	-	33,398
Increase (decrease) in deferred inflows of resources for pensions	(463)	(667)	(663)	(707)	(273)	(842)	(444)	-	(4,059)
Increase (decrease) in deferred inflows of resources - OPEB	4,608	6,212	6,481	6,973	2,742	8,296	4,306	-	39,618
Increase (decrease) in accounts payable and accrued liabilities	38,563	50,830	55,664	55,341	20,665	7,814	(650)	54,644	282,871
Increase (decrease) in customer deposits	3,725	5,700	6,150	5,125	2,800	10,425	2,075	-	36,000
Increase (decrease) in accrued vacation	369	498	519	559	219	665	345	-	3,174
Total adjustments	273,736	402,689	416,013	439,616	183,787	445,421	252,765	(70,609)	2,343,418
Net cash provided (used) by operating activities	\$ 531,978	\$ 444,021	\$ 566,591	\$ 691,484	\$ 324,960	\$ 665,174	\$ 371,876	\$ 150,042	\$ 3,746,126

The accompanying footnotes are an integral part of these financial statements.

Beaufort County, North Carolina
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2018
Exhibit 10

Assets

Current assets:		
Cash and investments	\$	298,538
Taxes receivable		427,490
Total assets	\$	726,028

Liabilities

Accounts payable	\$	726,028
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The accompanying footnotes are an integral part of these financial statements.

Beaufort County, North Carolina

Notes to Financial Statements

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a seven-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Beaufort County Water 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, is 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 PO Box 552 Washington, NC 27889

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital

Beaufort County, North Carolina Notes to Financial Statements

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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental fund:

General Fund – This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

Healthcare Reserve Fund – This fund is used to account for the excess moneys received from the trust fund. In 2011, when the hospital was sold to Vidant, a six-million-dollar trust fund was set up to pay trailing liabilities.

The County reports the following major enterprise funds:

Beaufort County Water District 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 Drinking Water Reserve Funds 17-0019 is consolidated with Water District I (the operating fund). The Drinking Water Reserve Fund 17-0010 is consolidated with Water District V (the operating fund). Stand-by Generator Project Fund is consolidated with Water Districts I, III, IV, VI and VII (the operating funds) for financial reporting purposes. The Meter Feasibility Project Fund and the Metal Building Addition Funds are consolidated with all Water Districts (the operating funds) for financial reporting purposes.

Solid Waste Fund – This fund is used to account for the operations of the Solid Waste department within the County. The Landfill Cap Work Project Funds is consolidated with the Solid Waste Fund (the operating fund) for financial reporting purposes.

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County

Beaufort County, North Carolina Notes to Financial Statements

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 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 Drainage Assessments Fund, which accounts for drainage assessments that are billed and collected by the County for various drainage districts 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 the 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 twenty-six legally budgeted nonmajor governmental funds. The HCCBG – Aging Fund, Economic Development Fund, the Fire and Rescue Tax Districts Fund, the Emergency Telephone System Fund, and the State and Federal Seizures Fund are reported as nonmajor special revenue funds. The One NC Fund, the FY 17/18 Capital Improvements Fund, the two Hazard Mitigation Funds, six FEMA Flood Mitigation Funds, two CDBG Grant Funds, two North Carolina Rural Economic Development Funds, the Stream Debris Removal Fund, the Oak Ridge Metal Works Grant Fund, the Courthouse Roof Replacement Fund, the Radio System Project Fund, the Economic Development Fund, the PARTF Wright's Creek Phase II Project Fund, and the Capital Reserve Fund are reported as nonmajor capital projects funds.

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating

Beaufort County, North Carolina Notes to Financial Statements

revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with the change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes 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.

C. 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

Beaufort County, North Carolina Notes to Financial Statements

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. The governing board must approve amendments that increase the overall fund budget. 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.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity

1. 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. Non-participating interest earnings and investment contracts are reported at cost.

2. Cash and Cash Equivalents

The County pools moneys 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 as to use, to be cash and cash equivalents.

Beaufort County, North Carolina
Notes to Financial Statements

3. Restricted Assets

Customer deposits held by the County before any services are supplied 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.

Beaufort County Restricted Cash

Governmental Activities:	
General Fund:	
Tax Revaluation	\$ 195,242
Total governmental activities	195,242
 Business-type Activities:	
Water Districts I - VII:	
Customer deposits	90,225
Total business-type activities	90,225
Total Restricted Cash	\$ 285,467

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. 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.

6. 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.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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

Beaufort County, North Carolina Notes to Financial Statements

equipment, \$5,000; and vehicles, \$10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Beaufort County Board of Education properties, which have not been included in capital 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.

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

Assets	Estimated Useful Lives
Buildings	50 years
Improvements	25 years
Furniture and equipment	5-10 years
Vehicles	3-10 years
Computer equipment	5 years

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

Assets	Estimated Useful Lives
Buildings	25 years
Furniture and equipment	5-10 years
Motor vehicles	4 years

8. 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 so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – a charge on refunding, pension related deferrals, and contributions made to the pension plan in the current fiscal year. 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 four items that meet the criterion for this category – prepaid taxes, taxes receivable, hospital lease receivable, and other pension related deferrals.

9. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policies of the County and the ABC Board, generally provides for the accumulation of up to 240 hours 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, 2018, 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 County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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.

11. Net Position/Fund Balances

Net Position

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

Beaufort County, North Carolina
Notes to Financial Statements

Fund Balances

In the governmental fund 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:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. At June 30, 2018, nonspendable fund balance consists of the advance to the General Fund from the Healthcare Reserve Fund.

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

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

Restricted for Other – portion of fund balance that is restricted by revenue source for non-major fund Special Revenue and Capital Project expenditures.

Committed Fund Balance – This classification includes the portion of fund balance that can only be used for specific purpose imposed by majority vote of the 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.

Purpose	General Fund	Other Governmental Funds
Tax revaluation	\$ 195,851	\$ -
Total	\$ 195,851	\$ -

Assigned Fund Balance – This classification is the portion of fund balance that the County’s governing board has budgeted.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The County’s governing body approves the appropriation of fund balance.

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, North Carolina
Notes to Financial Statements

Within the General Fund, management strives to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 35 percent of budgeted expenditures. Any portion of the General Fund balance in excess of 35 percent of budgeted expenditures is typically utilized, with the Board’s approval, to fund approved capital projects or pay down outstanding County debt.

Management also follows a revenue spending convention utilizing 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 typically spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance.

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	\$ 20,035,894
Less:	
Stabilization by State statute	4,307,595
Tax Revaluation	195,851
Subsequent year's expenditures	612,324
<hr/>	
Total available fund balance	<hr/> \$ 14,920,124 <hr/>

12. 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.

13. Defined Benefit Pension and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees’ Retirement System (LGERS) and the Registers of Deeds’ Supplemental Pension Fund (RODSPF), the Law Enforcement Officers’ Special Separation Allowance (LEOSSA) (collectively, the “state-administered defined benefit pension plans”) and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or liability, , deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the state administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County’s employer contributions are recognized when due and the County has a legal

Beaufort County, North Carolina Notes to Financial Statements

requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$1,669,050) consists of the following:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 36,384,505
<u>Less accumulated depreciation</u>	<u>(14,127,722)</u>
Net capital assets	22,256,783
Net pension asset	77,702
Contributions to the pension plan in the current fiscal year	2,977,837
Contributions to the OPEB plan in the current fiscal year	86,797
Deferred charges on refunding reported in governmental activities are not reported in the funds	615,259
Benefit payments and pension administration costs for LEOSSA	103,556
Pension related deferrals	(182,865)
OPEB related deferrals	(95,083)
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	1,330,806
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the funds statements:	
Bonds, leases, and installment financing	(21,144,391)
Net pension obligation	(1,118,105)
Net OPEB liability	(1,569,449)
Net pension liability	(3,816,431)
Compensated absences	(1,191,466)
	<u>(28,839,842)</u>
<u>Total adjustment</u>	<u>\$ (1,669,050)</u>

Beaufort County, North Carolina Notes to Financial Statements

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$4,916,718 is comprised of the following:

Description	Amount
Capital outlay expenditures recorded in the funds statements but capitalized as assets in the statement of activities.	\$ 3,584,073
Cost of disposed capital assets not recorded in the fund statements	(28,239)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(731,166)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position.	(3,688,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	5,468,135
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	(1,160,838)
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	65,889
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Activities	86,797
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Change in deferred revenue	84,234
Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental statements.	79,847
Deferred charges on refunding reported in governmental activities are not reported in the funds.	(68,361)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not reported as expenditures in fund statements.	
Compensated absences	(82,795)
Net pension obligation	(79,068)
Net OPEB obligation	558,839
Landfill post-closure care	14,565
County's portion of collective pension expense	812,806
Total adjustment	\$ 4,916,718

F. Subsequent Events

Date of Management Evaluation

Management has evaluated subsequent events through November 29, 2018, the date on which the financial statements were available to be issued.

II. Stewardship, Compliance, and Accountability

Deficit Fund Balance or Net Position of Individual Funds

The County's Water District II had deficit net position of \$615,794. The deficit net position will be eliminated with future revenues.

III. Detail Notes on All Funds

A. Assets

1. 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 or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' names. 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 or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2018, the County's deposits had a carrying amount of \$5,830,333. The bank balances with financial institutions were \$6,557,267. Of these bank balances, \$761,897 was covered by federal depository insurance and \$5,795,370 was covered by collateral held under the Pooling Method.

At June 30, 2018, Beaufort County held \$298,538 in fiduciary funds, which is included in the carrying amount above.

At June 30, 2018, Beaufort County had \$2,135 in petty cash on hand.

Beaufort County, North Carolina Notes to Financial Statements

At June 30, 2018, the carrying amount of deposits for Beaufort County ABC Board was \$1,008,200 and the bank balance was \$956,481. Of these bank balances, \$277,474 was covered by federal depository insurance and \$679,007 was covered by collateral held under the Pooling Method.

2. Investments

At June 30, 2018, the County's investments consisted of \$27,642,521 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on credit risk.

At June 30, 2018, the ABC Board had no investments.

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

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

Year Levied	Tax	Interest	Total
2015	\$ 1,653,388	\$ 442,281	\$ 2,095,669
2016	1,713,769	304,194	2,017,963
2017	1,679,962	146,997	1,826,959
2018	1,961,485	-	1,961,485
Total	\$ 7,008,604	\$ 893,472	\$ 7,902,076

Beaufort County, North Carolina
Notes to Financial Statements

4. Receivables

Receivables at the government-wide level at June 30, 2018, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Total
Governmental activities:				
General	\$ 1,297,950	\$ 1,884,714	\$ 2,570,921	\$ 5,753,585
Other Governmental	694,856	-	-	694,856
Total receivables	1,992,806	1,884,714	2,570,921	6,448,441
Allowance for doubtful accounts	-	(553,909)	-	(553,909)
Total governmental activities	\$ 1,992,806	\$ 1,330,805	\$ 2,570,921	\$ 5,894,532
Business-type activities:				
Water Districts	\$ 1,671,189	-	-	\$ 1,671,189
Solid Waste	781,445	-	-	781,445
Total receivables	2,452,634	-	-	2,452,634
Allowance for doubtful accounts	(888,071)	-	-	(888,071)
Total business-type activities	\$ 1,564,563	\$ -	\$ -	\$ 1,564,563

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

Local option sales tax	\$ 2,409,322
Sales tax receivable	161,599
	\$ 2,570,921

Beaufort County, North Carolina
Notes to Financial Statements

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2018, was as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 6,770,335	\$ 96,015	\$ 13,020	\$ 6,853,330
Construction in progress	2,170,431	2,693,118	1,700,278	3,163,271
Total capital assets not being depreciated	8,940,766	2,789,133	1,713,298	10,016,601
Capital assets being depreciated:				
Buildings	17,711,205	1,839,352	-	19,550,557
Equipment and vehicles	6,398,778	655,866	237,297	6,817,347
Total capital assets being depreciated	24,109,983	2,495,218	237,297	26,367,904
Less accumulated depreciation for:				
Buildings	9,289,128	285,393	-	9,574,521
Equipment and vehicles	4,329,505	445,773	222,078	4,553,200
Total accumulated depreciation	13,618,633	731,166	222,078	14,127,721
Total capital assets being depreciated, net	10,491,350			12,240,183
Governmental activity capital assets, net	\$ 19,432,116			\$ 22,256,784

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

General government	\$ 209,818
Public safety	276,052
Economic and physical development	6,154
Human services	31,580
Education	157,563
Emergency Management	49,999
Total depreciation expense	\$ 731,166

Beaufort County, North Carolina
Notes to Financial Statements

Business-type Activities:	Beginning			Ending
Water Districts	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 105,789	\$ -	\$ -	\$ 105,789
Construction in progress	55,998	637,401	107,500	585,899
Total capital assets not being depreciated	161,787	637,401	107,500	691,688
Capital assets being depreciated:				
Plant and distribution systems	78,397,413	107,500	-	78,504,913
Furniture and equipment	179,105	-	-	179,105
Vehicles and motor equipment	523,006	124,512	-	647,518
Total capital assets being depreciated	79,099,524	232,012	-	79,331,536
Less accumulated depreciation for:				
Plant and distribution systems	18,067,344	2,075,635	-	20,142,979
Furniture and equipment	177,155	211	-	177,366
Vehicles and motor equipment	408,986	26,170	-	435,156
Total accumulated depreciation	18,653,485	2,102,016	-	20,755,501
Total capital assets being depreciated, net	60,446,039			58,576,035
Water Districts capital assets, net	60,607,826			59,267,723
 Solid Waste Fund				
Capital assets not being depreciated:				
Land	\$ 2,368	\$ -	\$ -	\$ 2,368
Total capital assets not being depreciated	2,368	-	-	2,368
Capital assets being depreciated:				
Buildings	47,080	-	-	47,080
Furniture and equipment	189,348	-	-	189,348
Total capital assets being depreciated	236,428	-	-	236,428
Less accumulated depreciation for:				
Buildings	37,874	1,177	-	39,051
Furniture and equipment	189,348	-	-	189,348
Total accumulated depreciation	227,222	1,177	-	228,399
Total capital assets being depreciated, net	9,206			8,029
Solid Waste Fund capital assets, net	11,574			10,397
Business-type activities capital assets, net	\$ 60,619,400			\$ 59,278,120

Depreciation for the Water Districts was charged as follows:

Water District I	\$ 228,699
Water District II	342,629
Water District III	345,361
Water District IV	355,661
Water District V	153,657
Water District VI	422,085
Water District VII	253,924
Total depreciation expense	\$ 2,102,016

Beaufort County, North Carolina
Notes to Financial Statements

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2018, was as follows:

ABC Board:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 338,834	\$ -	\$ -	\$ 338,834
Total capital assets not being depreciated	338,834	-	-	338,834
Capital assets being depreciated:				
Buildings	1,219,416	44,661	-	1,264,077
Equipment and Furniture	620,956	1,901	295,370	327,487
Vehicles	17,963	75,976	17,963	75,976
Total capital assets being depreciated	1,858,335	122,538	313,333	1,667,540
Less accumulated depreciation for:				
Buildings	605,437	38,325	-	643,762
Equipment and Furniture	552,717	25,893	287,586	291,024
Vehicles	17,963	10,130	17,963	10,130
Total accumulated depreciation	1,176,117	74,348	305,549	944,916
ABC capital assets, net	\$ 1,021,052			\$ 1,061,458

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2018, were as follows:

	Vendors	Total
Governmental Activities:		
General	\$ 1,072,660	\$ 1,072,660
Other Governmental	979,248	979,248
Total governmental funds	\$ 2,051,908	\$ 2,051,908
Business-type Activities:		
Water Districts	\$ 313,925	\$ 313,925
Solid Waste	279,213	279,213
Total business-type activities	\$ 593,138	\$ 593,138

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LERS), a cost-sharing multiple-employer defined benefit pension

Beaufort County, North Carolina Notes to Financial Statements

plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.56% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the

Beaufort County, North Carolina Notes to Financial Statements

year. Contributions to the pension plan from the County were \$1,210,872 for the year ended June 30, 2018.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the County reported a liability of \$4,060,841 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the County’s proportion was .26581%, which was an increase of .02994% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$1,417,563. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 233,942	\$ 114,950
Changes in assumptions	579,944	-
Net difference between projected and actual earnings on pension plan investments	985,977	-
Changes in proportion and differences between County contributions and proportionate share of contributions	130,818	31,847
County contributions subsequent to the measurement date	1,210,872	-
Total	\$ 3,141,553	\$ 146,797

\$1,210,872 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Beaufort County, North Carolina
Notes to Financial Statements

Year ended June 30:	
2019	\$ 249,729
2020	1,194,514
2021	614,013
2022	(274,372)
2023	-
Thereafter	-
Total	\$ 1,783,884

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

Beaufort County, North Carolina Notes to Financial Statements

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.00%	1.40%
Global Equity	42.00%	5.30%
Real Estate	8.00%	4.30%
Alternatives	8.00%	8.90%
Credit	7.00%	6.00%
Inflation Protection	6.00%	4.00%
Total	100.00%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 12,190,735	\$ 4,060,841	\$ (2,725,055)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Beaufort County, North Carolina
Notes to Financial Statements

b. Law Enforcement Officers' Special Separation Allowance

1. *Plan Description.*

Beaufort County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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, 2016, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	5
Active plan members	54
Total	59

2. *Summary of Significant Accounting Policies.*

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3. *Actuarial Assumptions*

The entry age normal actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.5 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent, net of pension plan investment expense, including inflation

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Beaufort County, North Carolina Notes to Financial Statements

Mortality rates are based on the RP-2014 mortality tables with adjustments for mortality improvements.

4. Contributions.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$75,333 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the County reported a total pension liability of \$1,118,105. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$106,203.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 22,054
Changes in assumptions	65,183	19,242
County contributions subsequent to the measurement date	38,373	-
Total	\$ 103,556	\$ 41,296

\$38,379 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 3,744
2019	3,744
2020	3,744
2021	3,744
2022	6,317
Thereafter	2,594
Total	\$ 23,887

Beaufort County, North Carolina
Notes to Financial Statements

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.16 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
County's proportionate share of the net pension liability (asset)	\$ 1,226,494	\$ 1,118,105	\$ 1,020,565

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

Beginning balance	\$ 1,039,037
Service cost	64,512
Interest on the total pension liability	38,653
Differences between expected and actual experience in the measurement of the total pension liability	(26,200)
Changes of assumptions or other inputs	77,436
Benefit payments	(75,333)
Ending balance of the total pension liability	\$ 1,118,105

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Beaufort County, North Carolina Notes to Financial Statements

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, 2018 were \$181,537 which consisted of \$130,640 from the County and \$50,897 from the law enforcement officers.

The County also elected to contribute an amount equal to one percent of each general employee's salary; however, if the employee contributes one percent, the County will contribute an amount equal to two percent of each general employee's salary. All amounts contributed are vested immediately. Also, the general employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$497,557 which consisted of \$242,082 from the County and \$255,475 from the general employees.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Carolina County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,928 for the year ended June 30, 2018.

Beaufort County, North Carolina
Notes to Financial Statements

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the County reported an asset of \$77,702 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2017, the County's proportion was .45522%, which was an increase of .00533% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$12,148. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,334	\$ 250
Changes in assumptions	13,110	-
Net difference between projected and actual earnings on pension plan investments	6,605	-
Changes in proportion and differences between County contributions and proportionate share of contributions	387	3,357
County contributions subsequent to the measurement date	3,928	-
Total	\$ 25,364	\$ 3,607

\$3,928 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 10,164
2020	5,224
2021	756
2022	1,685
2023	-
Thereafter	-
Total	\$ 17,829

Beaufort County, North Carolina Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2017 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Beaufort County, North Carolina
Notes to Financial Statements

Sensitivity of the County’s proportionate share of the net pension asset to changes in the discount rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (61,072)	\$ (77,702)	\$ (91,686)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

e. Other Post employment Benefit

Healthcare Benefits

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Board of Commissioners has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. This plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees’ Retirement System (System). The County provides these benefits according to the following guidelines: a) The County will pay 100% of the cost of premiums for the State Health Plan for employees who have 1) 20 years of service with Beaufort County, and are 60 years old, or 2) 30 years of service at any age. Coverage ends at age 65 or when Medicare begins. The cost for the employee’s share of the premiums, if any, will be determined on an annual basis. Service time credit with the County will be calculated based on actual service time and any sick leave time that is on a balance with the County at the time of retirement. The health insurance provision of this article shall apply to County Commissioners. The County pays the full cost of coverage for these benefits through private insurers. Also the County’s retirees can purchase coverage for their dependents at the County’s group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

Beaufort County, North Carolina
Notes to Financial Statements

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	12	-
Active plan members	292	54
	304	54

Total OPEB Liability

The County's total OPEB liability of \$2,223,385 was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2016.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00 percent
Real wage growth	0.50 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50 percent to 7.75 percent
Law enforcement officers	3.50 percent to 7.35 percent
Municipal bond index	3.56 percent
Healthcare trends (Pre-Medicare)	7.75 percent for 2016 decreasing to an ultimate rate of 5 percent by 2022

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

Changes in the Total OPEB Liability

Balance at June 30, 2016		\$ 2,205,709
Changes for the year		
Service Cost		185,026
Interest		64,959
Differences between expected and actual experience		16,801
Changes in assumptions or other inputs		(153,229)
Benefit payments and implicit subsidy credit		(95,881)
Net changes		17,676
Balance at June 30, 2017		\$ 2,223,385

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Beaufort County, North Carolina Notes to Financial Statements

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results for an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease	Discount Rate 3.56%	1% Increase
Total OPEB liability	\$2,510,574	\$ 2,223,385	\$1,972,376

Sensitivity of the total OPEB liability to changes in the healthcare cost trends. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$1,885,652	\$ 2,223,385	\$2,640,386

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$226,004. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,770	\$ -
Changes of assumptions	-	134,701
Benefit payments and administrative costs made subsequent to the measurement date	108,194	-
Total	\$ 122,964	\$ 134,701

\$108,194 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Beaufort County, North Carolina
Notes to Financial Statements

2019	\$ 16,496
2020	16,496
2021	16,496
2022	16,496
2023	16,496
Thereafter	37,451
<u>Total</u>	<u>\$ 119,931</u>

f. Other Employment Benefits

The County has elected to provide death benefits to law enforcement officers 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 a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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.

3. 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 30 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 \$87,388 reported as landfill post-closure liability at June 30, 2018, 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

4. Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources at year-end is comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions, OPEB - difference between expected and actual experience	\$ 250,046	\$ 137,254
Pensions, OPEB - difference between projected and actual investment earnings	992,582	-
Pensions, OPEB - change in proportion and difference between employer contributions and proportionate share of contributions	131,205	35,204
Pensions, OPEB - change in assumptions	658,237	153,943
Contributions to pension plan subsequent to measurement date (LGRS, ROD)	1,214,800	-
Benefit payments/administration costs paid subsequent to the measurement date (OPEB, LEOSA)	146,567	-
Prepaid taxes not yet earned (General)	-	6,539
Taxes receivables, net (General)	-	1,330,806
Unamortized bond refunding charge	615,259	-
	\$ 4,008,696	\$ 1,663,746

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$80,130,600 for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits. 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 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$750,000 for workers' compensation. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

The North Carolina State Health Plan provides the County's health insurance and the dental insurance is provided by Always Care.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County also is eligible to but has not purchased commercial flood insurance for another \$3,500,000 of coverage per structure.

Beaufort County, North Carolina
Notes to Financial Statements

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 Director of Finance, the Tax Collector, and the Register of Deeds are each individually bonded for \$50,000 each. The Sheriff is individually bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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

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

6. Contingent Liabilities

At June 30, 2018, the County was a defendant to various lawsuits. In the opinion of the County’s management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County’s financial position.

7. Long-Term Obligations

Installment Purchase

Serviced by the General Fund:

<p>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.</p>	\$ 2,895,472
<p>On March 18, 2016, the County refinanced the their loan on the purchase of energy and HVAC upgrades, in the amount of \$1,929,000. The payments will be made in monthly payments for 129 payments including interest at 2.132% annually.</p>	1,557,000
<p>On October 10, 2014, the County entered into an installment purchase contract for the purchase of the building located at 117 West Third Street. The payments will be made in monthly payments of \$1,670.57 for 180 payments including interest at 4.00% annually.</p>	181,901
<p>Total installment purchases serviced by the General Fund</p>	<p>\$ 4,634,373</p>

Beaufort County, North Carolina Notes to Financial Statements

Serviced by the Water Districts

Beaufort County Water District I 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 \$1,100,000. The agreement requires equal annual installments of \$55,000 for 20 years. The interest rate is 0%. This debt is included in the enterprise funds. 935,000

Beaufort County Water District VI 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 \$1,100,000. The agreement requires equal annual installments of \$55,000 for 20 years. The interest rate is 0%. This debt is included in the enterprise funds. 935,000

Total revolving loans serviced by the enterprise funds \$ 1,870,000

For Beaufort County, the future minimum payments of these installment purchases as of June 30, 2018, including \$1,685,910 of interest, are:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 246,285	\$ 140,132	\$ 110,000	\$ -
2020	257,421	133,624	110,000	-
2021	269,670	126,695	110,000	-
2022	282,037	119,459	110,000	-
2023	295,526	111,892	110,000	-
2024-2028	1,234,529	443,088	550,000	-
2029-2033	588,581	316,743	550,000	-
2034-2038	668,200	210,390	220,000	-
2039-2043	792,124	84,983	-	-
Total	\$ 4,634,373	\$ 1,687,006	\$ 1,870,000	\$ -

Water Bonds

In August 2012, the Water Districts (blended component units of the County) issued general obligation debt totaling \$36,005,000. The balance at June 30, 2018 was \$35,530,000. The County then issued Limited Obligation Bonds in an amount sufficient to purchase all of the Districts' GO debt. The Districts and the County assign their rights to a third-party trustee what receives the debt payments from the Districts and uses those funds to make debt service payments on the Limited Obligation Bonds.

Due to the nature of this transaction and considering that the Districts are blended component units of the County, both the current and non-current portions of the GO debt have been reclassified to a "Due to County Water Fund" in the Districts and an equal and opposite "Due from Water Districts" in the Water Fund.

Beaufort County, North Carolina
Notes to Financial Statements

Limited Obligation Bonds

The Water Fund is responsible for accounting for the limited obligation bonds which should be accounted for as limited obligations in the Water Department.

The minimum payments for the limited obligation bonds as of June 30, 2018, in the business-type activities are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2019	\$ 1,235,000	\$ 1,399,900
2020	1,305,000	1,350,500
2021	1,345,000	1,298,300
2022	1,395,000	1,231,050
2023	1,440,000	1,161,300
2024-2028	7,930,000	4,704,850
2029-2033	8,790,000	3,095,088
2034-2038	7,970,000	1,357,800
2039-2041	2,345,000	175,000
Total	\$ 33,755,000	\$ 15,773,788

General Obligation 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.

The County's general obligation bonds payable at June 30, 2018 are comprised of the following individual issues:

\$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, 2008; interest at 2% to 5%.	\$ 7,920,000
\$4,246,000 Refunding Series 2015, dated November 18, 2015, due in annual installments; beginning in 2017, from \$41,000 to \$433,000 through November 1, 2026; interest at 2.15%.	4,163,000
\$3,688,000 Refunding Series 2017, dated July 21, 2017, due in semi-annual installments; beginning in 2018, from \$110,211 to \$344,785 through February 12028; interest at 2.22%.	3,621,000
	\$ 15,704,000

Beaufort County, North Carolina Notes to Financial Statements

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

Year ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 1,689,000	\$ 449,173
2020	1,681,000	397,489
2021	1,650,000	362,389
2022	1,640,000	311,928
2023	1,633,000	253,684
2024-2028	7,411,000	629,303
Total	\$ 15,704,000	\$ 2,403,966

At June 30, 2018, Beaufort County had a legal debt margin of \$456,503,170.

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2018:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 17,250,000	\$ 3,688,000	\$ 5,234,000	\$ 15,704,000	\$ 1,689,000
Unamortized premium	798,478	-	79,847	718,631	79,848
Installment purchases	4,868,507	-	234,135	4,634,372	246,285
Compensated absences	1,108,671	82,795	-	1,191,466	297,866
Net pension liability (LGERS)	4,711,831	-	895,400	3,816,431	-
Total pension liability (LEOSSA)	1,039,037	79,068	-	1,118,105	-
Other postemployment benefits	543,117	-	543,117	-	-
Net OPEB Liability	1,585,171	-	15,722	1,569,449	-
Landfill post-closure care	101,953	-	14,565	87,388	14,565
Total governmental activities	\$ 32,006,765	\$ 3,849,863	\$ 7,016,786	\$ 28,839,842	\$ 2,327,564
Business-type activities:					
Unamortized premium	\$ 2,364,281	\$ -	\$ 102,795	\$ 2,261,486	\$ 102,795
Unamortized discounts	(299,759)	13,029	-	(286,730)	13,033
Limited obligation debt	34,880,000	-	1,125,000	33,755,000	1,235,000
Revolving loans	2,012,225	-	142,225	1,870,000	110,000
Compensated absences	71,525	3,174	-	74,699	18,675
Net pension liability (LGERS)	294,122	-	49,712	244,410	-
Other postemployment benefits	62,054	-	62,054	-	-
Net OPEB Liability	620,538	33,398	-	653,936	-
Total business-type activities	\$ 40,004,986	\$ 49,601	\$ 1,481,786	\$ 38,572,801	\$ 1,479,503

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

Beaufort County, North Carolina
Notes to Financial Statements

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2018 consist of the following:

Due to the Healthcare Reserve Fund from the General Fund for the advancement of grant expenditures. On May 1, 2018, the Healthcare Reserve Fund advanced the General Fund \$3,500,000 to be used for capital improvements to County buildings. The funds will be repaid in monthly payments of \$30,961.65 for 120 payments including interest at 1.197% annually.	\$ 3,445,032
Due to the General Fund from the FEMA Flood 2015-017 Fund for the advancement of grant expenditures.	127,746
Due to the General Fund from the FEMA Flood 2015-016 Fund for the advancement of grant expenditures.	18,000
Due to the General Fund from the FEMA Hazard Mitigation 2016-003 Fund for the advancement of grant expenditures.	4,253
Due to the General Fund from the Hazard Mitigation Fund for the advancement of grant expenditures.	77,697
Due to the General Fund from the Hazard Mitigation 2014-004 Fund for the advancement of grant expenditures.	199,619
Due to the General Fund from the CDBG Fellows Grant 04-D-2704 Fund for the advancement of grant expenditures.	11,260
Due to the General Fund from the nc Rural Economic Development Grant Hysucat U-468 Fund for the advancement of grant expenditures.	150

Beaufort County, North Carolina
Notes to Financial Statements

Transfers to/from other funds at June 30, 2018, consist of the following:

Transfer from the General Fund to the Revaluation Fund for operating expenses.	\$ 162,050
Transfer from the General Fund to the Economic Development Fund for capital expenses.	80,000
Transfer from the General Fund to the Broad Creek Capital Reserve Fund for capital expenses.	55,000
Transfer from the General Fund to the FY 17/18 Capital Improvements Project Fund for capital expenses.	3,152,372
Transfer from the General Fund to the One NC Grant Fund for capital expenses.	8,567
Transfer from the Revaluation Fund to the Revaluation Project Fund for capital expenses.	18,400
Transfer from the Courthouse Roof Replacement Project Fund to the General Fund for capital expenses.	121,448
Total	\$ 3,597,837

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 22,256,784	\$ 59,278,120
Less: long-term debt	20,338,373	35,625,000
Add: debt related to assets not owned by the County	17,261,000	-
Net investment in capital assets	\$ 19,179,411	\$ 23,653,120

E. Fund Balance

Beaufort County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director 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 Director has the authority to deviate from this policy if it's 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 appropriations.

Beaufort County, North Carolina
Notes to Financial Statements

Total fund balance - General Fund	\$ 20,035,894
Less:	
Stabilization by State Statute	4,307,595
Tax Revaluation	195,851
Working Capital/Fund Balance Policy	19,464,926
Remaining Fund Balance	\$ (3,932,478)

Beaufort County has 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.

IV. Joint Ventures

The County participates in a joint venture to operate BHM Regional Library (“the Library”) with three other local governments. Beaufort County appoints three members to the nine-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, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$208,500 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library’s offices at 158 North 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 (the “Community College”). Each of the three participants appoints five members of the 15-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 capital needs. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities.

The County has an ongoing responsibility for the Community College because of the statutory responsibility to provide funding for the Community College’s facilities. The County contributed \$2,515,000 and \$283,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2018. 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, 2018. Complete financial statements for the Community College may be obtained from the Community College’s administrative offices at 5337 US Hwy 264 East, Washington, NC 27889.

The County, in conjunction with nine other counties, participates in the Trillium Local Management Entity for local mental health services. The County Commissioners appoint two members to the 20-member Board of Trillium. Trillium, a multi-County LME, is a separate and distinct subdivision charged

Beaufort County, North Carolina Notes to Financial Statements

by the State law with the responsibility of providing for drug and mental health prevention, treatment, and rehabilitation services. The County contributed \$307,076 to Trillium during the fiscal year ended June 30, 2018. Complete financial statements for Trillium can be obtained from the administrative offices at P.O. Box 1636, New Bern, North Carolina 28563.

V. Jointly Governed Organizations

The County, in conjunction with four other counties and 39 municipalities, established the Mid-East Commission (the "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 \$15,402 to the Council during the fiscal year ended June 30, 2018.

VI. Benefit Payments Issued by the State

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

	Federal	State
Extended Foster Care Maximization Non IV-E	\$ -	\$ 1,974
Foster Care at Risk Maximum	-	7,922
SFHF Maximization	-	16,813
Total	\$ -	\$ 26,709

VII. Summary Disclosure of Significant Commitments and Contingencies

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 moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

VIII. Major Taxpayer

Beaufort County had property tax revenue from one taxpayer in 2018 of \$5,336,603. The payment represents 15.95% of the County's total assessed property valuation.

IX. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning net OPEB liability and the effects on net position of contributions paid by the County to the OPEB Trust during the measurement period, as well as the removal of the net OPEB obligation. As a result, net position for the governmental and business-type activities decreased by \$1,551,344 and \$558,484, respectively.

Pursuant to an agreement executed between Beaufort County and Vidant Health Systems effective September 1, 2011, the County began leasing its Hospital facilities to Vidant Health Systems under the terms of a 30-year capital lease expiring on September 1, 2041. Under the terms of the agreement, the County received lease prepayments of \$18,331,754 in fiscal year 2012; in which \$17,607,125 and \$724,629 was consumed to retire County owned hospital related principal and interest, respectively. In accordance to the lease agreement, upon the expiration of the term, Vidant has the option to purchase the leased assets for \$10,000,000 less excluded liabilities, as defined in the assignment agreement.

The 30-year capital lease does not guarantee a \$10 million payment to the County from Vidant Health Systems in the year 2041, but rather allows Vidant an option to purchase the leased assets at the expiration of the lease term if they so choose. Management believes because Vidant Health Systems has an “option to purchase” along with the uncertainty of health care in our nation, the adjustment to remove the note receivable is prudent so the County’s assets will not be overvalued. As a result, net position of the General Fund decreased by \$10,000,000.

Beaufort County, North Carolina
Other Postemployment Benefits
Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Schedule 1

Total OPEB Liability	2018
Service cost	\$ 185,026
Interest	64,959
Changes of benefit terms	-
Differences between expected and actual experience	16,801
Changes of assumptions	(153,229)
Benefit payments	(95,881)
Net change in total OPEB liability	17,676
Total OPEB liability - beginning	2,205,709
Total OPEB liability - ending	\$ 2,223,385
Covered payroll	\$ 13,520,354
Total OPEB liability as a percentage of covered payroll	16.44%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%

**Beaufort County, North Carolina
Local Governmental Employees' Retirement System
Required Supplemental Information
Schedule of the County's Proportionate Share of the Net Pension Liability
(Asset)
Schedule 2**

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.26581%	0.23587%	0.23326%	0.22809%	0.21770%
County's proportionate share of the net pension liability (asset) \$	\$ 4,060,841	\$ 5,005,953	\$ 1,046,857	\$ (1,345,151)	\$ 2,624,121
County's covered-employee payroll	\$15,948,696	\$ 15,530,189	\$ 13,577,675	\$ 12,908,791	\$ 12,497,637
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.46%	32.23%	7.71%	-10.42%	21.00%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

**Beaufort County, North Carolina
Local Governmental Employees' Retirement System
Required Supplemental Information
Schedule of the County Contributions
Schedule 3**

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,210,872	\$ 1,125,797	\$ 922,308	\$ 891,406	\$ 864,942
Contributions in relation to the contractually required contribution	1,210,872	1,125,797	922,308	891,406	864,942
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 15,948,696	\$ 15,530,189	\$ 13,577,675	\$ 12,908,791	\$ 12,497,637
Contributions as a percentage of covered-employee payroll	7.59%	7.25%	6.79%	6.91%	6.92%

Beaufort County, North Carolina
Register of Deeds' Supplemental Pension Fund
Required Supplemental Information
Schedule of the County's Proportionate Share of the Net Pension Liability
(Asset)
Schedule 4

	2018	2017	2016	2015
County's proportion of the net pension liability (asset) %	0.45220%	0.44989%	0.42409%	0.45133%
County's proportionate share of the net pension liability (asset) \$	\$ (77,702)	\$ (84,111)	\$ (98,279)	\$ (102,287)
County's covered-employee payroll	\$ 191,266	\$ 189,650	\$ 182,262	\$ 186,360
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-40.63%	-44.35%	-53.92%	-54.89%
Plan fiduciary net position as a percentage of the total pension liability	153.77%	160.17%	197.29%	193.88%

Beaufort County, North Carolina
Register of Deeds' Supplemental Pension Fund
Required Supplemental Information
Schedule of the County Contributions
Schedule 5

	2018	2017	2016	2015
Contractually required contribution	\$ 3,928	\$ 3,955	\$ 3,675	\$ 3,054
Contributions in relation to the contractually required contribution	3,928	3,955	3,675	3,054
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 191,266	\$ 189,650	\$ 182,262	\$ 186,360
Contributions as a percentage of covered-employee payroll	2.05%	2.09%	2.02%	1.64%

Beaufort County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplemental Information
Schedule of Changes in Total Pension Liability
Schedule 6

	2018	2017
Beginning balance	\$ 1,039,037	\$ 1,053,938
Service Cost	64,512	70,240
Interest on the total pension liability	38,653	35,963
Differences between expected and actual experience in the measurement of the total pension liability	(26,200)	-
Changes of assumptions or other inputs	77,436	(27,968)
Benefit payments	(75,333)	(93,136)
Ending balance of the total pension liability	\$ 1,118,105	\$ 1,039,037

The amounts presented for each fiscal year were determined as of the prior December 31.

**Beaufort County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplemental Information
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Schedule 7**

	2018	2017
Total pension liability	\$ 1,118,105	\$ 1,039,037
Covered payroll	2,765,059	2,750,952
Total pension liability as a percentage of covered payroll	40.44%	37.77%

Beaufort County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Beaufort County, North Carolina
General Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 8

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
REVENUES				
Ad Valorem Taxes:				
Current year	\$ 32,859,446	\$ 32,584,919		\$ 32,613,132
Penalties and interest	247,650	225,690		267,759
Total	33,107,096	32,810,609	(296,487)	32,880,891
Local Option Sales Taxes:				
Local option sales tax	8,807,078	9,022,108		8,646,941
Total	8,807,078	9,022,108	215,030	8,646,941
Other Taxes and Licenses:				
Documentary stamps	135,000	197,377		151,393
Beer and wine licenses	3,400	2,674		4,212
Rental vehicles receipt tax	25,300	25,339		27,014
Total	163,700	225,390	61,690	182,619
Unrestricted Intergovernmental Revenues:				
Beer and wine tax	163,000	148,376		155,592
Other	56,000	67,668		64,887
Total	219,000	216,044	(2,956)	220,479
Restricted Intergovernmental Revenues:				
State and Federal Grants	11,313,787	9,443,299		12,759,852
ABC distributions/tax	140,000	178,186		147,275
Total	11,453,787	9,621,485	(1,832,302)	12,907,127
Permits and Fees:				
Building permits and inspection fees	139,500	138,240		132,077
Register of Deeds	182,000	193,955		189,551
Other permits and fees	23,550	33,202		28,558
Total	345,050	365,397	20,347	350,186
Sales and Services:				
Attorney fees/tax administration	65,330	38,555		48,770
Animal control fees	39,000	35,068		23,876
Tax collection fees	107,000	108,353		108,976
Sheriff fees	80,000	56,138		75,811
Electronic house arrest	-	300		-
IV-D deputy travel	68,700	70,220		69,000
Gun storage fees	1,000	161		1,817
State prisoner's reimbursement	11,600	10,404		13,197
Environmental health	48,500	56,365		60,825
Vending and phones	18,200	18,437		20,620
Health and immunizations	181,678	175,808		198,863
Emergency medical transport fees	511,000	626,876		340,672
Rescue fees	831,500	817,416		780,705
Share of service fee	21,562	14,127		22,561
Rent	274,250	284,694		285,640

Beaufort County, North Carolina
General Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 8

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Cable franchise fee	130,000	123,893		127,996
DSS aging	3,200	-		1,459
NC Health Choice	14,200	15,908		14,500
Total	2,406,720	2,452,723	(69,873)	2,195,288
Investment earnings	260,000	277,379	17,379	80,283
Miscellaneous:				
Proceeds from sale of assets/insurance claims	107,000	237,067		59,329
Donations	14,250	17,519		41,943
Miscellaneous	68,278	100,516		126,551
Total	189,528	355,102	165,574	227,823
Total revenues	56,951,959	55,346,237	(1,721,598)	57,691,637
EXPENDITURES				
General Government:				
Governing body	460,195	430,531		405,597
County manager	470,477	444,607		421,603
Finance	631,129	622,094		571,090
Human resources	194,573	156,779		144,506
Non-departmental	696,633	671,816		461,518
Tax administration	704,954	666,714		736,936
Tax collector	623,510	600,062		639,912
Register of Deeds	345,047	323,760		321,492
Elections	426,546	319,080		340,286
Public buildings	1,294,020	1,211,013		1,488,001
Court facilities	297,700	285,104		368,989
Total	6,144,784	5,731,560	388,407	5,899,930
Public Safety:				
Sheriff	5,193,237	5,060,426		5,021,881
Jail	2,676,775	2,560,198		2,065,215
Emergency communications	1,193,028	1,058,478		941,214
Emergency management	374,927	351,231		295,620
Fire protection	155,215	116,077		122,710
Ambulance/rescue service	10,000	10,000		164,172
Animal control	387,967	361,497		306,399
Emergency medical services	2,582,757	2,341,057		1,727,374
Medical examiner	55,000	56,250		65,050
Total	12,628,906	11,915,214	713,692	10,709,635
Economic and Physical Development:				
Planning	545,411	470,539		487,396
Economic development	284,187	274,475		317,438
Agricultural extension	267,450	255,479		303,047
Soil/water conservation	148,879	139,872		138,893
Total	1,245,927	1,140,365	95,850	1,246,774

Beaufort County, North Carolina
General Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 8

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Human Services:				
Administration - general	228,794	221,834		303,266
AIDS control/STD	268,036	220,212		239,036
TB program	67,489	56,903		62,565
Immunization	309,172	255,432		274,233
Health promotion	89,774	88,175		42,171
Child health	491,672	481,087		513,222
Maternal health	381,865	362,153		366,605
WIC - administration	383,613	354,914		381,773
Environmental health	676,485	635,303		613,149
Family planning	357,020	311,491		323,126
Jail health	198,726	193,403		-
Healthy living	229,317	43,859		-
Other health programs	361,934	323,364		372,827
Total	4,043,897	3,548,130	304,986	3,491,973
Mental Health and Transportation:				
General appropriation	157,000	157,000		157,000
Alcohol rehabilitation	19,200	17,939		18,408
Beaufort County Development Center	55,000	55,000		55,000
NC Elderly handicapped transportation/other	27,983	27,983		27,983
Passages counseling services	65,000	48,757		48,028
Total	324,183	306,679	17,504	306,419
Social Services:				
Administration	7,005,429	6,608,392		6,453,066
State in-home aging services	549,866	503,550		474,197
Day Care	1,578,800	264,992		3,159,806
Medical assistance	435,000	103,304		728,040
Energy assistance	526,465	497,091		428,309
County provided assistance	663,000	574,494		591,336
Transportation	221,446	221,446		168,946
Child support enforcement	907,722	949,568		875,043
Aid to the blind program	10,495	9,193		10,297
Foster care	794,446	716,517		667,530
Work First Program	64,500	54,009		48,291
Total	12,757,169	10,502,556	2,254,613	13,604,861
Other Human Services:				
Veterans services	60,556	58,979		58,192
Youth services	220,496	219,485		218,958
Total	281,052	278,464	2,588	277,150
Total social services	13,038,221	10,781,020	2,257,201	13,882,011
Total human services	17,406,301	14,635,829	2,579,691	17,680,403

Beaufort County, North Carolina
General Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 8

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Cultural and Recreational:				
Recreation	77,070	66,270		69,870
Library and museum	219,300	219,300		214,300
Special appropriation	168,000	158,500		147,100
Total	464,370	444,070	20,300	431,270
Education:				
Public schools:				
Current expense	14,587,005	14,587,005		14,300,984
Capital outlay	1,148,295	1,115,695		990,639
Community colleges:				
Current expense	2,515,000	2,515,000		2,464,126
Capital outlay	283,000	283,000		49,000
Total	18,533,300	18,500,700	32,600	17,804,749
Debt Service:				
Principal retirement	2,023,264	2,023,225		1,895,336
Interest and fees	625,210	611,982		748,635
Total	2,648,474	2,635,207	13,267	2,643,971
Total expenditures	59,072,062	55,002,945	3,843,807	56,416,732
Revenues over (under) expenditures	(2,120,103)	343,292	(2,463,395)	1,274,905
Other Financing Sources (Uses):				
Transfers (to) from other funds:				
Revaluation Fund	(162,050)	(162,050)	-	(149,500)
Capital project - Hazard Mitigation Fund	-	-	-	38,855
Capital project - Courthouse Roof Replacement Fund	115,270	121,448	6,178	(376,775)
Capital project - Radio System Project Fund	-	-	-	(1,806,469)
Capital project - PARTF Grant Fund	-	-	-	(100,606)
Capital project - Broad Creek Capital Reserve	(55,000)	(55,000)	-	-
Capital project - FY 17/18 Capital Improvements Fund	(3,152,372)	(3,152,372)	-	-
Special revenue - HCCBG - Aging	(8,567)	(8,567)	-	(68,324)
Special revenue - Economic Development Fund	(80,000)	(80,000)	-	-
Special revenue - Healthcare Reserve Fund	3,500,000	3,500,000	-	-
Special revenue - Economic Development Fund	-	-	-	(4,000)
Solid Waste Fund	-	-	-	(134,919)
Appropriated fund balance	1,962,822	-	(1,962,822)	-
Total other financing sources and (uses)	2,120,103	163,459	(1,956,644)	(2,601,738)
Net change in fund balance	\$ -	\$ 506,751	\$ 506,751	\$ (1,326,833)
Fund Balance:				
Beginning of year		22,778,324		24,448,524
Restatement		-		(343,367)
Beginning of year - restated		22,778,324		24,105,157
End of year - June 30		\$ 23,285,075		\$ 22,778,324

Beaufort County, North Carolina
Revaluation Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 9

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Other Financing Sources (Uses):				
Transfers in - General Fund	\$ 162,050	\$ 162,050	\$ -	\$ 149,500
Transfers out - Revaluation Project	(162,050)	(18,400)	143,650	(149,500)
<hr/>				
Other sources over (under) expenditures	\$ -	143,650	\$ 143,650	-
<hr/>				
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		\$ 143,650		\$ -

Beaufort County, North Carolina
Revaluation Project Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts for the Fiscal Year Ended June 30, 2017
Schedule 10

	2018		Variance Positive (Negative)	2017	
	Final Budget	Actual		Actual	
Expenditures:					
Tax listing	1,064,900	\$ 340,042	\$ 724,858	\$	572,104
Total expenditures	1,064,900	340,042	724,858		572,104
Other Financing Sources (Uses):					
Transfers in - Revaluation Fund	1,064,900	18,400	(1,046,500)		149,500
Other sources over (under) expenditures	\$ -	(321,642)	\$ (321,642)		(422,604)
Fund Balance:					
Beginning of year - July 1		373,843			796,447
End of year - June 30		\$ 52,201			\$ 373,843

Beaufort County, North Carolina
Healthcare Reserve Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts for the Fiscal Year Ended June 30, 2017
Schedule 11

	2018		Variance Positive (Negative)	2017	
	Final Budget	Actual		Actual	Actual
Revenues:					
Other income	\$ 4,535,000	\$ 4,557,622	\$ 22,622	\$	-
Principal payments received	137,606	54,968	(82,638)		-
Interest payments received	17,226	6,955	(10,271)		-
Total revenues	4,689,832	4,619,545	(70,287)		-
Expenditures:					
Economic and physical development	1,189,832	11,283	1,178,549		-
Total expenditures	1,189,832	11,283	1,178,549		-
Revenues over (under) expenditures	3,500,000	4,608,262	1,108,262		-
Other Financing Sources (Uses):					
Transfer to the General Fund	(3,500,000)	(3,500,000)	-		-
	(3,500,000)	(3,500,000)	-		-
Net change in fund balance	\$ -	1,108,262	\$ 1,108,262	\$	-
Fund Balance:					
Beginning of year - July 1		-			-
End of year - June 30		\$ 1,108,262		\$	-

Beaufort County, North Carolina
Nonmajor Governmental Funds - Combining Balance Sheet
June 30, 2018
Schedule 12

	Special Revenue Funds						Capital Projects	
	HCCBG Aging	Economic Development	Fire and Rescue Tax Districts	Emergency Telephone System	State and Federal Seizures	Total Nonmajor Special Revenue Funds	FY 17/18 Capital Improvements	One NC Grant
Assets:								
Cash and investments	\$ 69,863	\$ 8,094	\$ 151,336	\$ 64,771	\$ 116,956	\$ 411,020	\$ 1,510,135	\$ 8,567
Accounts receivable (net)	-	-	-	39,434	2,427	41,861	22,599	-
Total assets	69,863	8,094	151,336	104,205	119,383	452,881	1,532,734	8,567
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	1,200	3,203	151,336	6,180	-	161,919	235,202	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	1,200	3,203	151,336	6,180	-	161,919	235,202	-
Fund Balances:								
Restricted:								
Stabilization by State Statute	-	-	-	39,434	2,427	41,861	22,599	-
Restricted, all other	68,663	4,891	-	58,591	116,956	249,101	1,274,933	8,567
Assigned	-	-	-	-	-	-	-	-
Total fund balances	68,663	4,891	-	98,025	119,383	290,962	1,297,532	8,567
Total liabilities and fund balances	\$ 69,863	\$ 8,094	\$ 151,336	\$ 104,205	\$ 119,383	\$ 452,881	\$ 1,532,734	\$ 8,567

Beaufort County, North Carolina
Nonmajor Governmental Funds - Combining Balance Sheet
June 30, 2018
Schedule 12

	Capital Projects						
	FEMA Flood Mitigation 2015-017	FEMA Flood Mitigation 2015-016	FEMA Hazard Mitigation 2016-003	Hazard Mitigation	Hazard Mitigation 2014-004	CDBG Fellows Grant 04-D-2704	NC Rural Econ Devel Hysucat U-468
Assets:							
Cash and investments	\$ 3,945	\$ (3,945)	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net)	176,224	18,000	7,003	82,897	230,119	18,297	150
Total assets	180,169	14,055	7,003	82,897	230,119	18,297	150
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	16,681	-	2,750	5,200	-	7,037	-
Due to other funds	127,746	18,000	4,253	77,697	199,619	11,260	150
Total liabilities	144,427	18,000	7,003	82,897	199,619	18,297	150
Fund Balances:							
Restricted:							
Stabilization by State Statute	176,224	18,000	7,003	82,897	230,119	18,297	150
Restricted, all other	(144,427)	(18,000)	(7,003)	(82,897)	(199,619)	(18,297)	(150)
Assigned	-	-	-	-	-	-	-
Total fund balances	31,797	-	-	-	30,500	-	-
Total liabilities and fund balances	\$ 176,224	\$ 18,000	\$ 7,003	\$ 82,897	\$ 230,119	\$ 18,297	\$ 150

Beaufort County, North Carolina
Nonmajor Governmental Funds - Combining Balance Sheet
June 30, 2018
Schedule 12

	Capital Project Funds					
	Stream Debris Removal	Radio System Project	Broad Creek Capital Reserve Fund	Wrights Creek PARTF 2017-820	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:						
Cash and investments	\$ -	\$ 1,354,852	\$ 108,047	\$ 99,401	\$ 3,081,002	\$ 3,492,022
Accounts receivable (net)	67,222	30,484	-	-	652,995	694,856
Total assets	67,222	1,385,336	108,047	99,401	3,733,997	4,186,878
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	67,222	482,101	-	-	816,193	978,112
Due to other funds	-	-	-	-	438,725	438,725
Total liabilities	67,222	482,101	-	-	1,254,918	1,416,837
Fund Balances:						
Restricted:						
Stabilization by State Statute	67,222	30,484	-	-	652,995	694,856
Restricted, all other	(67,222)	-	108,047	-	853,932	1,103,033
Assigned	-	872,751	-	99,401	972,152	972,152
Total fund balances	-	903,235	108,047	99,401	2,479,079	2,770,041
Total liabilities and fund balances	\$ 67,222	\$ 1,385,336	\$ 108,047	\$ 99,401	\$ 3,733,997	\$ 4,186,878

Beaufort County, North Carolina
Nonmajor Governmental Funds - Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2018
Schedule 13

	Special Revenue Funds					Capital Projects		
	HCCBG Aging	Economic Development	Fire and Rescue Tax Districts	Emergency Telephone System	State and Federal Seizures	Total Nonmajor Special Revenue Funds	FY 17/18 Capital Improvements	One NC Grant
Revenues								
Ad valorem taxes	\$ -	\$ -	\$ 3,711,024	\$ -	\$ -	\$ 3,711,024	\$ -	\$ -
Restricted intergovernmental	-	-	-	189,185	27,704	216,889	-	-
Other	4,363	-	-	-	9,637	14,000	-	-
Total revenues	4,363	-	3,711,024	189,185	37,341	3,941,913	-	-
Expenditures								
Current:								
Public safety	-	-	3,711,024	458,999	82,072	4,252,095	-	-
Health and human services	6,200	-	-	-	-	6,200	-	-
Economic and physical development	-	75,109	-	-	-	75,109	1,854,840	-
Total expenditures	6,200	75,109	3,711,024	458,999	82,072	4,333,404	1,854,840	-
Excess (deficiency) of revenues over (under) expenditures	(1,837)	(75,109)	-	(269,814)	(44,731)	(391,491)	(1,854,840)	-
Other Financing Sources (Uses)								
Transfers in (out)	-	80,000	-	-	-	80,000	3,152,372	8,567
Total other financing sources (uses)	-	80,000	-	-	-	80,000	3,152,372	8,567
Net change in fund balance	(1,837)	4,891	-	(269,814)	(44,731)	(311,491)	1,297,532	8,567
Fund Balances								
Beginning of year, July 1	70,500	-	-	367,839	164,114	602,453	-	-
End of year - June 30	\$ 68,663	\$ 4,891	\$ -	\$ 98,025	\$ 119,383	\$ 290,962	\$ 1,297,532	\$ 8,567

Beaufort County, North Carolina
Nonmajor Governmental Funds - Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2018
Schedule 13

	Capital Project Funds									
	FEMA Flood Mitigation 2015-017	FEMA Flood Mitigation 2015-016	FEMA Hazard Mitigation 2016-003	Hazard Mitigation	FEMA Flood Mitigation 2014-004	CDBG Fellows Grant 04-D-2704	NC Rural Econ Devel 2016- 045-3201-2587	NC Rural Econ Devel Hysucat U-468	Stream Debris Removal	
Revenues										
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	176,224	81,800	7,002	82,897	715,808	17,266	6,166	24,150	67,222	
Other	31,797	-	-	-	-	-	-	-	-	-
Total revenues	208,021	81,800	7,002	82,897	715,808	17,266	6,166	24,150	67,222	
Expenditures										
Current:										
Public safety	-	-	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-	-	-
Economic and physical development	176,224	81,800	7,002	82,897	685,308	17,266	6,166	24,150	67,222	
Total expenditures	176,224	81,800	7,002	82,897	685,308	17,266	6,166	24,150	67,222	
Excess (deficiency) of revenues over (under) expenditures	31,797	-	-	-	30,500	-	-	-	-	-
Other Financing Sources (Uses)										
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	31,797	-	-	-	30,500	-	-	-	-	-
Fund Balances										
Beginning of year, July 1	-	-	-	-	-	-	-	-	-	-
End of year - June 30	\$ 31,797	\$ -	\$ -	\$ -	\$ 30,500	\$ -	\$ -	\$ -	\$ -	\$ -

Beaufort County, North Carolina
Nonmajor Governmental Funds - Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2018
Schedule 13

	Capital Projects							Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Oak Ridge Metal Works Grant	Courthouse Roof Replacement	Radio System Project	Economic Development	Wrights Creek PARTF 2017-820	Broad Creek Capital Reserve Fund			
Revenues									
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,711,024
Restricted intergovernmental	34,630	-	-	32,763	-	-	-	1,245,928	1,462,817
Other	-	-	-	-	-	-	-	31,797	45,797
Total revenues	34,630	-	-	32,763	-	-	-	1,277,725	5,219,638
Expenditures									
Current:									
Public safety	-	-	-	-	-	-	-	-	4,252,095
Health and human services	-	-	-	-	-	-	-	-	6,200
Economic and physical development	34,630	93,865	451,617	36,763	1,205	-	-	3,620,955	3,696,064
Total expenditures	34,630	93,865	451,617	36,763	1,205	-	-	3,620,955	7,954,359
Excess (deficiency) of revenues over (under) expenditures	-	(93,865)	(451,617)	(4,000)	(1,205)	-	-	(2,343,230)	(2,734,721)
Other Financing Sources (Uses)									
Transfers in (out)	-	(121,448)	-	-	-	55,000	-	3,094,491	3,174,491
Total other financing sources (uses)	-	(121,448)	-	-	-	55,000	-	3,094,491	3,174,491
Net change in fund balance	-	(215,313)	(451,617)	(4,000)	(1,205)	55,000	-	751,261	439,770
Fund Balances									
Beginning of year, July 1	-	215,313	1,354,852	4,000	100,606	53,047	-	1,727,818	2,330,271
End of year - June 30	\$ -	\$ -	\$ 903,235	\$ -	\$ 99,401	\$ 108,047	\$ -	\$ 2,479,079	\$ 2,770,041

Beaufort County, North Carolina
HCCBG – Aging Fund – Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For The Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 14

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Other income	\$ 6,200	\$ 4,363	\$ (1,837)	\$ 2,993
Total revenues	6,200	4,363	(1,837)	2,993
Expenditures:				
Health and Human services	6,200	6,200	-	817
Total expenditures	6,200	6,200	-	817
Revenues over (under) expenditures	-	(1,837)	(1,837)	2,176
Other Financing Sources (Uses):				
Transfer in - General Fund	-	-	-	68,324
Net change in fund balance	\$ -	(1,837)	\$ (1,837)	\$ 70,500
Fund Balance:				
Beginning of year - July 1, previously reported		70,500		-
End of year - June 30	\$	68,663		\$ 70,500

Beaufort County, North Carolina
Economic Development Fund - Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2018
With Comparative Actual Amounts For the Year Ended June 30, 2017
Schedule 15

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Expenditures:				
Economic and physical development	80,000	75,109	4,891	-
Total expenditures	80,000	75,109	4,891	-
Revenues over (under) expenditures	(80,000)	(75,109)	4,891	-
Other Financing Sources (Uses):				
Transfer in - General Fund	80,000	80,000	-	-
Transfer out - General Fund	-	-	-	(38,855)
	80,000	80,000	-	(38,855)
Net change in fund balance	\$ -	4,891	\$ 4,891	\$ (38,855)
Fund Balance:				
Beginning of year - July 1, previously reported		-		38,855
End of year - June 30	\$	4,891		\$ -

Beaufort County, North Carolina
Fire and Rescue Tax District Funds - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 16

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Ad valorem taxes	\$ 3,759,750	\$ 3,711,024	\$ (48,726)	\$ 2,893,557
Total revenues	3,759,750	3,711,024	(48,726)	2,893,557
Expenditures:				
Public safety expenditures	3,759,750	3,711,024	48,726	2,893,557
Total expenditures	3,759,750	3,711,024	48,726	2,893,557
Net change in fund balance	\$ -	-	\$ -	\$ -
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30	\$ -	-	\$ -	-

Beaufort County, North Carolina
Emergency Telephone System Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 17

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 189,185	\$ 189,185	\$ -	\$ 163,240
Total revenues	189,185	189,185	-	163,240
Expenditures:				
Public Safety:				
Implemental functions	21,700	8,212	13,488	3,938
Telephone	80,080	75,634	4,446	53,912
Software maintenance	91,146	57,083	34,063	93,160
Hardware maintenance	65,144	49,777	15,367	10,111
Training	1,000	850	150	3,244
Capital outlay	300,396	267,443	32,953	192,091
Unallowed expenditure - prior period	-	-	-	7,598
Total expenditures	559,466	458,999	100,467	364,054
Revenues over (under) expenditures	(370,281)	(269,814)	100,467	(200,814)
Other Financing Sources (Uses):				
Fund balance appropriated	370,281	-	(370,281)	-
Net change in fund balance	\$ -	(269,814)	\$ (269,814)	\$ (200,814)
Fund Balance:				
Beginning of year - July 1		367,839		568,653
End of year - June 30		\$ 98,025		\$ 367,839

Beaufort County, North Carolina
State and Federal Seizures Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 18

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Restricted intergovernmental	\$ 10,400	\$ 27,704	\$ 17,304	\$ 16,410
Miscellaneous	8,000	9,637	1,637	10,290
Total revenues	18,400	37,341	18,941	26,700
Expenditures:				
Public safety expenditures	168,400	82,072	86,328	18,566
Total expenditures	168,400	82,072	86,328	18,566
Revenues over (under) expenditures	(150,000)	(44,731)	105,269	8,134
Other Financing Sources (Uses):				
Appropriated fund balance	150,000	-	(150,000)	-
Total other financing sources (uses)	150,000	-	(150,000)	-
Net change in fund balance	\$ -	(44,731)	\$ (44,731)	\$ 8,134
Fund Balance:				
Beginning of year - July 1		164,114		155,980
End of year - June 30		\$ 119,383		\$ 164,114

Beaufort County, North Carolina
FY 17/18 Capital Improvements Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 19

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Expenditures:					
Roof replacements	\$ 624,959	\$ -	\$ 354,450	\$ 354,450	\$ 270,509
Financial service center remodel	648,268	-	65,642	65,642	582,626
Courthouse improvements	1,458,220	-	1,420,698	1,420,698	37,522
Site work/paving	134,250	-	6,050	6,050	128,200
Modular unit	33,000	-	-	-	33,000
Capital outlay - equipment	253,675	-	8,000	8,000	245,675
Total expenditures	3,152,372	-	1,854,840	1,854,840	1,297,532
Revenues over (under) expenditures	(3,152,372)	-	(1,854,840)	(1,854,840)	1,297,532
Other Financing Sources (Uses)					
Transfers (to)/from other funds	3,152,372	-	3,152,372	3,152,372	-
Total other financing sources (uses)	3,152,372	-	3,152,372	3,152,372	-
Net change in fund balance	\$ -	\$ -	1,297,532	\$ 1,297,532	\$ 1,297,532
Fund Balance:					
Beginning of year - July 1					-
End of year - June 30			\$ 1,297,532		

Beaufort County, North Carolina
One NC Grant Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 20

	Project Authorization	Prior Years	Actual		Total to Date	Variance Positive (Negative)
			Current Year			
Revenues:						
Restricted intergovernmental - One NC Grant	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$(50,000)
City contributions	8,100	-	-	-	-	(8,100)
Total revenues	58,100	-	-	-	-	\$(58,100)
Expenditures:						
Economic and physical development	66,667	-	-	-	-	66,667
Total expenditures	66,667	-	-	-	-	66,667
Revenues over (under) expenditures	(8,567)	-	-	-	-	8,567
Other Financing Sources (Uses)						
Transfers (to)/from other funds	8,567	-	8,567	8,567	8,567	-
Total other financing sources (uses)	8,567	-	8,567	8,567	8,567	-
Net change in fund balance	\$ -	\$ -	8,567	\$ 8,567	\$ 8,567	\$ 8,567
Fund Balance:						
Beginning of year - July 1						-
End of year - June 30			\$ 8,567			

Beaufort County, North Carolina
FEMA Flood Mitigation 2015-017 Fund – Schedule of Revenues,
Expenditures, and Changes in Fund Balance – Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 21

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - FMA-PJ-04-NC-2015-017	\$ 557,645	\$ -	\$ 176,224	\$ 176,224	\$ (381,421)
Owner's contributions	61,961	-	31,797	31,797	(30,164)
Total revenues	619,606	-	208,021	208,021	(411,585)
Expenditures:					
Economic and physical development	619,606	-	176,224	176,224	443,382
Total expenditures	619,606	-	176,224	176,224	443,382
Net change in fund balance	\$ -	\$ -	31,797	\$ 31,797	\$ 31,797
Fund Balance:					
Beginning of year - July 1					-
End of year - June 30			\$ 31,797		

Beaufort County, North Carolina
FEMA Flood Mitigation 2015-016 Fund - Schedule of Revenues,
Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 22

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - FMA-PJ-04-NC-2015-016	\$ 282,944	\$ 35,028	\$ 81,800	\$ 116,828	\$ (166,116)
Total revenues	282,944	35,028	81,800	116,828	(166,116)
Expenditures:					
Economic and physical development	282,944	35,028	81,800	116,828	166,116
Total expenditures	282,944	35,028	81,800	116,828	166,116
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1				-	
End of year - June 30			\$ -	-	

Beaufort County, North Carolina
FEMA Hazard Mitigation 2016-003 Fund - Schedule of Revenues,
Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 23

	Project Authorization	Prior Years	Actual		Total to Date	Variance Positive (Negative)
			Current Year			
Revenues:						
Restricted intergovernmental - FMA-PJ-04-NC-2016-003	\$ 215,760	\$ -	\$ 7,002		\$ 7,002	\$ (208,758)
Total revenues	215,760	-	7,002		7,002	(208,758)
Expenditures:						
Economic and physical development	215,760	-	7,002		7,002	208,758
Total expenditures	215,760	-	7,002		7,002	208,758
Net change in fund balance	\$ -	\$ -	-		\$ -	\$ -
Fund Balance:						
Beginning of year - July 1						-
End of year - June 30			\$ -			-

Beaufort County, North Carolina
FEMA Flood Mitigation 2016-004 Fund - Schedule of Revenues,
Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 24

	Project Authorization	Prior Years	Actual		Total to Date	Variance Positive (Negative)
			Current Year			
Revenues:						
Restricted intergovernmental - FMA-PJ-04-NC-2016-004	\$ 73,015	\$ -	\$ -	\$ -	\$ -	\$ (73,015)
Total revenues	73,015	-	-	-	-	(73,015)
Expenditures:						
Economic and physical development	73,015	-	-	-	-	73,015
Total expenditures	73,015	-	-	-	-	73,015
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -	-
Fund Balance:						
Beginning of year - July 1					-	-
End of year - June 30			\$ -		-	-

Beaufort County, North Carolina
FEMA Flood Mitigation 2016-005 Fund - Schedule of Revenues,
Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 25

	Project Authorization	Prior Years	Actual		Total to Date	Variance Positive (Negative)
			Current Year			
Revenues:						
Restricted intergovernmental - FMA-PJ-04-NC-2016-005	\$ 539,590	\$ -	\$ -	\$ -	\$ -	\$ (539,590)
Total revenues	539,590	-	-	-	-	(539,590)
Expenditures:						
Economic and physical development	539,590	-	-	-	-	539,590
Total expenditures	539,590	-	-	-	-	539,590
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -	-
Fund Balance:						
Beginning of year - July 1					-	-
End of year - June 30			\$ -		-	-

Beaufort County, North Carolina
Hazard Mitigation Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 26

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - HMGP 1969-011	\$ 858,030	\$ 811,492	\$ -	\$ 811,492	\$ (46,538)
Restricted intergovernmental - HMGP 1969-011 R	844,042	-	82,897	82,897	(761,145)
Restricted intergovernmental - HMGP 1969-012	93,600	93,466	-	93,466	(134)
Restricted intergovernmental - HMGP 4019-022	149,063	149,064	-	149,064	1
Homeowner's contribution	69,309	69,309	-	69,309	-
Total revenues	2,014,044	1,123,331	82,897	1,206,228	(807,816)
Expenditures:					
Economic and physical development	2,014,044	1,123,331	82,897	1,206,228	807,816
Total expenditures	2,014,044	1,123,331	82,897	1,206,228	807,816
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1				-	
End of year - June 30			\$	-	

Beaufort County, North Carolina
FEMA Flood Mitigation 2013-012 Fund - Schedule of Revenues,
Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 27

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - FMA-PJ-04-NC-2013-012	\$ 639,135	\$ 570,389	\$ -	\$ 570,389	\$ (68,746)
Total revenues	639,135	570,389	-	570,389	(68,746)
Expenditures:					
Economic and physical development	639,135	570,389	-	570,389	68,746
Total expenditures	639,135	570,389	-	570,389	68,746
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1				-	
End of year - June 30			\$ -	-	

Beaufort County, North Carolina
FEMA Flood Mitigation 2014-004 Fund - Schedule of Revenues,
Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 28

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - FMA-PJ-04-NC-2014-004	\$ 1,674,032	\$ 774,633	\$ 715,808	\$ 1,490,441	\$ (183,591)
Total revenues	1,674,032	774,633	715,808	1,490,441	(183,591)
Expenditures:					
Economic and physical development	1,674,032	774,633	685,308	1,459,941	214,091
Total expenditures	1,674,032	774,633	685,308	1,459,941	214,091
Net change in fund balance	\$ -	\$ -	30,500	\$ 30,500	\$ 30,500
Fund Balance:					
Beginning of year - July 1					-
End of year - June 30			\$ 30,500		

Beaufort County, North Carolina
FEMA Flood Mitigation 04-D-2704 Fund - Schedule of Revenues,
Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 29

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - 04-D-2704	\$ 50,000	\$ 26,043	\$ 17,266	\$ 43,309	\$ (6,691)
Total revenues	50,000	26,043	17,266	43,309	(6,691)
Expenditures:					
Economic and physical development	50,000	26,043	17,266	43,309	6,691
Total expenditures	50,000	26,043	17,266	43,309	6,691
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1					-
End of year - June 30			\$		-

**Beaufort County, North Carolina
North Carolina Economic Development Grant Fund –
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 31**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - 2016-045-3201-2587	\$ 158,000	\$ 29,232	\$ 6,166	\$ 35,398	\$ (122,602)
Total revenues	158,000	29,232	6,166	35,398	(122,602)
Expenditures:					
Economic and physical development	158,000	29,232	6,166	35,398	122,602
Total expenditures	158,000	29,232	6,166	35,398	122,602
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1					-
End of year - June 30			\$		-

Beaufort County, North Carolina
North Carolina Economic Development Grant Fund –
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 31

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - U-468	\$ 337,000	\$ -	\$ 24,150	\$ 24,150	\$ (312,850)
Total revenues	337,000	-	24,150	24,150	(312,850)
Expenditures:					
Economic and physical development	337,000	-	24,150	24,150	312,850
Total expenditures	337,000	-	24,150	24,150	312,850
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

Beaufort County, North Carolina
Community Development Block Grant Fund –Schedule of Revenues,
Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 32

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - CDBG-DR-17-R-3007	\$ 1,000,000	\$ -	\$ -	\$ -	\$ (1,000,000)
Total revenues	1,000,000	-	-	-	(1,000,000)
Expenditures:					
Economic and physical development	1,000,000	-	-	-	1,000,000
Total expenditures	1,000,000	-	-	-	1,000,000
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1					-
End of year - June 30			\$ -		-

Beaufort County, North Carolina
Stream Debris Removal Fund –Schedule of Revenues,
Expenditures, and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 33

	Project Authorization	Prior Years	Actual		Total to Date	Variance Positive (Negative)
			Current Year			
Revenues:						
NC Department of Agriculture - G40100008513SWC	\$ 20,206	\$ 13,272	\$ -	\$ -	\$ 13,272	\$ (6,934)
NC Department of Agriculture - 17175404	311,909	-	67,222	-	67,222	(244,687)
Total revenues	332,115	13,272	67,222	-	80,494	(251,621)
Expenditures:						
Economic and physical development:						
Rowland Creek cleanout expense	2,932	-	-	-	-	2,932
Bear Creek cleanout expense	5,994	1,992	-	-	1,992	4,002
Cuckolds Creek cleanout expense	11,280	11,280	-	-	11,280	-
Stream debris removal	311,909	-	67,222	-	67,222	244,687
Total expenditures	332,115	13,272	67,222	-	80,494	251,621
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:						
Beginning of year - July 1					-	-
End of year - June 30			\$		-	-

Beaufort County, North Carolina
Oak Ridge Metal Works Project Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 34

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Revenues:					
NC Department of Commerce - 2016-008-3201-2538	\$ 319,762	\$ 168,768	\$ 34,630	\$ 203,398	\$ (116,364)
Total revenues	319,762	168,768	34,630	203,398	(116,364)
Expenditures:					
Economic and physical development:					
Permits	3,810	1,125	-	1,125	2,685
Site work and demolition	92,175	59,397	14,030	73,427	18,748
Construction	223,777	108,246	20,600	128,846	94,931
Total expenditures	319,762	168,768	34,630	203,398	116,364
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1				-	
End of year - June 30			\$ -		

Beaufort County, North Carolina
Courthouse Roof Replacement Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 35

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Expenditures:					
Economic and physical development:					
Professional services	\$ 24,255	\$ -	\$ 20,375	\$ 20,375	\$ 3,880
Capital improvements	261,505	185,717	73,490	259,207	2,298
Total expenditures	285,760	185,717	93,865	279,582	6,178
Revenues over (under) expenditures	(285,760)	(185,717)	(93,865)	(279,582)	6,178
Other Financing Sources (Uses)					
Transfers in - General Fund	401,030	401,030	-	401,030	-
Transfers out - General Fund	(115,270)	-	(121,448)	(121,448)	(6,178)
Total other financing sources (uses)	285,760	401,030	(121,448)	279,582	(6,178)
Net change in fund balance	\$ -	\$ 215,313	(215,313)	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			215,313		
End of year - June 30			\$ -		

Beaufort County, North Carolina
Radio System Project Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 36

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Economic and physical development:					
Capital outlay - equipment	\$ 1,806,469	\$ 451,617	\$ 451,617	\$ 903,234	\$ 903,235
Total expenditures	1,806,469	451,617	451,617	903,234	903,235
Revenues over (under) expenditures	(1,806,469)	(451,617)	(451,617)	(903,234)	903,235
Other Financing Sources (Uses)					
Transfers in - General Fund	1,806,469	1,806,469	-	1,806,469	-
Total other financing sources (uses)	1,806,469	1,806,469	-	1,806,469	-
Net change in fund balance	\$ -	\$ 1,354,852	(451,617)	\$ 903,235	\$ 903,235
Fund Balance:					
Beginning of year - July 1			1,354,852		
End of year - June 30			\$ 903,235		

Beaufort County, North Carolina
Economic Development Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 37

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Revenues:					
CDBG Grant - Jack's Tavern	\$ 80,000	\$ 47,238	\$ 32,763	\$ 80,001	\$ 1
CDBG Grant - Page Road	491,984	490,459	-	490,459	(1,525)
Total revenues	571,984	537,697	32,763	570,460	(1,524)
Expenditures:					
Economic and physical development					
Construction - CDBG Jack's Tavern	84,000	47,238	36,763	84,001	(1)
Construction - CDBG Page Road	491,984	490,459	-	490,459	1,525
Total expenditures	575,984	537,697	36,763	574,460	1,524
Revenues over (under) expenditures	(4,000)	-	(4,000)	(4,000)	-
Other Financing Sources (Uses):					
Transfers from General Fund	4,000	4,000	-	4,000	-
Total other financing sources (uses)	4,000	4,000	-	4,000	-
Net change in fund balance	\$ -	\$ 4,000	(4,000)	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			4,000		
End of year - June 30			\$ -		

Beaufort County, North Carolina
Broad Creek Capital Reserve Fund - Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts for the Year Ended June 30, 2017
Schedule 38

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Economic and physical development				
Capital outlay	55,000	-	55,000	-
Total expenditures	55,000	-	55,000	-
Revenues over (under) expenditures	(55,000)	-	55,000	-
Other Financing Sources (Uses):				
Transfers from General Fund	55,000	55,000	-	-
Total other financing sources (uses)	55,000	55,000	-	-
Net change in fund balance	\$ -	55,000	\$ 55,000	\$ -
Fund Balance:				
Beginning of year - July 1		53,047		-
End of year - June 30		\$ 108,047		\$ 53,047

**Beaufort County, North Carolina
PARTF Wright's Creek Phase II Fund-
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018
Schedule 39**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Wright's Creek Access PARTF - 2017-820	\$ 100,606	\$ -	\$ -	\$ -	\$ (100,606)
Total revenues	100,606	-	-	-	(100,606)
Expenditures:					
Economic and physical development					
Equipment	9,784	-	-	-	9,784
Planning and design	12,576	-	1,205	1,205	11,371
Septic system	10,000	-	-	-	10,000
Restrooms	35,000	-	-	-	35,000
Boardwalk	33,300	-	-	-	33,300
Pier	16,190	-	-	-	16,190
Picnic shelters	50,000	-	-	-	50,000
Gazebo	5,878	-	-	-	5,878
Parking/walkway	19,500	-	-	-	19,500
Contingency	8,983	-	-	-	8,983
Total expenditures	201,211	-	1,205	1,205	200,006
Revenues over (under) expenditures	(100,605)	-	(1,205)	(1,205)	99,400
Other Financing Sources (Uses):					
Transfers in - General Fund	100,605	100,606	-	100,606	1
Total other financing sources (uses)	100,605	100,606	-	100,606	1
Net change in fund balance	\$ -	\$ 100,606	(1,205)	\$ 99,401	\$ 99,401
Fund Balance:					
Beginning of year - July 1			100,606		
End of year - June 30			\$ 99,401		

Beaufort County, North Carolina
Water District I Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 40

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Operating revenues:				
Water sales		\$ 856,993		\$ 796,816
Tap on fees		23,250		22,250
Miscellaneous		46,505		27,369
Total operating revenues	\$ 934,297	926,748	\$ (7,549)	846,435
Nonoperating revenues:				
Investment earnings		12,707		2,202
Total revenues	934,297	939,455	5,158	848,637
Expenditures:				
Administration:				
Supplies		428		326
Telephone		4,405		4,303
Travel		8,800		7,754
Utilities		15,440		11,059
Other administration expenses		10,532		10,115
Total	43,308	39,605	3,703	33,557
Water treatment and distribution				
Salaries and employee benefits		153,570		144,113
Water purchase		148,845		109,322
Supplies		17,062		16,615
Maintenance		33,457		17,168
Hurricane Matthew expenses		-		223
Other expenses		41,010		35,861
Total	483,837	393,944	89,893	323,302
Budgetary appropriations:				
Principal payment on long term debt		180,000		55,000
Interest, fees, and amortization		190,263		190,262
Total	411,909	370,263	41,646	245,262
Total expenditures	939,054	803,812	135,242	602,121
Revenues over (under) expenditures	(4,757)	135,643	140,400	246,516

Beaufort County, North Carolina
Water District I Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 40

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Other financing sources (uses):				
Transfer out - Projects	-	-	-	(156,055)
Total other financing sources (uses)	-	-	-	(156,055)
Appropriated fund balance	4,757	-	(4,757)	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	135,643	\$ 135,643	\$ 90,461

Reconciliation from budgetary basis (modified accrual) to full accrual:

Revenues over (under) expenditures	135,643
Reconciling items:	
Depreciation	(228,699)
Amortization	9,746
Debt principal	180,000
Capital contribution	18,750
Installment proceeds	6,250
Increase (decrease) in deferred outflows of resources - pension	(7,641)
(Increase) decrease in net pension liability	5,575
(Increase) decrease in deferred inflows of resources - pension	463
Increase (decrease) in deferred outflows of resources - OPEB	4,206
(Increase) decrease in net OPEB liability	(3,884)
(Increase) decrease in deferred inflows of resources - OPEB	(4,608)
(Increase) decrease in accrued vacation payable	(369)
Change in net position	\$ 115,432

Beaufort County, North Carolina
Water District II Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 41

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Operating revenues:				
Water sales		\$ 918,498		\$ 868,955
Tap on fees		18,400		17,950
Miscellaneous		44,396		33,559
Total operating revenues	\$ 1,024,986	981,294	\$ (43,692)	920,464
Nonoperating revenues:				
Investment earnings		18,308		3,171
Total revenues	1,024,986	999,602	(25,384)	923,635
Expenditures:				
Administration:				
Supplies		574		445
Telephone		5,939		5,878
Travel		11,536		10,614
Utilities		21,212		17,661
Other administration expenses		14,247		13,686
Total	57,448	53,508	3,940	48,284
Water treatment and distribution				
Salaries and employee benefits		210,368		200,554
Water purchase		205,347		169,909
Supplies		18,430		18,667
Maintenance		47,649		23,267
Hurricane Matthew expenses		-		265
Other expenses		53,673		49,233
Total	640,416	535,467	104,949	461,895
Budgetary appropriations:				
Principal payments on long term debt		140,000		15,000
Interest, fees, and amortization		137,400		137,850
Total	333,536	277,400	56,136	152,850
Total expenditures	1,031,400	866,375	165,025	663,029
Revenues over (under) expenditures	(6,414)	133,227	139,641	260,606

Beaufort County, North Carolina
Water District II Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 41

	2018		Variance Positive (Negative)	2017	
	Final Budget	Actual		Actual	Actual
Other financing sources (uses):					
Transfer out - Projects	-	-	-		(30,244)
Total other financing sources (uses)	-	-	-		(30,244)
Appropriated fund balance	6,414	-	(6,414)		-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	133,227	\$ 133,227	\$	230,362
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Revenues over (under) expenditures			133,227		
Reconciling items:					
Depreciation			(342,629)		
Amortization			14,635		
Debt principal			140,000		
Increase (decrease) in deferred outflows of resources - pension			(11,122)		
(Increase) decrease in net pension liability			8,373		
(Increase) decrease in deferred inflows of resources - pension			667		
Increase (decrease) in deferred outflows of resources - OPEB			5,671		
(Increase) decrease in net OPEB liability			(5,237)		
(Increase) decrease in deferred inflows of resources - OPEB			(6,212)		
(Increase) decrease in accrued vacation payable			(498)		
Change in net position			\$ (63,125)		

Beaufort County, North Carolina
Water District III Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 42

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Operating revenues:				
Water sales		\$ 1,060,601		\$ 1,013,027
Tap on fees		25,950		21,050
Miscellaneous		43,202		32,589
Total operating revenues	1,173,627	1,129,753	(43,874)	1,066,666
Nonoperating revenues:				
Investment earnings		16,987		2,951
Total revenues	1,173,627	1,146,740	(26,887)	1,069,617
Expenditures:				
Administration:				
Supplies		598		461
Telephone		6,197		6,090
Travel		12,993		10,990
Utilities		34,698		26,718
Other administration expenses		14,867		14,281
Total	69,901	69,353	548	58,540
Water treatment and distribution				
Salaries and employee benefits		217,815		205,115
Water purchase		211,974		166,832
Supplies		20,660		20,272
Maintenance		47,137		22,953
Hurricane Matthew expenses		-		237
Other expenses		58,075		51,367
Total	719,549	555,661	163,888	466,776
Budgetary appropriations:				
Principal payments on long term debt		165,000		15,000
Interest, fees, and amortization		167,300		167,750
Total	390,869	332,300	58,569	182,749
Total expenditures	1,180,319	957,314	223,005	708,065
Revenues over (under) expenditures	(6,692)	189,426	196,118	361,552

Beaufort County, North Carolina
Water District III Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 42

	2018		Variance Positive (Negative)	2017	
	Final Budget	Actual		Actual	
Other financing sources (uses):					
Transfer out - Projects	-	-	-	(55,886)	
Total other financing sources (uses)	-	-	-	(55,886)	
Appropriated fund balance	6,692	-	(6,692)	-	
Revenues and other financing sources (uses) over (under) expenditures	\$ -	189,426	\$ 189,426	\$	305,666
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Revenues over (under) expenditures	189,426				
Reconciling items:					
Depreciation	(345,361)				
Amortization	14,752				
Debt principal	165,000				
Increase (decrease) in deferred outflows of resources - pension	(10,979)				
(Increase) decrease in net pension liability	8,063				
(Increase) decrease in deferred inflows of resources - pension	663				
Increase (decrease) in deferred outflows of resources - OPEB	5,917				
(Increase) decrease in net OPEB liability	(5,464)				
(Increase) decrease in deferred inflows of resources - OPEB	(6,481)				
(Increase) decrease in accrued vacation payable	(519)				
Change in net position	\$ 15,017				

Beaufort County, North Carolina
Water District IV Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 43

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Operating revenues:				
Water sales		\$ 1,193,663		\$ 1,136,849
Tap on fees		32,825		25,500
Miscellaneous		37,034		26,554
Total operating revenues	\$ 1,312,386	1,263,522	\$ (48,864)	1,188,903
Nonoperating revenues:				
Investment earnings		16,981		2,951
Total revenues	1,312,386	1,280,503	(31,883)	1,191,854
Expenditures:				
Administration:				
Supplies		643		496
Telephone		6,668		6,547
Travel		12,925		11,804
Utilities		9,903		10,541
Other administration expenses		16,103		15,470
Total	49,729	46,242	3,487	44,858
Water treatment and distribution				
Salaries and employee benefits		233,908		219,831
Water purchase		226,972		174,369
Supplies		24,203		22,652
Maintenance		53,503		23,918
Hurricane Matthew expenses		-		218
Other expenses		61,685		57,067
Total	728,606	600,271	128,335	498,055
Budgetary appropriations:				
Principal payments on long term debt		210,000		190,000
Interest, fees, and amortization		268,250		273,950
Total	541,250	478,250	63,000	463,950
Total expenditures	1,319,585	1,124,763	194,822	1,006,863
Revenues over (under) expenditures	(7,199)	155,740	162,939	182,040

Beaufort County, North Carolina
Water District IV Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 43

	2018		Variance Positive (Negative)	2017	
	Final Budget	Actual		Actual	
Other financing sources (uses):					
Transfer out - Projects	-	-	-	(98,075)	
Total other financing sources (uses)	-	-	-	(98,075)	
Appropriated fund balance	7,199	-	(7,199)	-	
Revenues and other financing sources (uses) over (under) expenditures	\$ -	155,740	\$ 155,741	\$ 83,965	
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Revenues over (under) expenditures			155,740		
Reconciling items:					
Depreciation			(355,661)		
Amortization			15,192		
Debt principal			210,000		
Increase (decrease) in deferred outflows of resources - pension			(11,693)		
(Increase) decrease in net pension liability			8,550		
(Increase) decrease in deferred inflows of resources - pension			707		
Increase (decrease) in deferred outflows of resources - OPEB			6,366		
(Increase) decrease in net OPEB liability			(5,878)		
(Increase) decrease in deferred inflows of resources - OPEB			(6,973)		
(Increase) decrease in accrued vacation payable			(559)		
Change in net position	\$ 15,791				

Beaufort County, North Carolina
Water District V Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 44

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Operating revenues:				
Water sales		\$ 534,485		\$ 520,765
Tap on fees		8,850		10,425
Miscellaneous		23,615		14,971
Total operating revenues	\$ 593,182	566,950	\$ (26,232)	546,161
Nonoperating revenues:				
Investment earnings		5		-
Total revenues	593,182	566,955	(26,227)	546,161
Expenditures:				
Administration:				
Supplies		259		195
Telephone		2,621		2,575
Travel		5,522		4,652
Utilities		6,068		5,164
Other administration expenses		6,197		5,951
Total	21,601	20,667	934	18,537
Water treatment and distribution				
Salaries and employee benefits		92,673		87,493
Water purchase		90,874		75,859
Supplies		9,896		9,100
Maintenance		27,580		10,251
Hurricane Matthew expenses		-		86
Other expenses		26,699		23,835
Total	285,837	247,722	38,115	206,624
Budgetary appropriations:				
Principal payments on long term debt		137,225		127,227
Interest, fees, and amortization		126,567		130,451
Total	288,575	263,792	24,783	257,678
Total expenditures	596,013	532,181	63,832	482,839
Revenues over (under) expenditures	(2,831)	34,774	37,605	63,322

Beaufort County, North Carolina
Water District V Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 44

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Other financing sources (uses):				
Transfer out - Projects	-	-	-	(13,249)
Total other financing sources (uses)	-	-	-	(13,249)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	34,774	\$ 34,774	\$ 50,073

Reconciliation from budgetary basis (modified accrual) to full accrual:

Revenues over (under) expenditures	34,774
Reconciling items:	
Depreciation	(153,657)
Amortization	6,563
Debt principal	137,225
Capital contributions	21,743
Installment proceeds	7,248
Increase (decrease) in deferred outflows of resources - pension	(4,723)
(Increase) decrease in net pension liability	3,489
(Increase) decrease in deferred inflows of resources - pension	273
Increase (decrease) in deferred outflows of resources - OPEB	2,503
(Increase) decrease in net OPEB liability	(2,311)
(Increase) decrease in deferred inflows of resources - OPEB	(2,742)
(Increase) decrease in accrued vacation payable	(220)
Change in net position	\$ 50,165

Beaufort County, North Carolina
Water District VI Fund - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 45

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Operating revenues:				
Water sales		\$ 1,287,568		\$ 1,251,275
Tap on fees		44,300		24,150
Miscellaneous		55,993		43,766
Total operating revenues	\$ 1,405,702	1,387,861	\$ (17,841)	1,319,191
Nonoperating revenues:				
Investment earnings		28,371		4,934
Total revenues	1,405,702	1,416,232	10,530	1,324,125
Expenditures:				
Administration:				
Supplies		762		590
Telephone		7,945		7,800
Travel		15,476		14,061
Utilities		62,928		70,429
Other administration expenses		16,638		18,175
Total	115,185	103,749	11,436	111,055
Water treatment and distribution				
Salaries and employee benefits		278,461		261,670
Water purchase		25,132		32,015
Supplies		131,202		117,803
Maintenance		109,342		38,918
Hurricane Matthew expenses		-		260
Other expenses		86,855		70,067
Total	681,366	630,992	50,374	520,733
Budgetary appropriations:				
Capital outlay		-		-
Principal payments on long term debt		280,000		270,000
Interest, fees, and amortization		365,781		372,231
Total	720,747	645,781	74,966	642,231
Total expenditures	1,517,298	1,380,522	136,776	1,274,019
Revenues over (under) expenditures	(111,596)	35,710	147,306	50,106

Beaufort County, North Carolina
Water District VI Fund - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 45

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Other financing sources (uses):				
Transfer out - Projects	-	-	-	(282,842)
Total other financing sources (uses)	-	-	-	(282,842)
Appropriated fund balance	111,596	-	(111,596)	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	35,710	\$ 35,710	\$ (232,736)

Reconciliation from budgetary basis (modified accrual) to full accrual:

Revenues over (under) expenditures	35,710
Reconciling items:	
Depreciation	(422,085)
Amortization	18,029
Debt principal	280,000
Increase (decrease) in deferred outflows of resources - pension	(13,910)
(Increase) decrease in net pension liability	10,166
(Increase) decrease in deferred inflows of resources - pension	842
Increase (decrease) in deferred outflows of resources - OPEB	7,573
(Increase) decrease in net OPEB liability	(6,993)
(Increase) decrease in deferred inflows of resources - OPEB	(8,296)
(Increase) decrease in accrued vacation payable	(664)
Change in net position	\$ (99,628)

Beaufort County, North Carolina
Water District VII Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 46

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Revenues:				
Operating revenues:				
Water sales		\$ 688,965		\$ 669,095
Tap on fees		13,900		11,825
Miscellaneous		28,289		20,734
Total operating revenues	\$ 759,962	731,154	\$ (28,808)	701,654
Nonoperating revenues:				
Investment earnings		5,608		969
Total revenues	759,962	736,762	(23,200)	702,623
Expenditures:				
Administration:				
Supplies		401		296
Telephone		4,102		3,965
Travel		7,865		7,174
Utilities		37,383		32,061
Other administration expenses		8,161		9,089
Total	57,474	57,912	(438)	52,585
Water treatment and distribution				
Salaries and employee benefits		142,961		135,313
Water purchase		-		5,924
Supplies		31,896		27,803
Maintenance		56,519		19,900
Hurricane Matthew expenses		-		132
Other expenses		63,038		40,943
Total	353,647	294,414	59,233	230,015
Budgetary appropriations:				
Principal payments on long term debt		155,000		120,000
Interest, fees, and amortization		190,375		193,975
Total	384,275	345,375	38,900	313,975
Total expenditures	795,396	697,701	97,695	596,575
Revenues over (under) expenditures	(35,434)	39,061	74,495	106,048

Beaufort County, North Carolina
Water District VII Fund - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 46

	2018		Variance Positive (Negative)	2017	
	Final Budget	Actual		Actual	
Other financing sources (uses):					
Transfer out - Projects	-	-	-	(154,824)	
Total other financing sources (uses)	-	-	-	(154,824)	
Appropriated fund balance	35,434	-	(35,434)	-	
Revenues and other financing sources (uses) over (under) expenditures	\$ -	39,061	\$ 39,061	\$	(48,776)
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Revenues over (under) expenditures	39,061				
Reconciling items:					
Depreciation	(253,924)				
Amortization	10,846				
Debt principal	155,000				
Increase (decrease) in deferred outflows of resources - pension	(7,382)				
(Increase) decrease in net pension liability	5,496				
(Increase) decrease in deferred inflows of resources - pension	444				
Increase (decrease) in deferred outflows of resources - OPEB	3,931				
(Increase) decrease in net OPEB liability	(3,631)				
(Increase) decrease in deferred inflows of resources - OPEB	(4,306)				
(Increase) decrease in accrued vacation payable	(345)				
Change in net position	\$ (54,810)				

Beaufort County, North Carolina
State Drinking Water Reserve Fund – Water District I - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 47

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0090	\$ 401,100	\$ -	\$ -	\$ -	\$ (401,100)
Total revenues	401,100	-	-	-	(401,100)
EXPENDITURES:					
Construction - Contract No. 1	350,000	-	-	-	350,000
Planning and engineering prior to construction	42,300	-	-	-	42,300
Technical services during construction	92,700	-	-	-	92,700
Administration	14,000	-	-	-	14,000
Land purchase	1,000	-	-	-	1,000
Contingency	24,773	-	-	-	24,773
Other	10,027	-	-	-	10,027
Total expenditures	534,800	-	-	-	534,800
Revenues over (under) expenditures	(133,700)	-	-	-	133,700
OTHER FINANCING SOURCES (USES)					
DWSRF Revolving loan	133,700	-	-	-	(133,700)
Total other financing sources (uses)	133,700	-	-	-	(133,700)
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	-

Beaufort County, North Carolina
State Drinking Water Reserve Fund – Water District V - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 48

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0010	\$ 1,453,500	\$ -	\$ 21,743	\$ 21,743	\$ (1,431,757)
Total revenues	1,453,500	-	21,743	21,743	(1,431,757)
Expenditures:					
Construction - Contract No. 1	1,435,000	-	-	-	1,435,000
Planning and engineering prior to construction	136,700	-	-	-	136,700
Technical services during construction	213,900	-	3,991	3,991	209,909
Administration	48,000	-	25,000	25,000	23,000
Land purchase	25,000	-	-	-	25,000
Contingency	79,400	-	-	-	79,400
Total expenditures	1,938,000	-	28,991	28,991	1,909,009
Revenues over (under) expenditures	(484,500)	-	(7,248)	(7,248)	477,252
Other financing sources (uses):					
State Drinking Water Reserve Loan	484,500	-	7,248	7,248	(477,252)
Total other financing sources (uses)	484,500	-	7,248	7,248	(477,252)
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	-

Beaufort County, North Carolina
State Drinking Water Reserve Fund – Water District I - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 49

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0019	\$ 2,250,000	\$ -	\$ 18,750	\$ 18,750	\$ (2,231,250)
Total revenues	2,250,000	-	18,750	18,750	(2,231,250)
Expenditures:					
Construction - Contract No. 1	1,080,000	-	-	-	1,080,000
Construction - Contract No. 2	1,185,000	-	-	-	1,185,000
Planning and engineering prior to construction	206,700	-	25,000	25,000	181,700
Technical services during construction	339,100	-	-	-	339,100
Administration	48,000	-	-	-	48,000
Land purchase	10,000	-	-	-	10,000
Contingency	131,200	-	-	-	131,200
Total expenditures	3,000,000	-	25,000	25,000	2,975,000
Revenues over (under) expenditures	(750,000)	-	(6,250)	(6,250)	743,750
Other financing sources (uses):					
State Drinking Water Reserve Loan	750,000	-	6,250	6,250	(743,750)
Total other financing sources (uses)	750,000	-	6,250	6,250	(743,750)
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Beaufort County, North Carolina
State Drinking Water Reserve Fund – Water District IV - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 50

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0091	\$ 733,500	\$ -	\$ -	\$ -	(733,500)
Total revenues	733,500	-	-	-	(733,500)
EXPENDITURES:					
Construction - Contract No. 1	700,000	-	-	-	700,000
Planning and engineering prior to construction	76,600	-	-	-	76,600
Technical services during construction	116,600	-	-	-	116,600
Administration	14,000	-	-	-	14,000
Land purchase	1,000	-	-	-	1,000
Contingency	51,463	-	-	-	51,463
Other	18,337	-	-	-	18,337
Total expenditures	978,000	-	-	-	978,000
Revenues over (under) expenditures	(244,500)	-	-	-	244,500
OTHER FINANCING SOURCES (USES)					
DWSRF Revolving loan	244,500	-	-	-	(244,500)
Total other financing sources (uses)	244,500	-	-	-	(244,500)
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	-

Beaufort County, North Carolina
State Drinking Water Reserve Fund – Water District V - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 51

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0085	\$ 401,100	\$ -	\$ -	\$ -	\$ (401,100)
Total revenues	401,100	-	-	-	(401,100)
EXPENDITURES:					
Construction - Contract No. 1	350,000	-	-	-	350,000
Planning and engineering prior to construction	42,300	-	-	-	42,300
Technical services during construction	92,700	-	-	-	92,700
Administration	14,000	-	-	-	14,000
Land purchase	1,000	-	-	-	1,000
Contingency	24,773	-	-	-	24,773
Other	10,027	-	-	-	10,027
Total expenditures	534,800	-	-	-	534,800
Revenues over (under) expenditures	(133,700)	-	-	-	133,700
OTHER FINANCING SOURCES (USES)					
DWSRF Revolving loan	133,700	-	-	-	(133,700)
Total other financing sources (uses)	133,700	-	-	-	(133,700)
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Beaufort County, North Carolina
State Drinking Water Reserve Fund – Water District VI - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 52

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0093	\$ 1,115,000	\$ -	\$ -	\$ -	\$ (1,115,000)
Total revenues	1,115,000	-	-	-	(1,115,000)
EXPENDITURES:					
Construction - Contract No. 1	1,650,000	-	-	-	1,650,000
Planning and engineering prior to construction	159,200	-	-	-	159,200
Technical services during construction	241,800	-	-	-	241,800
Administration	14,100	-	-	-	14,100
Land purchase	1,000	-	-	-	1,000
Contingency	124,875	-	-	-	124,875
Other	39,025	-	-	-	39,025
Total expenditures	2,230,000	-	-	-	2,230,000
Revenues over (under) expenditures	(1,115,000)	-	-	-	1,115,000
OTHER FINANCING SOURCES (USES)					
DWSRF Revolving loan	1,115,000	-	-	-	(1,115,000)
Total other financing sources (uses)	1,115,000	-	-	-	(1,115,000)
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Beaufort County, North Carolina
Stand-by Generator Fund - Water Districts I, III, IV, VI, and VII - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 53

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Expenditures:					
Engineering	\$ 33,744	\$ 30,370	\$ 2,306	\$ 32,676	\$ 1,068
Administration	49,024	-	43,346	43,346	5,678
Capital outlay - equipment	421,800	-	374,074	374,074	47,726
Contingency	25,231	-	-	-	25,231
Phase II improvements	70,201	-	-	-	70,201
Total expenditures	600,000	30,370	419,726	450,096	149,904
Revenues over (under) expenditures	(600,000)	(30,370)	(419,726)	(450,096)	149,904
Other financing sources (uses):					
Transfer from Water District I	133,917	133,917	-	133,917	-
Transfer from Water District III	24,552	24,552	-	24,552	-
Transfer from Water District IV	64,389	64,389	-	64,389	-
Transfer from Water District VI	242,715	242,715	-	242,715	-
Transfer from Water District VII	134,427	134,427	-	134,427	-
Total other financing sources (uses)	600,000	600,000	-	600,000	-
Revenues and other sources over (under) expenditures	\$ -	\$ 569,630	\$ (419,726)	\$ 149,904	\$ 149,904

Beaufort County, North Carolina
State Drinking Water Reserve Fund - Water District VII - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 54

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
State Drinking Water Reserve Grant - H-SRP-D-17-0089	\$ 504,000	\$ -	\$ -	\$ -	(504,000)
Total revenues	504,000	-	-	-	(504,000)
EXPENDITURES:					
Construction - Contract No. 1	450,000	-	-	-	450,000
Planning and engineering prior to construction	52,500	-	-	-	52,500
Technical services during construction	109,600	-	-	-	109,600
Administration	14,000	-	-	-	14,000
Land purchase	1,000	-	-	-	1,000
Contingency	32,300	-	-	-	32,300
Other	12,600	-	-	-	12,600
Total expenditures	672,000	-	-	-	672,000
Revenues over (under) expenditures	(168,000)	-	-	-	168,000
OTHER FINANCING SOURCES (USES)					
DWSRF Revolving loan	168,000	-	-	-	(168,000)
Total other financing sources (uses)	168,000	-	-	-	(168,000)
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	-

Beaufort County, North Carolina
Northside Generator Fund - Water Districts I, II, III, IV, and V - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 55

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Golden Leaf Foundation Grant	\$ 450,000	\$ -	\$ -	\$ -	\$ (450,000)
Total revenues	450,000	-	-	-	(450,000)
Expenditures:					
Engineering	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Construction	350,000	-	-	-	350,000
Total expenditures	450,000	-	-	-	450,000
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Beaufort County, North Carolina
Advanced Metering Infrastructure Fund – All Water Districts - Schedule of
Revenues and Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 56

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Sales tax refunds	\$ 212,558	\$ -	\$ -	\$ -	\$ (212,558)
Total revenues	212,558	-	-	-	(212,558)
Expenditures:					
System improvements	4,255,287	-	-	-	4,255,287
Program management	237,985	-	-	-	237,985
Other fees/charges	5,000	-	-	-	5,000
Contingency	214,286	-	-	-	214,286
Total expenditures	4,712,558	-	-	-	4,712,558
Revenues over (under) expenditures	(4,500,000)	-	-	-	4,500,000
Other financing sources (uses):					
Installment proceeds	4,500,000	-	-	-	(4,500,000)
Total other financing sources (uses)	4,500,000	-	-	-	(4,500,000)
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Beaufort County, North Carolina
Meter Feasibility Fund – All Water Districts - Schedule of Revenues and
Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 57

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Professional services	\$ 83,675	\$ 25,628	\$ 56,184	\$ 81,812	(81,812)
Total expenditures	83,675	25,628	56,184	81,812	(81,812)
Revenues over (under) expenditures	(83,675)	(25,628)	(56,184)	(81,812)	(81,812)
Other financing sources (uses):					
Transfer from Water Districts	83,675	83,675	-	83,675	-
Total other financing sources (uses)	83,675	83,675	-	83,675	-
Revenues and other sources over (under) expenditures	\$ -	\$ 58,047	\$ (56,184)	\$ 1,863	\$ (81,812)

Beaufort County, North Carolina
Metal Building Addition Fund – All Water Districts - Schedule of Revenues
and Expenditures Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 58

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Expenditures:					
Capital outlay	\$ 107,500	\$ -	\$ 107,500	\$ 107,500	\$ -
Total expenditures	107,500	-	107,500	107,500	-
Revenues over (under) expenditures	(107,500)	-	(107,500)	(107,500)	-
Other financing sources (uses):					
Transfer from Water Districts	107,500	107,500	-	107,500	-
Total other financing sources (uses)	107,500	107,500	-	107,500	-
Revenues and other sources over (under) expenditures	\$ -	\$ 107,500	\$ (107,500)	\$ -	\$ -

Beaufort County, North Carolina
Solid Waste Fund – Schedule of Revenues and Expenditures Budget and
Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
With Comparative Amounts For the Year Ended June 30, 2017
Schedule 59

	2018		2017	
	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Solid waste fees		\$ 3,329,634		\$ 3,166,121
Scrap tire disposal fees		99,328		81,431
White goods disposal fees		30,479		18,807
Solid waste disposal fees		28,379		27,246
Interest/tax collections		28,399		39,828
Total operating revenues	\$ 3,318,894	3,516,219	\$ 197,325	3,333,433
Expenditures:				
Administration:				
Telephone		350		557
Computer support		2,000		2,266
Total	3,065	2,350	715	2,823
Solid waste fees and expenses				
Landfill		1,091,759		1,113,883
Transfer station		1,381,515		1,350,615
Convenience		634,362		628,293
Disposal fees		115,809		109,701
Maintenance		60,596		42,964
Landfill cap		8,000		-
Total	3,311,979	3,292,041	19,938	3,245,456
Total expenditures	3,315,044	3,294,391	20,653	3,248,279
Revenues over (under) expenditures	3,850	221,828	217,978	85,154
Other financing sources (uses):				
Transfer in - General Fund	-	-	-	134,919
Transfer out - Solid Waste project	(3,850)	-	3,850	(12,625)
Total other financing sources (uses)	(3,850)	-	3,850	122,294
Revenues and other financing sources (uses) over (under) expenditures	\$ -	221,828	\$ 221,828	\$ 207,448
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues over (under) expenditures		221,828		
Reconciling items:				
Depreciation		(1,177)		
Change in net position	\$	220,651		

Beaufort County, North Carolina
Landfill Cap Work Fund – Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2018
Schedule 60

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Professional services	\$ 12,625	\$ -	\$ 8,000	\$ 8,000	(8,000)
Total expenditures	12,625	-	8,000	8,000	(8,000)
Revenues over (under) expenditures	(12,625)	-	(8,000)	(8,000)	(8,000)
Other financing sources (uses):					
Transfer from Solid Waste Fund	12,625	12,625	-	12,625	-
Total other financing sources (uses)	12,625	12,625	-	12,625	-
Revenues and other sources over (under) expenditures	\$ -	\$ 12,625	\$ (8,000)	\$ 4,625	\$ (8,000)

Beaufort County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2018
Schedule 61

	Balance July 01, 2017	Additions	Deductions	Balance June 30, 2018
Social Services Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 64,934	\$ 638,242	\$ 599,776	\$ 103,400
Liabilities:				
Accounts payable	\$ 64,934	\$ 638,242	\$ 599,776	\$ 103,400
Sheriff Accounts:				
Assets:				
Cash and cash equivalents	\$ 11,227	\$ 142,858	\$ 142,322	\$ 11,763
Liabilities:				
Accounts payable	\$ 11,227	\$ 142,858	\$ 142,322	\$ 11,763
Tax Collection Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 3,745,015	\$ 3,642,678	\$ 102,337
Taxes receivable	432,991	144,934	153,763	424,162
Total assets	432,991	3,889,949	3,796,441	526,499
Liabilities:				
Intergovernmental payable	\$ 432,991	\$ 3,889,949	\$ 3,796,441	\$ 526,499
Drainage Assessments:				
Assets:				
Cash and cash equivalents	\$ -	\$ 113,923	\$ 113,625	\$ 298
Taxes receivable	2,530	2,056	1,258	3,328
Assessments receivable	137,018	28,934	165,952	-
Total assets	139,548	144,913	280,835	3,626
Liabilities:				
Intergovernmental payable	\$ 139,548	\$ 144,913	\$ 280,835	\$ 3,626
4-H:				
Assets:				
Cash and cash equivalents	\$ 38,612	\$ 92,358	\$ 88,038	\$ 42,932
Liabilities:				
Accounts payable	\$ 38,612	\$ 92,358	\$ 88,038	\$ 42,932

Beaufort County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2018
Schedule 61

	Balance July 01, 2017	Additions	Deductions	Balance June 30, 2018
Cooperative Extension:				
Assets:				
Cash and cash equivalents	\$ 44,277	\$ 49,676	\$ 56,145	\$ 37,808
Liabilities:				
Accounts payable	\$ 44,277	\$ 49,676	\$ 56,145	\$ 37,808
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 159,050	\$ 4,782,072	\$ 4,642,584	\$ 298,538
Taxes receivable	435,521	146,990	155,021	427,490
Assessments receivable	137,018	28,934	165,952	-
Total assets	\$ 731,589	\$ 4,957,996	\$ 4,963,557	\$ 726,028
Liabilities:				
Accounts payable	\$ 731,589	\$ 4,957,996	\$ 4,963,557	\$ 726,028

Beaufort County, North Carolina
General Fund Schedule of Ad Valorem Taxes Receivable
June 30, 2018
Schedule 62

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017 - 2018	\$ -	\$ 32,782,856	\$ 32,130,819	\$ 652,037
2016 - 2017	628,043	-	323,861	304,182
2015 - 2016	222,600	-	73,785	148,815
2014 - 2015	136,491	-	25,102	111,389
2013 - 2014	157,039	-	19,178	137,861
2012 - 2013	157,295	-	11,143	146,152
2011 - 2012	122,381	-	8,277	114,104
2010 - 2011	96,974	-	4,278	92,696
2009 - 2010	94,953	-	4,442	90,511
2008 - 2009	90,656	-	3,689	86,967
2007 - 2008	102,303	-	102,303	-
	<u>1,808,735</u>	<u>32,782,856</u>	<u>32,706,877</u>	<u>1,884,714</u>
Less: Allowance for uncollectible accounts:				
General Fund				553,909
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 1,330,805</u>
<u>Reconciliation with revenues</u>				
Ad valorem taxes - General Fund				\$ 32,810,609
Reconciling items:				
Interest collected				(225,690)
Taxes written off				99,988
Refunds				23,423
Miscellaneous				(1,453)
<u>Total collections and credits</u>				<u>\$ 32,706,877</u>

Beaufort County, North Carolina
County-Wide Levy Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2018
Schedule 63

	County Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 5,952,570,727	0.55	\$ 32,739,139	\$ 30,287,373	\$ 2,451,766
Total	5,952,570,727		32,739,139	30,287,373	2,451,766
Discoveries	7,948,545	0.55	43,717	43,717	-
Total property valuation	\$ 5,960,519,274				
Net Levy			32,782,856	30,331,090	2,451,766
Current year's taxes collected			32,130,819	29,679,053	2,451,766
Uncollected taxes at June 30, 2018			\$ 652,037	\$ 652,037	\$ -
Current levy collection percentage			98.01%	97.85%	100.00%

**Beaufort County, North Carolina
Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2018
Schedule 64**

Taxpayer	Type of Business	Valuation	Percentage of Total Assessed Valuation
PCS Phosphate Company Inc.	Phosphate Mining/Acid Production	\$ 950,483,200	15.95%
Weyerhaeuser Co	Tree Farm Operation	112,088,001	1.88%
Purified Acid Partnership	Acid Production	61,315,063	1.03%
VFS Leasing Co	Leasing	24,573,558	0.41%
FPI Carolinas, LLC	Agriculture	14,084,413	0.24%
Pearl Brittain Inc	Real Estate	12,606,383	0.21%
Gregory Poole Leasing LLC	Equipment Rental	12,110,260	0.20%
Clarcor Engine Mobile Solutions	Automotive Diesel Components	11,136,752	0.19%
Flanders Filters Inc	Manufacturing	10,163,480	0.17%
Wal-Mart Real Estate Business	Real Estate	10,129,687	0.17%

**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 Auditors' 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 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, 2018, and the related notes to the financial statements, which collectively comprises Beaufort County's basic financial statements, and have issued our report thereon dated November 29, 2018. Our audit includes a reference to other auditors who audited the financial statements of the Beaufort County ABC Board, as described in our report on Beaufort County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. 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 (internal control) 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.



Belhaven, North Carolina
November 29.2018

Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance 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 *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 Beaufort County's major federal programs for the year ended June 30, 2018. 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 Federal and State statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Beaufort County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2018.

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 of compliance, 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 federal program to determine the 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 the Uniform Guidance, 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, noncompliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance 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 the 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 significant deficiencies or material weaknesses. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Belhaven, North Carolina
November 29.2018

Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance With OMB Uniform Guidance; 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, 2018. 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 State statutes, regulations, and the terms and conditions of its state awards 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; and applicable sections of Title 2 US Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about 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, 2018.

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 of compliance, 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 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 the Uniform Guidance, 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, noncompliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance 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 the 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 significant deficiencies or material weaknesses. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Belhaven, North Carolina
November 29, 2018

Beaufort County, North Carolina Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies)

_____ Yes X None Reported

Noncompliance material to financial statements noted

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified

_____ Yes X 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 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.778	Medical Assistance Program
93.558	Temporary Assistance for Needy Families - Work First
97.029	Flood Mitigation Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk Auditee?

_____ Yes X No



**Beaufort County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

Section II - Financial Statement Findings


None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported

Section IV - State Award Findings and Questioned Costs

None Reported



**Beaufort County, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2018**

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported

Section IV - State Award Findings and Questioned Costs

None Reported



**Beaufort County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018**

Findings:

None Noted

Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

Grantor/Pass-through	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
<u>Grantor/Program Title</u>			
Federal Awards:			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed –through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Administration:			
<u>SNAP Cluster:</u>			
State Administrative Matching Grants for			
Supplemental Nutrition Assistance Program	10.561	\$ 553,031	\$ -
Fraud Administration	10.561	34,935	-
Total SNAP		587,966	-
Division of Public Health			
Administration:			
Special Supplemental Nutrition Program for			
Women, Infants, and Children (WIC)	10.557	313,355	-
Total U.S. Dept. of Agriculture		901,321	-
<u>US Department of Homeland Security</u>			
<u>Administration on Aging</u>			
Passed-through Department of Public Safety:			
Division of Emergency Management:			
Federal Emergency Management Agency:			
Flood Mitigation Assistance FMA-PJ-04-NC-2015-016	97.029	81,800	-
Flood Mitigation Assistance FMA-PJ-04-NC-2015-017	97.029	158,602	17,622
Flood Mitigation Assistance FMA-PJ-04-NC-2016-003	97.029	7,002	-
Flood Mitigation Assistance FMA-PJ-04-NC-2014-004	97.029	685,308	-
Emergency Management Performance Grant	97.042	38,642	-
Hazardous Mitigation Grant	97.039	62,173	20,724
Total US Department of Homeland Security		1,033,526	38,347
<u>US Department of Health and Human Services</u>			
Administration of Aging and Adult Services			
Passed-through Mid-East Commission			
Council of Government			
Aging Cluster:			
Access Title III-B	93.044	63,521	3,737
Congregate Nutrition:			
Title III-C1	93.045	66,437	3,908
Home Delivered Meals:			
Title III-C2	93.045	46,561	2,739
NSIP Supplement	93.053	17,284	-
Social Services Block Grant	93.667	22,119	632
Total Aging Cluster		215,922	11,016

Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

Grantor/Pass-through	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Work First Administration	93.558	161,571	-
Work First Service	93.558	664,471	-
Division of Public Health:			
Temporary Assistance for Needy Families	93.558	8,195	-
Total TANF Cluster		834,237	-
Division of Social Services:			
IV-D Offset Fees Federal	93.563	2,271	3
IV-D Administration	93.563	614,757	-
IV-D Offset Fees ESC	93.563	62	(2)
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	39,695	-
Crisis Intervention Payments	93.568	242,137	-
Energy Assistance	93.568	243,100	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	11,903	-
CPS TANF to SSBG	93.667	39,694	-
In-Home Services	93.667	7,692	-
In-Home Services Over 60	93.667	2,772	-
SSBG Other Services and Training	93.667	254,164	-
Chafee Foster Care Independence Program	93.674	8,715	2,179
Total Division of Social Services		1,466,962	2,180
Foster Care and Adoption Cluster: (Note 2)			
Foster Care Administration			
Title IV-E Foster Care - CPS	93.658	44,352	33,343
Title IV-E Foster Care TRN	93.658	14,724	-
Title IV-E Foster Care/Off Trn	93.658	220,227	-
Title IV-E Foster Admin	93.658	15	-
Adoption Assistance - Administration			
IV-E Adoption/Off TRN	93.659	862	-
IV-E Optional Adopt TRN 5	93.659	48	-
Total Foster Care and Adoption Cluster		280,228	33,343
Division of Child Development			
Subsidized Child Care Cluster: (See Note 2)			
Child Care Development Fund Cluster			
Division of Social Services:			
Child Care Development Fund - Administration	93.596	117,850	-
Division of Child Development			
Child Care and Development Fund - Discretionary	93.575	172,557	-
Child Care and Development Fund - Mandatory	93.596	22,591	-
Child Care and Development Fund - Match	93.596	6	9,008
Total Child Care Development Fund Cluster		313,004	9,008
State Appropriations	N/A	-	49,397
TANF - MOE	N/A	-	14
Total Subsidized Child Care Cluster		313,004	58,419

Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

Grantor/Pass-through	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
Centers for Medicare and Medicaid Services			
Passed-through the NC Department of Health and Human Services			
Medicaid Cluster:			
Division of Social Services:			
Administration:			
Adult Care Home Case Management	93.778	9,513	3,851
Medical Administrative Claiming	93.778	85,186	-
Medical Assistance Administration	93.778	957,220	-
Medical Transportation Administration	93.778	128,728	-
State County Special Assistance	93.778	26,042	-
Total Medicaid Cluster		1,206,689	3,851
State Children's Health Insurance Program -			
NC Health Choice			
Administration	93.767	11,234	7
Total Centers for Medicare and Medicaid Assistance		1,217,923	3,858
Health Resources and Service Administration:			
Passed-through NC Department of Health and Human Services			
Division of Public Health:			
Maternal and Child Health Services Block Grant	93.994	106,846	80,143
Office of Population Affairs			
Passed-through NC Department of Health and Human Services			
Office of Population Affairs			
Family Planning Services	93.217	31,546	-
Centers for Disease Control and Prevention			
Passed-through NC Department of Health and Human Services			
Division of Public Health:			
Hospital Preparedness Program and Public Health			
Emergency Preparedness Aligned Coop Agreements	93.074	34,719	-
Project Grants and Cooperative Agreements for			
Tuberculosis Control Programs	93.116	50	-
PPHF Capacity Building Assistance to Strengthen Public Health			
Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	14,202	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations			
	93.898	19,890	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds			
	93.752	510	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)			
	93.758	39,984	-
Preventive Health Services - Sexually Transmitted Diseases Control Grants			
	93.977	692	-
Total Division of Public Health		110,047	-
Total US Department of Health and Human Services		4,616,118	108,816

Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

Grantor/Pass-through	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
<u>Department of Housing and Urban Development</u>			
CDBG - State - Administered CDBG Cluster:			
CDBG Grant - 04-D-2704	14.228	17,266	-
CDBG Grant -	14.228	32,763	-
Total US Department of Housing and Urban Development		50,029	-
Total Federal Awards		6,600,994	147,163
State Awards:			
<u>NC Department of Health and Human Services</u>			
Division of Aging and Adult Services:			
Passed-through Mid-East Commission			
Council of Government			
In-Home Services - State Funds		-	202,191
Caregiver Match		-	17,912
Home Delivered Meals - State Funds		-	38,972
Total Division of Aging and Adult Services		-	259,075
Division of Social Services:			
Energy Assistance		-	-
AFDC Incent/Program		-	1,789
Direct Benefit Payments:			
Extended Foster Care Maximization Non IV-E		-	1,974
Foster Care At-Risk Maximum		-	7,922
SFHF Maximization		-	16,813
Division of Public Health:			
General Aid to Counties		-	84,054
General Communicable Disease Control		-	2,684
Public Health Nursing		-	600
Breast and Cervical Cancer Program		-	11,475
Child Health		-	844
Maternal Health (HMHC)		-	13,576
Women's Health Service Fund		-	7,681
HIV/STD State		-	3,923
State Child Welfare/CPS		-	26,583
Energy Assistance Private Grant		-	2,873
HIV/STD Non-Traditional Test Site		-	38,269
Gonorrhea Partner Services		-	1,198
STD Drugs		-	242
School Nurse Funding Initiative		-	250,000
Healthy Beginnings		-	12,298
Family Planning - State		-	16,773
TB Control		-	25,721
Total NC Department of Health and Human Services		-	786,367

Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018

Grantor/Pass-through	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
<u>NC Department of Public Safety</u>			
Criminal Justice Partnership Program		-	50,395
Public Safety Grant		-	193,512
Juvenile Crime Prevention		-	152,389
Total NC Department of Public Safety		-	396,296
<u>NC Department of Environmental Quality</u>			
Scrap Tire Program		-	35,738
Division of Water Infrastructure			
2016 Water System Improvements - H-SRP-D-17-0010		-	21,743
2017 Water System Improvements - H-SRP-D-17-0019		-	18,750
Total NC Department of Environmental Quality		-	76,231
<u>NC Department of Transportation</u>			
Rural Operating Assistance Program (ROAP):			
Elderly and Disable Transportation Assistance Program (EDTAP)		-	69,957
ROAP Work First Transitional - Employment Transportation		-	12,800
ROAP Rural General Public Program		-	80,196
Total NC Department of Transportation		-	162,953
<u>NC Department of Public Instruction</u>			
Public School Building Capital Fund - Lottery Proceeds		-	450,000
Total NC Department of Public Instruction		-	450,000
<u>NC Department of Commerce</u>			
Building Reuse Grant 2016-008-3201-2538		-	34,630
Building Reuse Grant 2016-045-3201-2587		-	6,166
Industrial Development Fund/Utility Fund U-468		-	24,150
Total NC Department of Commerce		-	64,946
<u>NC Department of Agriculture</u>			
Division of Soil and Water Conservation:			
Stream Debris Removal Grant 17-175-4042		-	67,222
Soil and Water Grant		-	30,647
Total NC Department of Agriculture		-	97,869
Total State Awards		-	2,034,662
Total Federal and State Awards		6,600,994	2,181,825

Beaufort County, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2018

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 (SEFSA) includes the federal and State grant activity of Beaufort County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Beaufort County, it is not intended Federal Awards (Uniform Guidance) and the State Single Audit to and does not present the financial position, changes in net position or cash flows of Beaufort County.

2 Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3 Indirect Cost Rate

Beaufort County has elected not to use the 10-percent de Minimis indirect cost rate as allowed under Uniform Guidance.

4 Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes:

Program Title	CFDA Number	Federal Expenditures	State Expenditures
Subsidized Child Care and Foster Care and Adoption	XXXX	313,004	58,419

5 Subrecipients

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

Program Title	CFDA Number	Federal Expenditures	State Expenditures
Public School Capital Building Fund - Lottery Proceeds	XXXX	-	450,000