

**BEAUFORT COUNTY, NORTH CAROLINA**  
**FINANCIAL STATEMENTS**  
**June 30, 2008**

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## Financial Section



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Independent Auditor's Report

To the Board of County Commissioners  
Beaufort County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Beaufort County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Beaufort County Hospital Association or Beaufort County ABC. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for Beaufort County Hospital Association and Beaufort County ABC Board is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Beaufort County Hospital Association and Beaufort County ABC Board were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2008 on our consideration of Beaufort County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, The Law Enforcement Officers' Special Separation Allowance, and the Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We, and the other auditors, have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Beaufort County, North Carolina. The combining and individual nonmajor fund statements and schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us and other auditors in the audit of basic financial statements and, accordingly, we express no opinion on them.

*Thompson Price Scott Adams & Co. P.A.*  
Thompson, Price, Scott, Adams & Co., P.A.  
October 7, 2008

## Management's Discussion and Analysis

As management of Beaufort County, we offer readers of Beaufort County's financial statements this narrative overview and analysis of the financial activities of Beaufort County for the fiscal year ended June 30, 2008. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

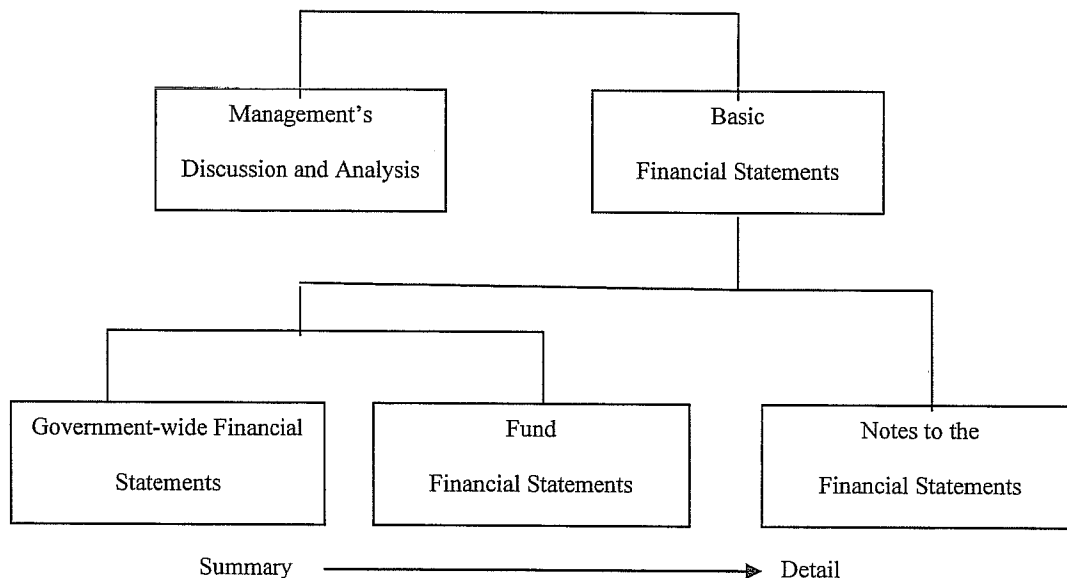
### Financial Highlights

- The assets of Beaufort County exceeded its liabilities at the close of the fiscal year by \$9,765,402 (*net assets*).
- The County's total net assets for Governmental activities and Business-type activities were \$(20,663,687) and \$30,429,089 respectively.
- At the close of the current fiscal year, Beaufort County's governmental funds reported combined ending fund balances of \$ 21,600,084, a decrease of \$9,542,399. Approximately 80 percent of this total amount, or \$17,332,768 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$12,212,549 or 23 percent of total general fund expenditures for the fiscal year.
- Beaufort County's total debt increased by \$6,767,580 during the current fiscal year. The key factors in this increase was the acquisition of new bonds and loans.

### Overview of the Financial Statements

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

Figure 1



### Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements. Following the notes is the required supplemental information; this section contains funding information about the County's pension plan.

### **Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

Beaufort County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications

as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

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

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

### Government-Wide Financial Analysis

Figure 2

#### BEAUFORT COUNTY'S NET ASSETS

	Governmental Activities		Business-type Activities	
	2007	2008	2007	2008
Current and other assets	\$ 36,558,227	\$ 27,271,355	\$ 2,959,611	\$ 2,151,039
Capital assets	6,041,180	5,779,812	69,098,299	70,436,759
Total assets	42,599,407	33,051,167	72,057,910	72,587,798
Long-term liabilities outstanding	43,409,772	50,955,618	42,198,866	41,509,918
Other liabilities	2,929,248	2,759,236	740,809	648,791
Total liabilities	46,339,020	53,714,854	42,939,675	42,158,709
Net assets:				
Invested in capital assets, net of related debt	(37,368,592)	(44,001,354)	28,083,185	29,183,082
Restricted	-	68,358	-	-
Unrestricted	33,628,979	23,269,309	1,035,050	1,246,007
Total net assets	\$ (3,739,613)	\$ (20,663,687)	\$ 29,118,235	\$ 30,429,089

As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of Beaufort County exceeded liabilities by \$9,765,402 as of June 30, 2008. The County’s net assets decreased by \$15,613,220 for the fiscal year ended June 30, 2008. One of the largest portions reflects the County’s investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. Beaufort County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Beaufort County’s investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of \$24,515,316 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 94.86%.
- Increased charges for services revenue due to growth in the County.

**BEAUFORT COUNTY'S CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total
	2007	2008	2007	2008	2008
Revenues:					
Program revenues:					
Charges for services	\$ 3,436,284	\$ 3,036,955	\$ 4,796,294	\$ 5,416,229	\$ 8,453,184
Operating grants and contributions	11,326,359	11,971,334	-	-	11,971,334
Capital grants and contributions	4,509,255	6,815,685	382,009	794,839	7,610,524
General revenues:			-	-	-
Property taxes	23,745,083	26,005,637	-	-	26,005,637
Other taxes	11,258,626	11,205,454	-	-	11,205,454
Grants and contributions not restricted to specific programs			-	-	-
Other	1,552,104	1,270,647	73,693	125,911	1,396,558
Total revenues	55,827,711	60,305,712	5,251,996	6,336,979	66,642,691
Expenses:					
General government	5,159,794	5,242,735	-	-	5,242,735
Public safety	7,572,693	8,964,538	-	-	8,964,538
Economic and physical development	16,974,022	282,439	-	-	282,439
Human services	16,941,057	25,401,808	-	-	25,401,808
Cultural and recreation	361,541	16,998,524	-	-	16,998,524
Education	13,435,693	16,097,607	-	-	16,097,607
Interest on long-term debt	1,216,836	2,893,304	-	-	2,893,304
Environmental Protection	2,801,088	1,348,831	-	-	1,348,831
Water and sewer	-	-	4,640,144	5,026,125	5,026,125
Total expenses	64,462,724	77,229,786	4,640,144	5,026,125	82,255,911
Increase in net assets before transfers and special items	-	-	-	-	-
Transfers	(5,995)	-	5,995	-	-
Increase in net assets	(8,641,008)	(16,924,074)	617,847	1,310,854	(15,613,220)
Net assets, July 1	4,901,395	(3,739,613)	28,500,388	29,118,235	25,378,622
Net assets, June 30	\$ (3,745,608)	\$ (20,663,687)	\$ 29,124,230	\$ 30,429,089	\$ 9,765,402

**Figure 3**

**Governmental activities:** Governmental activities decreased the County's net assets by \$16,924,074, thereby accounting for -43% of the total growth in the net assets of Beaufort County. Key elements of this decrease are as follows:

- Increase expenditures
- Maintenance of the County's high tax collection rate of 94.86%

**Business-type activities:** Business-type activities increased Beaufort County's net assets by \$1,310,854. Key elements of this increase are as follows:

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

**Financial Analysis of the County's Funds**

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

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

The general fund is the chief operating fund of Beaufort County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12,212,549, while total fund balance reached \$16,328,512. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23% of total General Fund expenditures, while total fund balance represents 31% of that same amount.

At June 30, 2008, the governmental funds of Beaufort County reported a combined fund balance of \$21,600,084, a \$9,542,399 decrease from last year. The primary reason for this decrease is the decrease in fund balance in the General Fund.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increase revenues by only \$2,930,703.

**Proprietary Funds:** Beaufort County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer District equaled \$1,246,007. The total growth in net assets was \$1,310,854. Other factors' concerning the finances of this fund has already been addressed in the discussion of Beaufort County's business-type activities.

### Capital Asset and Debt Administration

**Capital assets:** Beaufort County's capital assets for its governmental and business –type activities as of June 30, 2008, totals \$76,216,571 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Server, Software & Copier
- Vehicles
- Generator

	Governmental Activities		Business-type Activities		Total 2008
	2007	2008	2007	2008	
Land	\$ 1,601,367	\$ 1,601,367	\$ 75,961	\$ 75,961	\$ 1,677,328
Buildings and system Improvements other than buildings	3,551,479	3,340,398	10,507,328	10,248,543	13,588,941
Equipment and vehicles	-	-	-	-	-
Infrastructure	888,334	838,047	146,206	81,036	919,083
Construction in progress	-	-	-	-	-
Total	\$ 6,041,180	\$ 5,779,812	\$ 69,098,299	\$ 70,436,759	\$ 76,216,571

**Figure 4**

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

**Long-term Debt.** As of June 30, 2008 Beaufort County had total bonded debt outstanding of \$72,500,800 all of which is debt backed by the full faith and credit of the County.

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

	Governmental Activities		Business-type Activities		Total
	2007	2008	2007	2008	2008
General obligation bonds	\$ 25,800,000	\$ 31,550,000	\$ 41,588,300	\$ 40,950,800	\$ 72,500,800

**Figure 5**

Beaufort County's total debt increased by \$6,767,580 during the past fiscal year, primarily due to the acquisition of bonds and new loans.

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Beaufort County is \$264,497,394. The County has no in bonds authorized but un-issued at June 30, 2008.

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

#### **Economic Factors and Next Year's Budgets and Rates**

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

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

#### **Budget Highlights for the Fiscal Year Ending June 30, 2009**

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

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

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

#### **Requests for Information**

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

County Manager  
121 West 3<sup>rd</sup> Street  
Washington, NC 27889

## Basic Financial Statements

**Beaufort County, North Carolina**  
**Statement of Net Assets**  
**June 30, 2008**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Beaufort County Hospital Inc.	Beaufort County ABC Board
<b>ASSETS</b>					
Cash and cash equivalents	\$ 19,088,478	\$ 1,479,358	\$ 20,567,836	\$ 1,537,503	\$ 748,009
Receivables (net)	7,141,782	865,371	8,007,153	15,456,484	-
Due from other governments	60,935	-	60,935	35,000	-
Other assets	572,695	-	572,695	911,823	133
Inventories	-	-	-	2,576,769	368,680
Prepaid items	-	-	-	726,566	1,080
Internal balances	407,465	(407,465)	-	-	-
Restricted cash and cash equivalents	-	213,775	213,775	-	-
Capital assets:					
Land, improvements, and construction in progress	1,601,367	60,107,180	61,708,547	6,755,870	181,734
Other capital assets, net of depreciation	4,178,445	10,329,579	14,508,024	18,319,729	87,623
Total capital assets	<u>5,779,812</u>	<u>70,436,759</u>	<u>76,216,571</u>	<u>25,075,599</u>	<u>269,357</u>
Total assets	<u>33,051,167</u>	<u>72,587,798</u>	<u>105,638,965</u>	<u>46,319,744</u>	<u>1,387,259</u>
<b>LIABILITIES and NET ASSETS</b>					
Accounts payable and accrued expenses	2,759,236	519,633	3,278,869	9,568,904	572,134
Accrued interest payable	-	-	-	132,458	-
Customer deposits	-	62,945	62,945	-	-
Liabilities to be paid from restricted assets	-	66,213	66,213	-	-
Long-term liabilities:					
Due within one year	3,016,507	724,025	3,740,532	1,079,446	-
Due in more than one year	47,939,111	40,785,893	88,725,004	9,829,257	-
Total liabilities	<u>53,714,854</u>	<u>42,158,709</u>	<u>95,873,563</u>	<u>20,610,065</u>	<u>572,134</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	4,291,562	29,183,082	33,474,644	14,166,896	-
Restricted for:					
Register of Deeds	68,358	-	68,358	-	-
Other purposes	-	-	-	-	-
Unrestricted (deficit)	<u>(25,023,607)</u>	<u>1,246,007</u>	<u>(23,777,600)</u>	<u>11,542,783</u>	<u>815,125</u>
Total net assets	<u>\$ (20,663,687)</u>	<u>\$ 30,429,089</u>	<u>\$ 9,765,402</u>	<u>\$ 25,709,679</u>	<u>\$ 815,125</u>

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

Beaufort County  
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**Beaufort County, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 5,242,735	\$ 742,520	\$ 1,407,015	\$ -
Public safety	8,964,538	590,150	610,259	-
Cultural and recreation	282,439	-	-	-
Economic and physical development	25,401,808	-	-	3,584,953
Human services	16,998,524	224,478	9,824,527	-
Education	15,117,988	-	-	2,251,113
Environmental protection	2,893,304	1,479,807	129,533	-
Interest on long-term debt	1,348,831	-	-	-
Total governmental activities	76,250,167	3,036,955	11,971,334	5,836,066
Business-type activities:				
Water	5,026,125	5,416,229	-	794,839
Total business-type activities	5,026,125	5,416,229	-	794,839
	\$ 81,276,292	\$ 8,453,184	\$ 11,971,334	\$ 6,630,905
Component units:				
Hospital	\$ 62,654,823	\$ 60,788,228	\$ -	\$ -
ABC Board	3,951,748	3,945,072	-	-
Total component units	\$ 66,606,571	\$ 64,733,300	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local option sales tax				
Other taxes and licenses				
Grants and contributions not restricted to specific programs				
Investment earnings, unrestricted				
Miscellaneous, unrestricted				
Transfers				
Total general revenues, special items, and transfers				
Change in net assets				
Net assets-beginning				
Net assets-ending				

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Beaufort County Hospital Inc.	Beaufort County ABC Board	
\$ (3,093,200)	\$ -	\$ (3,093,200)			
(7,764,129)	-	(7,764,129)			
(282,439)	-	(282,439)			
(21,816,855)	-	(21,816,855)			
(6,949,519)	-	(6,949,519)			
(12,866,875)	-	(12,866,875)			
(1,283,964)	-	(1,283,964)			
(1,348,831)	-	(1,348,831)			
<u>(55,405,812)</u>	<u>-</u>	<u>(55,405,812)</u>			
-	1,184,943	1,184,943			
-	1,184,943	1,184,943			
\$ <u>(55,405,812)</u>	\$ <u>1,184,943</u>	\$ <u>(54,220,869)</u>			
			\$ (1,866,595)	\$ -	
			<u>-</u>	<u>(6,676)</u>	
			<u>(1,866,595)</u>	<u>(6,676)</u>	
26,005,637	-	26,005,637	-	-	
10,529,013	-	10,529,013	-	-	
676,441	-	676,441	-	-	
-	-	-	537,471	-	
1,156,921	71,430	1,228,351	430,419	16,161	
113,726	54,481	168,207	127,673	-	
-	-	-	-	-	
<u>38,481,738</u>	<u>125,911</u>	<u>38,607,649</u>	<u>1,095,563</u>	<u>16,161</u>	
(16,924,074)	1,310,854	(15,613,220)	(771,032)	9,485	
(3,739,613)	29,118,235	25,378,622	26,480,711	805,640	
\$ <u>(20,663,687)</u>	\$ <u>30,429,089</u>	\$ <u>9,765,402</u>	\$ <u>25,709,679</u>	\$ <u>815,125</u>	

**Beaufort County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**

	<u>General</u>	<u>Hospital Renovations</u>	<u>Public Schools</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,943,384	\$ 3,732,154	\$ -	\$ 1,412,940	\$ 19,088,478
Receivables, net	6,496,161	134,861	-	710,041	7,341,063
Due from other governments	60,935	-	-	-	60,935
Due from other funds	407,465	-	-	-	407,465
Total assets	<u>\$ 20,907,945</u>	<u>\$ 3,867,015</u>	<u>\$ -</u>	<u>\$ 2,122,981</u>	<u>\$ 26,897,941</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	1,662,477	-	156,222	367,842	2,186,541
Miscellaneous liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Other liability	572,695	-	-	-	572,695
Deferred revenue	2,344,261	-	-	194,360	2,538,621
Total liabilities	<u>4,579,433</u>	<u>-</u>	<u>156,222</u>	<u>562,202</u>	<u>5,297,857</u>
Fund balances:					
Reserved for:					
State statute	4,047,605	134,861	-	515,681	4,698,147
Register of Deeds	68,358	-	-	-	68,358
Unreserved	12,212,549	-	-	-	12,212,549
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	1,187,552	1,187,552
Capital projects funds	-	3,732,154	(156,222)	(142,454)	3,433,478
Total fund balances	<u>16,328,512</u>	<u>3,867,015</u>	<u>(156,222)</u>	<u>1,560,779</u>	<u>21,600,084</u>
Total liabilities and fund balances	<u>\$ 20,907,945</u>	<u>\$ 3,867,015</u>	<u>\$ -</u>	<u>\$ 2,122,981</u>	

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

Accrued interest receivable less amount claimed as unearned.	373,414
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,779,812
Liabilities for earned but deferred revenues in fund statements.	2,538,621
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	<u>(50,955,618)</u>
Net assets of governmental activities	<u>\$ (20,663,687)</u>

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

**Beaufort County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2008**

	Major				Total Governmental Funds
	General Fund	Hospital Renovations	Public Schools	Total Non-Major Funds	
<b>REVENUES</b>					
Ad valorem taxes	\$ 23,587,669	\$ -	\$ -	\$ 1,992,429	\$ 25,580,098
Local option sales taxes	10,529,013	-	-	-	10,529,013
Other taxes and licenses	331,470	-	-	-	331,470
Unrestricted intergovernmental	155,234	-	-	-	155,234
Restricted intergovernmental	13,209,390	-	1,252,319	3,912,116	18,373,825
Permits and fees	392,224	-	-	-	392,224
Sales and services	3,025,902	-	-	-	3,025,902
Investment earnings	658,018	266,526	215,972	16,405	1,156,921
Miscellaneous	68,143	-	32,312	13,271	113,726
Total revenues	<u>51,957,063</u>	<u>266,526</u>	<u>1,500,603</u>	<u>5,934,221</u>	<u>59,658,413</u>
<b>EXPENDITURES</b>					
Current:					
General government	4,760,633	-	-	-	4,760,633
Public safety	6,542,506	-	-	2,298,513	8,841,019
Economic and physical development	713,887	7,679,265	9,441,824	7,565,989	25,400,965
Human services	17,048,113	-	-	-	17,048,113
Cultural and recreational	282,439	-	-	-	282,439
Environmental protection	2,882,810	-	-	-	2,882,810
Intergovernmental:					
Education	16,097,607	-	-	-	16,097,607
Debt service:					
Principal	2,531,166	-	-	-	2,531,166
Interest	1,356,060	-	-	-	1,356,060
Total expenditures	<u>52,215,221</u>	<u>7,679,265</u>	<u>9,441,824</u>	<u>9,864,502</u>	<u>79,200,812</u>
Excess (deficiency) of revenues over expenditures	<u>(258,158)</u>	<u>(7,412,739)</u>	<u>(7,941,221)</u>	<u>(3,930,281)</u>	<u>(19,542,399)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	22,958	-	221,760	3,517,825	3,762,543
Transfers to other funds	(3,739,585)	-	-	(22,958)	(3,762,543)
Debt issued	-	3,000,000	7,000,000	-	10,000,000
Installment purchase obligations issued	-	-	-	-	-
Total other financing sources and uses	<u>(3,716,627)</u>	<u>3,000,000</u>	<u>7,221,760</u>	<u>3,494,867</u>	<u>10,000,000</u>
Net change in fund balance	(3,974,785)	(4,412,739)	(719,461)	(435,414)	(9,542,399)
Fund balances-beginning	20,303,297	8,279,754	563,239	1,996,193	31,142,483
Fund balances-ending	<u>\$ 16,328,512</u>	<u>\$ 3,867,015</u>	<u>\$ (156,222)</u>	<u>\$ 1,560,779</u>	<u>\$ 21,600,084</u>

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

**Beaufort County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2008**

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

Net changes in fund balances - total governmental funds \$ (9,542,399)

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. (261,368)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 425,539

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (7,461,605)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (84,241)

Total changes in net assets of governmental activities \$ (16,924,074)

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

**Beaufort County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2008**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 24,274,905	\$ 24,274,905	\$ 23,587,669	\$ (687,236)
Local option sales tax	10,175,062	10,175,062	10,529,013	353,951
Other taxes and licenses	369,400	428,895	331,470	(97,425)
Unrestricted intergovernmental	147,500	147,500	155,234	7,734
Restricted intergovernmental	10,401,306	13,105,912	13,209,390	103,478
Permits and fees	411,301	411,301	392,224	(19,077)
Sales and services	2,987,648	3,134,506	3,025,902	(108,604)
Investment earnings	897,000	897,000	658,018	(238,982)
Miscellaneous	-	19,744	68,143	48,399
Total revenues	<u>49,664,122</u>	<u>52,594,825</u>	<u>51,957,063</u>	<u>(637,762)</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	4,677,412	5,117,662	4,760,633	357,029
Public safety	6,598,932	7,002,840	6,542,506	460,334
Economic and physical development	697,273	762,218	713,887	48,331
Human services	18,426,057	19,189,463	17,048,113	2,141,350
Environmental protection	2,941,409	2,974,523	2,882,810	91,713
Cultural and recreational	297,429	401,290	282,439	118,851
<b>Intergovernmental:</b>				
Education	14,339,524	16,097,607	16,097,607	-
<b>Debt service:</b>				
Principal retirement	2,544,239	2,544,239	2,531,166	13,073
Interest and other charges	1,380,995	1,380,995	1,356,060	24,935
Total expenditures	<u>51,903,270</u>	<u>55,470,837</u>	<u>52,215,221</u>	<u>3,255,616</u>
Revenues over (under) expenditures	(2,239,148)	(2,876,012)	(258,158)	2,617,854
<b>Other financing sources (uses):</b>				
Transfers to other funds	(122,250)	(3,784,471)	(3,739,585)	44,886
Transfers from other funds	45,000	45,000	22,958	(22,042)
Fund Balance Appropriated	<u>2,316,398</u>	<u>6,615,483</u>	<u>-</u>	<u>(6,615,483)</u>
Total other financing sources (uses)	<u>2,239,148</u>	<u>2,876,012</u>	<u>(3,716,627)</u>	<u>(6,592,639)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(3,974,785)	<u>\$ (3,974,785)</u>
<b>Fund balances:</b>				
Beginning of year, July 1			20,303,297	
End of year, June 30			<u>\$ 16,328,512</u>	

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

Beaufort County  
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**Beaufort County, North Carolina**  
**Combining Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2008**

Exhibit 6

	Water District I	Water District II	Water District III	Water District IV
<b>Assets</b>				
Current Assets:				
Cash and Investments	\$ 19,328	\$ 453,462	\$ 28,566	\$ 57
Accounts Receivable (Net)	122,647	144,839	168,549	178,658
Due from other Water Districts	-	-	-	-
Due from General fund	-	-	-	-
Total Current Assets	<u>141,975</u>	<u>598,301</u>	<u>197,115</u>	<u>178,715</u>
Restricted assets:				
Cash	50,170	-	-	-
Capital Assets (Net)	<u>9,011,283</u>	<u>3,700,477</u>	<u>5,137,065</u>	<u>13,150,358</u>
Total Assets	<u>\$ 9,203,428</u>	<u>\$ 4,298,778</u>	<u>\$ 5,334,180</u>	<u>\$ 13,329,073</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable & Accrued Expenses	\$ 9,506	\$ 14,583	\$ 13,319	\$ 175,437
Accounts Payable from Restricted Assets	-	-	-	5,891
Due to other Water Districts	-	-	-	-
Due to General Fund	751	46	200,026	49
Customer Deposits	3,300	12,695	6,125	6,150
Notes payable	-	-	24,300	-
Bond \Long-term Debt - Current Maturities	71,500	87,000	101,000	129,000
Total Current Liabilities	<u>85,057</u>	<u>114,324</u>	<u>344,770</u>	<u>316,527</u>
Noncurrent liabilities:				
Compensated Abscenses Payable	4,325	6,728	7,238	7,193
Notes payable	-	-	170,098	-
Bonds\Long-term Debt - Noncurrent	<u>5,084,300</u>	<u>3,846,500</u>	<u>4,676,500</u>	<u>7,497,500</u>
Total Other Liabilities	<u>5,088,625</u>	<u>3,853,228</u>	<u>4,853,836</u>	<u>7,504,693</u>
Total Liabilities	<u>5,173,682</u>	<u>3,967,552</u>	<u>5,198,606</u>	<u>7,821,220</u>
<b>Net Assets</b>				
Invested in Capital Assets, net of related debt	3,905,653	(233,023)	165,167	5,523,858
Unrestricted	124,093	564,249	(29,593)	(16,005)
Total Net Assets	<u>\$ 4,029,746</u>	<u>\$ 331,226</u>	<u>\$ 135,574</u>	<u>\$ 5,507,853</u>

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

Water District V	Water District VI	Water District VII	Totals
\$ 57	\$ 975,594	\$ 2,294	\$ 1,479,358
54,906	156,764	39,008	865,371
-	-	-	-
-	-	-	-
<u>54,963</u>	<u>1,132,358</u>	<u>41,302</u>	<u>2,344,729</u>
-	163,605	-	213,775
<u>9,011,818</u>	<u>20,611,652</u>	<u>9,814,106</u>	<u>70,436,759</u>
<u>\$ 9,066,781</u>	<u>\$ 21,907,615</u>	<u>\$ 9,855,408</u>	<u>\$ 72,995,263</u>
\$ 297,066	\$ 6,950	\$ 2,772	\$ 519,633
8,026	-	52,296	66,213
-	-	-	-
21	60	206,512	407,465
6,550	26,625	1,500	62,945
32,225	-	-	56,525
61,500	126,000	91,500	667,500
<u>405,388</u>	<u>159,635</u>	<u>354,580</u>	<u>1,780,281</u>
2,905	8,933	5,144	42,466
290,029	-	-	460,127
<u>3,529,000</u>	<u>10,338,000</u>	<u>5,311,500</u>	<u>40,283,300</u>
<u>3,821,934</u>	<u>10,346,933</u>	<u>5,316,644</u>	<u>40,785,893</u>
<u>4,227,322</u>	<u>10,506,568</u>	<u>5,671,224</u>	<u>42,566,174</u>
5,099,064	10,311,257	4,411,106	29,183,082
(259,605)	1,089,790	(226,922)	1,246,007
<u>\$ 4,839,459</u>	<u>\$ 11,401,047</u>	<u>\$ 4,184,184</u>	<u>\$ 30,429,089</u>

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

**Beaufort County, North Carolina**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**Proprietary Funds**  
**For The Fiscal Year Ended June 30, 2008**

Exhibit 7

	Water District I	Water District II	Water District III	Water District IV	Water District V
Operating revenues:					
Charges for Services	\$ 557,297	\$ 764,596	\$ 906,761	\$ 932,248	\$ 414,592
Water Taps	29,650	26,075	30,800	34,710	14,550
Other Operating Revenues	6,945	2,798	11,687	13,372	5,968
Total Operating Revenues	<u>593,892</u>	<u>793,469</u>	<u>949,248</u>	<u>980,330</u>	<u>435,110</u>
Operating expenses:					
Salaries and benefits	123,429	136,389	137,997	143,397	60,950
Water purchase	82,120	124,104	112,587	127,426	55,738
Water operations and maintenance	69,412	189,044	201,934	161,473	68,028
Depreciation	7,103	117,854	139,608	17,060	37,577
Total operating expenses	<u>282,064</u>	<u>567,391</u>	<u>592,126</u>	<u>449,356</u>	<u>222,293</u>
Total Operating Income (Loss)	<u>311,828</u>	<u>226,078</u>	<u>357,122</u>	<u>530,974</u>	<u>212,817</u>
Nonoperating Revenues(Expenses):					
Sale of Assets	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-
Loan reimbursement	-	-	-	-	-
Interest Earned on Investments	7,443	11,436	11,436	12,007	5,022
Interest on Long-term Debt	<u>(254,685)</u>	<u>(244,069)</u>	<u>(301,503)</u>	<u>(368,149)</u>	<u>(184,747)</u>
Total Nonoperating Revenues (Expenses)	<u>(247,242)</u>	<u>(232,633)</u>	<u>(290,067)</u>	<u>(356,142)</u>	<u>(179,725)</u>
Transfer In (out)	-	-	-	-	-
Capital Contributions	-	-	-	-	-
Changes in net assets	64,586	(6,555)	67,055	174,832	33,092
Net Assets, beginning	<u>3,965,160</u>	<u>337,781</u>	<u>68,519</u>	<u>5,333,021</u>	<u>4,806,367</u>
Net Assets, ending	<u>\$ 4,029,746</u>	<u>\$ 331,226</u>	<u>\$ 135,574</u>	<u>\$ 5,507,853</u>	<u>\$ 4,839,459</u>

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

Water District VI	Water District VII	June 30, 2007
\$ 925,987	\$ 576,891	\$ 5,078,372
40,600	14,800	191,185
97,686	8,216	146,672
<u>1,064,273</u>	<u>599,907</u>	<u>5,416,229</u>
176,323	103,939	882,424
31,232	4,485	537,692
239,464	227,675	1,157,030
27,039	12,485	358,726
<u>474,058</u>	<u>348,584</u>	<u>2,935,872</u>
<u>590,215</u>	<u>251,323</u>	<u>2,480,357</u>
-	-	-
-	54,481	54,481
-	-	-
15,379	8,707	71,430
<u>(476,325)</u>	<u>(260,775)</u>	<u>(2,090,253)</u>
<u>(460,946)</u>	<u>(197,587)</u>	<u>(1,964,342)</u>
-	-	-
<u>763,194</u>	<u>31,645</u>	<u>794,839</u>
892,463	85,381	1,310,854
<u>10,508,584</u>	<u>4,098,803</u>	<u>29,118,235</u>
<u>\$ 11,401,047</u>	<u>\$ 4,184,184</u>	<u>\$ 30,429,089</u>

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

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**Beaufort County, North Carolina**  
**Combining Statement of Cash Flows**  
**Proprietary Funds**  
**For The Fiscal Year Ended June 30, 2008**

Exhibit 8

	Water District I	Water District II	Water District III	Water District IV	Water District V
<b>Cash Flows From Operating Activities:</b>					
Cash Received from Customers/others	\$ 577,703	\$ 780,833	\$ 942,864	\$ 957,432	\$ 433,440
Cash Paid for Goods, Services, & Employees	(271,974)	(442,652)	(498,421)	(471,445)	(160,046)
Net Cash Provided by (Used for) Operating Activities	<u>305,729</u>	<u>338,181</u>	<u>444,443</u>	<u>485,987</u>	<u>273,394</u>
<b>Cash Flows from Noncapital</b>					
<b>Financing Activities:</b>					
Loan reimbursements	-	-	-	-	-
Short term advances	-	-	-	-	-
Operating Transfers In/(Out)	-	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related</b>					
<b>Financing Activities:</b>					
Acquisition and Construction of Capital Assets	(735,065)	(5,567)	(5,567)	(5,845)	(2,444)
Other financing activities	-	-	-	-	-
Principal Paid on Bond Maturities and Capital Leases	(68,500)	(82,000)	(120,300)	(124,000)	(91,225)
Interest Paid on Bond\Note Maturities and Capital Leases	(254,685)	(244,069)	(301,503)	(368,149)	(184,747)
Proceeds of Capital Leases, Bonds and Notes	-	-	-	-	-
Capital Contributions	-	-	-	-	-
Net Cash Provided (Used for) Capital and Related Financing Activities	<u>(1,058,250)</u>	<u>(331,636)</u>	<u>(427,370)</u>	<u>(497,994)</u>	<u>(278,416)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	7,443	11,436	11,436	12,007	5,022
Net Increase (Decrease) in Cash and Cash Equivalents	(745,078)	17,981	28,509	-	-
Cash and cash equivalents, July 1	814,576	435,481	57	57	57
Cash and cash equivalents, June 30	<u>\$ 69,498</u>	<u>\$ 453,462</u>	<u>\$ 28,566</u>	<u>\$ 57</u>	<u>\$ 57</u>
<b>Reconciliation of Operating Income</b>					
<b>to Net Cash Provided by Operating</b>					
<b>Activities:</b>					
Operating Activities:					
Operating Income (Loss)	\$ 311,828	\$ 226,078	\$ 357,122	\$ 530,974	\$ 212,817
Adjustments to Reconcile Operating Income to Net Cash Provided					
Operating Activities:					
Depreciation	7,103	117,854	139,608	17,060	37,577
Changes in Assets and Liabilities:					
(Increase) Decrease					
in Accounts Receivable	(16,189)	(12,636)	(6,384)	(22,898)	(1,670)
in Due from other funds	-	2,227	-	-	-
Increase (Decrease)					
in Accounts Payable & accrued liabilities	7,098	11,220	(41,318)	(34,203)	21,826
in Due to other funds	485	46	(362)	(379)	(158)
in Customer Deposits	(5,025)	(7,350)	(5,475)	(5,475)	2,725
in Compensated absences payable	429	742	1,252	908	277
Total Adjustments	<u>(6,099)</u>	<u>112,103</u>	<u>87,321</u>	<u>(44,987)</u>	<u>60,577</u>
Net Cash Provided by Operating Activities	<u>\$ 305,729</u>	<u>\$ 338,181</u>	<u>\$ 444,443</u>	<u>\$ 485,987</u>	<u>\$ 273,394</u>

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

Water District VI	Water District VII	Totals June 30, 2008
\$ 1,041,070	\$ 611,305	\$ 5,344,647
<u>(432,520)</u>	<u>(385,716)</u>	<u>(2,662,774)</u>
608,550	225,589	2,681,873
-	-	-
-	-	-
-	-	-
-	-	-
(935,663)	(7,252)	(1,697,403)
-	54,481	54,481
(121,000)	(87,000)	(694,025)
(476,325)	(260,775)	(2,090,253)
-	-	-
<u>763,194</u>	<u>31,645</u>	<u>794,839</u>
<u>(769,794)</u>	<u>(268,901)</u>	<u>(3,632,361)</u>
15,379	8,707	71,430
(145,865)	(34,605)	(879,058)
<u>1,285,064</u>	<u>36,899</u>	<u>2,572,191</u>
<u>\$ 1,139,199</u>	<u>\$ 2,294</u>	<u>\$ 1,693,133</u>
\$ 590,215	\$ 251,323	\$ 2,480,357
27,039	12,485	358,726
(23,203)	11,398	(71,582)
-	-	2,227
1,954	(46,328)	(79,751)
(488)	(275)	(1,131)
12,150	(3,600)	(12,050)
<u>883</u>	<u>586</u>	<u>5,077</u>
<u>18,335</u>	<u>(25,734)</u>	<u>201,516</u>
<u>\$ 608,550</u>	<u>\$ 225,589</u>	<u>\$ 2,681,873</u>

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

**Beaufort County, North Carolina**  
**Statement of Changes in Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2008**

Exhibit 9

	<u>Social</u> <u>Services</u>	<u>Motor</u> <u>Vehicle Tax</u>	<u>Sheriff</u> <u>Accounts</u>	<u>Totals</u> <u>June 30,</u> <u>2008</u>
<b>Assets</b>				
Current Assets:				
Cash and Investments	\$ 34,142	\$ 1,864	\$ 16,906	\$ 52,912
Due from other funds	-	-	-	-
Total Assets	<u>34,142</u>	<u>1,864</u>	<u>16,906</u>	<u>52,912</u>
 <b>Liabilities and Net Assets</b>				
Miscellaneous liabilities	<u>34,142</u>	<u>1,864</u>	<u>16,906</u>	<u>52,912</u>
Net Assets	-	-	-	-
Total Liabilities and Net Assets	<u>\$ 34,142</u>	<u>\$ 1,864</u>	<u>\$ 16,906</u>	<u>\$ 52,912</u>

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

## Notes to the Financial Statements

BEAUFORT COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2008  
Notes to the Financial Statements

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Beaufort County Water District (*the District*) exists to provide and maintain a water system for the county residents within the district. The District is reported as an enterprise fund in the County's financial statements. Beaufort County Hospital (*the Hospital*), which has a September 30 year-end and Beaufort County ABC Board (*the Board*) which each have a June 30 year-end, are presented as if they are separate proprietary funds of the County (discrete presentations). The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

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

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

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

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

## Notes to the financial statements

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

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

*Public School Fund:* This is the County's capital project fund. It accounts for all financial activity for the construction of new schools.

*Hospital Renovations:* This is the County's capital project fund. It accounts for all financial activity for the construction of hospital renovations.

The County reports the following major enterprise funds:

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

The County reports the following fund types:

*Agency Funds:* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains three Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; and the Inmate Fund which accounts for monies deposited with the Sheriff's Office, and the three percent interest on the first month of delinquent motor vehicle taxes that the county is required to remit to the North Carolina Department of Motor Vehicles. The Motor Vehicle Tax Fund, which accounts for registered motor vehicles property taxes that are billed and collected by the County for various municipalities and special districts within the County.

### Measurement Focus, Basis of Accounting

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

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

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

## Notes to the financial statements

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Beaufort County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2007 to February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes, which are billed during this period, are shown as a receivable on these financial statements.

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

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

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

### C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, the special revenue, (excluding grant and capital project funds), and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the grant capital projects fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations of the functional level for all annually budgeted funds and at the object level for multi-year funds. Amendments are required for any revision that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

#### 1. Deposits and Investments

All deposits of the County, Beaufort County Hospital and Beaufort County ABC Board are made in board-designated

## Notes to the financial statements

official depositories and are secured as required by G.S. 159-31. The County, the Hospital 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, the Hospital 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, the Hospital 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, the Hospital 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, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

### 2. Cash and Cash Equivalents

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

### 3. Restricted Assets

The unexpended bond proceeds of the Water District Serial Bonds are classified as restricted assets for the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

### 4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2007. The county offers no discounts.

### 5. Allowance for Doubtful Accounts

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

### 6. Inventories and Prepaid Items

Beaufort County accounts for inventories using the "purchases method". Under the purchases method, purchases are recorded as expenditures when purchased. The County did not have significant amounts of inventory on hand at year-end.

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

The inventories of the Hospital are valued at the lower of cost or market and consist of materials and supplies held for consumption. The cost of this inventory is recorded as an expense as it is consumed.

### 7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land,

Notes to the financial statements

\$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

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

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

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

8. Long-term Obligations

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

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

9. Compensated Absences

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

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

## Notes to the financial statements

### 10. Net Assets/Fund Balances

#### Net Assets

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

#### Fund Balances

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

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

#### Reserved

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

Reserved by State Statute - Portion of fund balance, in addition to reserves for encumbrances, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and inter-fund receivables that are not offset by deferred revenues.

#### Unreserved

Designated for Subsequent Year's Expenditures - Portion of total fund balance available for appropriation, which has been designated for the adopted 2008-2009 budget ordinance.

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

Notes to the financial statements

E. Reconciliation of Government-wide and Fund Financial Statements

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

The government fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. The net adjustment of (42,263,771) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 17,972,700
Less accumulated depreciation	<u>(12,192,888)</u>
Net capital assets	5,779,812
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	373,414
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	2,538,621
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment	(49,781,166)
Compensated absences	(692,907)
Net pension obligation	(292,202)
Accrued landfill charges payable	<u>(189,343)</u>
Total adjustment	<u>\$ (42,263,771)</u>

Notes to the 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 included a reconciliation between net changes in fund balance-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(7,381,675) as follows:

Capital outlay expenditures in the fund statements but capitalized as assets in the statement of activities	\$ 393,248
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.	(654,616)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statement.	2,538,395
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences and pension expense are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(84,241)
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 effects only the government-wide statement of net assets.	(10,000,000)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 6/30/07	(2,486,496)
Recording of tax receipts deferred in the fund statement as of 6/30/08	2,912,035
Total adjustment	\$ <u><u>(7,381,675)</u></u>

II. Stewardship, Compliance, and Accountability

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

Noncompliance with North Carolina General Statutes

None.

B. Deficit Fund Balance or Net Assets of Individual Funds

Net assets in the General fund is a negative \$20,663,687, this is due to the construction activity for schools and the hospital that are titled in the name of County Board of Education and Hospital. There is no plan of corrective action; nothing can be done until the debt is retired. Net assets in several Special Revenue and Capital Project funds are the result of timing differences with funding agencies.

## Notes to the financial statements

### C. Excess of Expenditures over Appropriations

None.

## III. Detail Notes on All Funds and Account Groups

### A. Assets

#### 1. Deposits

All of the County's, the Hospital'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, the Hospital's or the ABC Board's agents in these units names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the Hospital and the ABC Board, these deposits are considered to be held by their agents in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the Hospital or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Hospital or the ABC Board under the Pooling Method, the potential exists for the under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County, the Hospital and the ABC Board do not have formal policies regarding custodial credit risk for deposits.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and Hospital rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2008, the County's deposits had a carrying amount of \$14,380,663 and a bank balance of \$15,560,345. Of the bank balance, \$300,000 was covered by federal depository insurance the remaining balance was covered by collateral and held under the Pooling Method.

At September 30, 2007, the Hospital's deposits had a carrying amount of \$1,537,503 and a bank balance of \$1,212,066. Of the bank balance, \$300,000 was covered by federal depository insurance; the remaining \$912,066 was covered by collateral held under the Pooling Method.

At June 30, 2008, the carry amount of deposits for Beaufort County ABC Board was \$784,009 and the bank balance was \$722,773. Of the bank balance, \$120,352 was covered by federal depository insurance and \$602,421 was collateralized under the Pooling Method.

#### 2. Investments

At June 30, 2008, Beaufort County had \$6,400,948 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAA by Standard and Poor's. The County has no formal policy regarding credit risk.

At June 30, 2008, the ABC Board had no money in the above type investments.

At September 30, 2008, the Beaufort County Hospital's had no money in the above type investments.

Notes to the financial statements

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
2005	660,773	156,934	817,707
2006	661,464	97,565	759,029
2007	666,962	38,351	705,313
Total	\$ 1,322,237	\$ 254,499	\$ 1,576,736

4. Receivables - Allowances for Doubtful Accounts

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

Fund	30-Jun-08
Property Taxes Receivable	
General Fund	\$ 900,000
Accounts Receivable	
Enterprise Fund	146,651
Total	\$ 1,046,651

Receivables at the government-wide level at June 30, 2008 were as follows:

	Accounts	Taxes & Related Accrued Interest	Due From Other Governments	Other	Total
Governmental Activities:					
General	\$ 4,917,459	\$ 2,717,675	\$ 60,935	\$ -	\$ 7,696,069
Other Governmental	151,353	194,360	-	-	345,713
Total Receivables	5,068,812	2,912,035	60,935	-	8,041,782
Allowance for Doubt Accounts	-	(900,000)	-	-	(900,000)
Total Governmental Activities	\$ 5,068,812	\$ 2,012,035	\$ 60,935	\$ -	\$ 7,141,782
Business-Type Activities					
Water Districts	\$ 1,012,022	\$ -	\$ -	\$ -	\$ 1,012,022
Allowance for Doubtful Accounts	(146,651)	-	-	-	(146,651)
Total Business-Type Activities	\$ 865,371	\$ -	\$ -	\$ -	\$ 865,371

Notes to the financial statements

5. Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,601,367	\$ -	\$ -	\$ -	\$ 1,601,367
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>1,601,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,601,367</u>
Capital assets being depreciated:					
Buildings	11,234,552	-	-	-	11,234,552
Equipment and Vehicles	4,811,927	393,248	68,394	-	5,136,781
Total capital assets being depreciated	<u>16,046,479</u>	<u>393,248</u>	<u>68,394</u>	<u>-</u>	<u>16,371,333</u>
Less accumulated depreciation for:					
Buildings	7,683,073	211,081	-	-	7,894,154
Equipment and vehicles	3,923,593	443,535	68,394	-	4,298,734
Total accumulated depreciation	<u>11,606,666</u>	<u>\$ 654,616</u>	<u>\$ 68,394</u>	<u>\$ -</u>	<u>12,192,888</u>
Total capital assets being depreciated, net	<u>4,439,813</u>				<u>4,178,445</u>
Governmental activity capital assets, net	<u>\$ 6,041,180</u>				<u>\$ 5,779,812</u>

Primary Government

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

General government	\$ 249,116
Public safety	356,274
Environmental protection	10,832
Economic and physical development	1,415
Human services	<u>36,979</u>
Total depreciation expense	<u>\$ 654,616</u>

Notes to the financial statements

**Business-type activities:**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 75,961	\$ -	\$ -	\$ 75,961
Construction in progress	58,368,587	1,662,632	-	60,031,219
Total capital assets not being depreciated	<u>58,444,548</u>	<u>1,662,632</u>	<u>-</u>	<u>60,107,180</u>
Capital assets being depreciated:				
Plant and distribution	12,939,235	-	-	12,939,235
Furniture & maintenance equipment	311,350	5,395	-	316,745
Vehicles	184,073	29,376	30,489	182,960
Total capital assets being depreciated	<u>13,434,658</u>	<u>34,771</u>	<u>30,489</u>	<u>13,438,940</u>
Less accumulated depreciation for:				
Plant and distribution	2,431,907	258,785	-	2,690,692
Furniture & maintenance equipment	238,001	63,349	-	301,350
Vehicles	111,216	36,592	30,489	117,319
Total accumulated depreciation	<u>2,781,124</u>	<u>\$ 358,726</u>	<u>\$ 30,489</u>	<u>3,109,361</u>
Total capital assets being depreciated, net	<u>10,653,534</u>			<u>10,329,579</u>
<b>Beaufort County Water District I-VII capital assets, net</b>	<u>69,098,082</u>			<u>70,436,759</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 69,098,082</u>			<u>\$ 70,436,759</u>

**Construction commitments**

The government has active construction projects as of June 30, 2008. The projects include the water district projects. At June 30, 2008, the government had several commitments with contractors.

**Discretely presented component units**

Activity for the ABC Board for the year ended June 30, 2008, was as follows:

	<u>Useful</u>	<u>Cost</u>	<u>Accumulated</u>	<u>Net</u>
	<u>Life</u>		<u>Depreciation</u>	
Land and Improvements	-	\$ 181,734	-	181,734
Buildings	25 yrs	506,202	428,635	77,567
Furniture and Equipment	5-10 yrs	344,735	334,679	10,056
Motor Vehicles	4 yrs	15,277	15,277	-
Total		<u>\$ 1,047,948</u>	<u>\$ 778,591</u>	<u>\$ 269,357</u>

Activity for the Beaufort County Hospital for the year ended September 30, 2008, was as follows:

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

Notes to the financial statements

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2008, were as follows :

	<u>Vendors</u>	<u>Salaries &amp; Benefits</u>	<u>Others</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,643,132	\$ 19,345	\$ 572,695	\$ 2,235,172
Other Governmental	524,064	-	-	524,064
Total-governmental activities	<u>\$ 2,167,196</u>	<u>\$ 19,345</u>	<u>\$ 572,695</u>	<u>\$ 2,759,236</u>
Business-type Activities				
Water and Sewer Districts	\$ 519,633	-	-	\$ 519,633
Total - business-type activities	<u>\$ 519,633</u>	<u>-</u>	<u>-</u>	<u>\$ 519,633</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.91% and 4.86%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.05% of annual covered payroll. The contribution requirements of members and of Beaufort County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$523,501, \$495,172 and \$474,829, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2008 was \$14,478. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

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

Notes to the financial statements

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2007, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	1
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	
Active Plan Members	50
Total	51

(2) Summary of Significant Accounting Policies

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

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

(3) Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments 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.

Although the County has chosen the pay as you go basis, it does maintain actuarial valuations that state what should be contributed now to cover benefits.

The annual required contribution for the current year was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007 was 23 years.

Annual required contribution	\$	45,388
Interest on net pension obligation		18,530
Adjustment to annual required contribution		<u>(15,705)</u>
Annual pension cost		48,213
Contributions made		<u>11,597</u>
Increase (decrease) in net pension obligation		36,616
Net pension obligation beginning of year		<u>255,586</u>
Net pension obligation end of year	\$	<u><u>292,202</u></u>

Notes to the financial statements

3 Year Trend Information			
For Year Ended	Annual Pension Cost	Percentage of APC	Net Pension
	(APC)	Contributed	Obligation
2006	\$ 42,426	16.76%	\$ 222,488
2007	\$ 44,866	26.23%	\$ 255,586
2008	\$ 48,213	24.05%	\$ 292,202

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each 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, 2008 were \$379,213, which consisted of \$202,115 from the County and \$177,098 from the law enforcement officers.

d. Register of Deeds' Supplemental Pension Fund

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

Funding Policy - On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the Fiscal year ended June 30, 2008, the County's required and actual contributions were \$4,614.

e. Other Employment Benefits

According to a County resolution, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the County. The County pays the full cost of coverage for these benefits.

Also, retirees can purchase coverage for their dependents at the County's group rates. The County obtains health care coverage through private insurers.

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit 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.

Notes to the financial statements

f. Beaufort County Hospital Pension Plan

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

3. Closure and Post closure Care Cost-Beaufort County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care cost will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$189,343 reported as landfill post closure care liability at June 30, 2008 represents a cumulative amount reported to 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.

4. Deferred/ Unearned Revenues

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

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Taxes receivable, net (General)	\$ 2,344,261	\$ -
Taxes receivable, net (Special revenue)	194,360	-
Installment Obligation Receivable	572,695	572,695
Total	\$ 3,111,316	\$ 572,695

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto and professional liability coverage of \$2 million per occurrence, and workers' compensation coverage up to the statutory limits. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage and single occurrence losses of \$350,000 for workers' compensation. The County does not carry any flood insurance. In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are individually bonded for \$20,000 and \$35,000, respectively. 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; injuries to employees, and natural disasters. The Board has property, general liability, auto

Notes to the financial statements

liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

6. Contingent Liabilities

At June 30, 2008, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-term Obligations

a. Hospital Long-Term Debt

A summary of changes in the Beaufort County Hospital's long-term debt for the year ended September 30, 2007 and 2006 follows:

	Balance at September 30, 2006	Additions	Reductions	Balance at September 30, 2007	Amounts Due Within One Year
Installment notes	\$ 1,893,067	\$ 1,731,991	\$ 440,389	\$ 3,184,669	\$ 507,473
Construction loans	4,393,223	3,700,547	369,736	7,724,034	571,973
Total long-term debt	\$ 6,286,290	\$ 5,432,538	\$ 810,125	\$ 10,908,703	\$ 1,079,446

	Balance at September 30, 2005	Additions	Reductions	Balance at September 30, 2006	Amounts Due Within one Year
Installment notes	\$ 1,090,801	\$ 1,180,536	\$ 378,270	\$ 1,893,067	\$ 789,338
Construction loans	4,779,230	-	386,007	4,393,223	406,350
Total long-term debt	\$ 5,870,031	\$ 1,180,536	\$ 764,277	\$ 6,286,290	\$ 1,195,688

A summary of long-term debt at September 30, 2007 and 2006 is as follows:

Installment note with monthly installments of \$5,651 including interest at 6.81%, with a final balloon payment due January 2011; collateralized by real estate. Balance as of September 30, 2007 was \$383,167. Balance as of September 30, 2006 was \$423,021.

Installment note with monthly installments of \$2,985 including interest at 6.75%, due February 2009; collateralized by real estate. Balance as of September 30, 2007 was \$50,205. Balance as of September 30, 2006 was \$81,428.

Installment note with monthly installments of \$2,516 including interest at 4.75%, due February 2009; collateralized by real estate. Repaid in 2007. Balance as of September 30, 2007 was \$0. Balance as of September 30, 2006 was \$16,206.

Installment note with monthly installments of \$13,252 including interest at 3.35%, due may 2008; collateralized by equipment. Balance as of September 30, 2007 was \$104,696. Balance as of September 30, 2006 was \$257,426.

Installment note with monthly installments of \$9,274 including interest at 4.00%, due July 2022; collateralized by equipment. Balance as of September 30, 2007 was \$1,248,709. Balance as of September 30, 2006 was \$0.

## Notes to the financial statements

Installment note with monthly installments of \$5,432 including interest at 4.09%, due September 2011; collateralized by equipment. Balance due at September 30, 2007 was \$236,118. Balance due at September 30, 2006 was \$290,895.

Installment note with monthly installments of \$7,063 including interest at 3.96%, due April 2011; collateralized by equipment. Balance at September 30, 2007 was \$276,598. Balance at September 30, 2006 was \$348,847.

Installment note with monthly installments of \$9,037 including interest at 4.44%, due April 2011; collateralized by equipment. Balance at September 30, 2007 was \$448,956. Balance at September 30, 2006 was \$0.

Installment note with monthly installments of \$5,572 including interest at 6.00%, due January 2016; collateralized by real estate. Balance at September 30, 2007 was \$436,219. Balance at September 30, 2006 was \$475,244.

Construction loan, maximum loan amount \$13,000,000 with quarterly installments of \$164,900 including interest at 3.8%, due May 2022. Balance at September 30, 2007 was \$3,700,547. Balance at September 30, 2006 was \$0.

Construction loan with quarterly installments of \$120,393 including interest at 5.18%, due January 2015. Balance at September 30, 2007 was \$2,990,168. Balance at September 30, 2006 was \$0.

Construction loan with quarterly installments of \$36,001 including interest at 5.13%, due June 2016. Balance at September 30, 2007 was \$1,033,320. Balance at September 30, 2006 was \$1,107,153

Therefore, total long-term debt at September 30, 2007 was \$10,908,703 - minus current maturities of \$1,079,446 - was \$9,829,257. Total long-term debt at September 20, 2006 was \$6,286,290 - minus current maturities of \$1,195,688 - was \$5,090,602.

On November 8, 1999, the County of Beaufort secured the first construction loan above for the Hospital's Expansion and Renovation Project, in the amount of \$5,000,000. On June 13, 2001, the County of Beaufort secured the second construction loan for \$1,500,000 to be used for the Hospital's Expansion and Renovation Project. The Hospital will repay the County for both construction loans.

As of September 30, 2006, the Hospital was approved for a \$13,000,000 loan by the County of Beaufort for renovations. As of September 30, 2007, the Hospital has drawn \$3,700,547 on this loan and will start payments on the amount outstanding on November 30, 2007.

Scheduled principal and interest payments on long-term debt are as follows:

Year Ending September 30	Principal Payments	Interest Payments
2008	1,079,446	534,556
2009	1,049,296	435,811
2010	1,087,859	381,144
2011	1,279,039	317,257
2012	932,653	285,727
2013-2017	3,503,539	698,372
2018-2022	1,976,871	207,054
	<u>\$ 10,908,703</u>	<u>\$ 2,859,921</u>

### b. Installment Purchase

Beaufort County has entered into a loan agreement with Southern Bank for building expansions for Tideland Mental Health Center. The principal borrowed was \$1,700,000. The terms call for 25 annual payments of \$166,003 bearing interest at 5.20%.

Beaufort County has entered into a loan agreement with First South Bank for building an industry ready building. The principal borrowed will be \$1,000,000. The terms call for the Beaufort County Committee of 100 to pay the first two (2)

## Notes to the financial statements

years interest only payments. Thereafter, the County and the City of Washington will split payments in a 55% to 45% manner. At the end of the financing term the ownership of the building will be County (55%) City (45%). The interest rate will be between 4.25% and 8.00% for a period of twenty years. The building was sold and the note paid off in July 2007.

Beaufort County has entered into a loan agreement with the North Carolina Department of Commerce for building an industry ready building II. The principal borrowed will be \$1,382,000. The interest rate will be 2.00% for a period of five years. At June 30, 2008 the balance on the note was \$1,282,000.

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

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

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

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

On January 12, 2000, the County of Beaufort secured financing for the Hospital's Expansion and Renovation Project, in the amount of \$5,000,000. On June 29, 2001, the County of Beaufort entered into an additional loan for \$1,500,000, also for the Hospital's Expansion and Renovation Project. The Hospital will repay the County for the debt incurred on the Hospital's behalf in 60 quarterly installments of \$120,393 including interest at 5.18% annually. The first payment was made in July 2000. The Hospital will also repay the County for the second loan in 60 quarterly installments of \$36,001 including interest at 5.13% annually.

On February 6, 2007 the County of Beaufort secured financing for the Hospital's Expansion and Renovation Project, in the amount of \$10,000,000. The Hospital will repay the County for the debt incurred on the Hospital's behalf. The first payment will be made in November 2007. The payments will be made semi-annually ranging from \$371,085 to \$560,333 for 30 payments including interest at 3.80% annually.

On January 31, 2008 the County of Beaufort secured financing for the Hospital's Expansion and Renovation Project, in the amount of \$3,000,000. The Hospital will repay the County for the debt incurred on the Hospital's behalf. The first payment will be made in November 2008. The payments will be made semi-annually ranging from \$113,580 to \$156,044 for 28 payments including interest at 3.80% annually.

Notes to the financial statements

For Beaufort County, the future minimum payments as of June 30, 2008 in the Governmental Activities and for the Business Type Activities are as follows:

Year Ending June 30,	Business Type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2009	56,525	19,626	1,416,507	737,730
2010	56,525	17,139	1,342,375	642,569
2011	56,525	14,704	1,831,159	588,304
2012	56,525	12,282	2,228,519	519,711
2013	56,525	9,764	1,586,099	438,148
2014-2018	234,027	16,166	5,993,171	1,305,358
2019-2023	-	-	3,833,336	327,748
Total	\$ 516,652	\$ 89,681	\$ 18,231,166	\$ 4,559,568

County of Beaufort

On November 8, 1999, the County of Beaufort secured financing for the Hospital's Expansion and Renovation Project, in the amount of \$5,000,000. On June 13, 2001, the County of Beaufort secured an additional loan for \$1,500,000 to be used for the Hospital's Expansion and Renovation Project.

The Hospital will repay the County for the debt incurred on the Hospital's behalf in 60 quarterly installments of \$120,393 including interest at 5.18% annually. The Hospital will also repay the County for the second loan in 60 quarterly installments of \$36,001 including interest at 5.13% annually. As of September 30, 2005, the Hospital had been advanced on these loans for project expenditures. The County of Beaufort contributed capital, provided by the interest earned on the \$6.5 million during the construction period.

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2008:

	Balance 07/01/07	Additions	Retirements	Balance 6/30/2008	Current Portion
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 25,800,000	\$ 7,000,000	\$ (1,250,000)	\$ 31,550,000	\$ 1,600,000
Installment Purchases	16,519,561	3,000,000	(1,288,395)	18,231,166	1,416,507
Compensated Absences	645,282	47,625	-	692,907	-
Net Pension Obligation	255,586	36,616	-	292,202	-
Landfill Postclosure Care	189,343	-	-	189,343	-
Total	\$ 43,409,772	\$ 10,084,241	\$ (2,538,395)	\$ 50,955,618	\$ 3,016,507
<b>Business Type Activities:</b>					
General Obligation Bonds	\$ 41,588,300	\$ -	\$ (637,500)	\$ 40,950,800	\$ 667,500
Installment Purchases	573,177	-	(56,525)	516,652	56,525
Compensated Absences	37,389	5,077	-	42,466	-
Total	\$ 42,198,866	\$ 5,077	\$ (694,025)	\$ 41,509,918	\$ 724,025

At June 30, 2008, Beaufort County had a legal debt margin of \$264,497,394.

Notes to the financial statements

**C. Inter-fund Balances and Activity**

Transfers From/To Other Funds at June 30, 2008  
consists of the following:

From the General fund to several capital project funds as residual equity transfers to close funds and for operations.	\$	3,690,001
From the General fund to the Industrial Recruitment Fund to supplement other funding sources		49,584
From the E 911 to the General fund to supplement other funding sources		22,958
	\$	<u><u>3,762,543</u></u>
Interfund balances		
Water Districts I, III, IV, V, VI, & VII owe General Fund	\$	<u>407,465</u>
Interfund balances	\$	<u><u>407,465</u></u>

This was created to supplement the districts cash flow.

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

Notes to the financial statements

The County's general obligation bonds payable at June 30, 2008 are comprised of the following individual issues:

Serviced by the County's General Fund	
\$200,000 1991 Community College Serial bonds, due on May 1 in installments ranging from \$50,000 to \$200,000, through May 2009; interest ranging from 6.4% to 6.5%	\$ 200,000
\$9,000,000 2006 School bonds, dated November 1 2006 and maturing annually November 1, \$450,000 to 2026, inclusive; bearing interest payable on November 1 and May 1, ranging from 3.65% to 4.00%	\$ 8,550,000
\$17,000,000 2005 School bonds, dated April 1 2005 and maturing annually April 1, \$600,000 2007 to 2009, inclusive, and \$800,000 2010 to 2028, inclusive; bearing interest payable on October 1 and April 1, ranging from 4.00% to 6.00%	\$ 15,800,000
\$10,000,000 2008 School bonds, dated Jan 1 2008 and maturing semi-annually Aug 1 and Feb 1, \$350,000, inclusive; bearing interest payable on Aug 1 and Feb 1, ranging from 3.00% to 3.700%	\$ 7,000,000
Total	<u>\$ 31,550,000</u>
Serviced by Water District I:	
\$3,138,000 200 1A Water Serial Bond due in annual installments; beginning in 2004; from \$33,000 to \$118,000 through June 1, 2041; interest at 4.875%	\$ 2,958,500
\$2,329,300 200 1B Water Serial Bond due in annual installments; beginning in 2004; from \$24,500 to \$98,000 through June 1, 2041; interest at 4.875%	\$ 2,197,300
Serviced by Water District II Long Acre West:	
\$4,226,000 1998 Water Serial Bond due in annual installments; beginning in 1998; from \$39,500 to \$158,000 through June 1, 2034; interest at 6.125%	\$ 3,564,500
\$434,000 1998 Water Serial Bond due in annual installments, beginning in 1998; from \$4,500 to \$18,000 through June 1, 2034; interest at 6.125%	\$ 369,000
Serviced by Water District III Long Acre East:	
\$3,728,000 1998 Serial Bonds due in annual installments; beginning in 1998; from \$35,000 to \$140,000 through June 1, 2034; interest at 6.125%	\$ 3,146,500
\$381,000 1991 Serial Bonds due in annual installments; beginning in 1998; from \$4,000 to \$16,000 through June 1, 2034; interest at 5.625%	\$ 324,000
\$1,304,000 1998 Water Serial Bonds due in annual installments; beginning in 1999; from \$13,500 to \$54,000 through June 1, 2036; with interest only for 1998 & 1999; interest at 5.625%	\$ 1,136,000
\$197,000 1998 Water Serial Bonds due in annual installments; beginning in 1999; from \$2,500 to \$10,000 through June 1, 2036; with interest only for 1998 & 1999; interest at 5.375%	\$ 171,000

Notes to the financial statements

Serviced by Water District IV Bath:

\$3,042,000 1999 Water Serial Bonds due in annual installments; beginning in 1999; from \$33,000 to \$132,000 through June 1, 2038; with interest only for 1999 & 2000; interest at 4.75% \$ 2,776,500

\$4,491,000 1998A Water Serial Bond due in annual installments; beginning in 1999; from \$48,500 to \$194,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 4,039,000

\$909,000 1998B Water Serial Bond due in annual installments; beginning in 1999; from \$11,000 to \$40,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 811,000

Serviced by Water District V Pantego:

\$3,223,000 1998A Water Serial Bond due in annual installments; beginning in 1999; from \$35,000 to \$140,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 2,893,500

\$777,000 1998B Water Serial Bond due in annual installments; beginning in 1999; from \$9,000 to \$36,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 697,000

Serviced by Water District VII Richland:

\$2,692,000 Series A 1999 Water Bonds due in annual installments; beginning in 1999; from \$28,500 to \$114,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 2,424,500

\$3,308,000 Series B 1999 Water Bonds due in annual installments; beginning in 1999; from \$35,000 to \$140,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 2,978,500

Serviced by Water District VI Chocowinity/Richland:

\$2,804,000 2005A Water Serial Bonds due in annual installments; beginning in 2007; from \$30,000 to \$120,000 through June 1, 2044; with interest only for 2005 & 2006; interest at 4.50% \$ 2,742,000

\$3,535,000 2005B Water Serial Bonds due in annual installments; beginning in 2007; from \$38,000 to \$150,000 through June 1, 2044; with interest only for 2005 & 2006; interest at 4.50% \$ 3,457,000

\$4,361,000 2005C Water Serial Bonds due in annual installments; beginning in 2007; from \$47,000 to \$188,000 through June 1, 2044; with interest only for 2005 & 2006; interest at 4.50% \$ 4,265,000

Total \$ 40,950,800

Notes to the financial statements

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	1,600,000	1,251,176	667,500	2,034,798
2010	1,600,000	1,183,976	700,500	2,000,851
2011	1,600,000	1,105,726	733,500	1,965,371
2012	1,600,000	1,043,476	772,500	1,928,098
2013	1,600,000	1,013,226	808,500	1,888,822
2014-2018	8,000,000	4,109,040	4,699,000	8,781,572
2019-2023	8,000,000	2,460,355	5,941,500	7,457,243
2024-2028	7,550,000	938,635	7,082,500	5,827,803
2029-2033	-	-	8,235,000	3,953,264
2034-2038	-	-	7,730,000	1,910,011
2039-2043	-	-	3,219,300	490,069
2044-2048	-	-	458,000	20,610
Total	\$ 31,550,000	\$ 13,105,610	\$ 41,047,800	\$ 38,258,512

IV. Joint Ventures

The County participates in a joint venture to operate BHM Regional Library with three other local governments. Beaufort County appoints three members of the nine-member board of the Library. The County has an on-going financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding.

None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2008. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$140,577 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library offices, at 158 N Market Street, Washington, NC 27889.

The County in conjunction with the State of North Carolina and the Beaufort County Board of Education participates in a joint venture to operate the Beaufort County Community College. Each of the three participants appoints five members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities.

The County has an ongoing financial responsibility for the community college because of the statutory responsibility to provide funding for the community college's facilities. The County contributed \$1,780,958 and \$305,500 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2008. In addition, the County made debt service payments of \$200,000 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2008. Complete financial statements for the community college may be obtained from the community college's administrative offices at Highway 264 East, Washington, NC 27889.

## Notes to the financial statements

The County, in conjunction with four other counties, participates in the Tideland Mental Health Center. The County Commissioners appoint four members to the twenty-member board of the Center. In addition, one County Commissioner also serves on the Center's board. The Center, a multi-county public mental health authority, is a separate and distinct subdivision charged by State law with the responsibility of providing services for drug and mental health prevention, treatment and rehabilitation services. The County contributed \$173,599 to the Center during fiscal year ended June 30, 2008. Complete financial statements for the Center can be obtained from the Center's administrative offices at 1308 Highland Drive, Washington, NC 27889.

### V. Jointly Governed Organization

The County, in conjunction with four other counties and thirty-nine municipalities, established the Mid-East Commission. The participating governments established the Commission to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$12,690 to the Council during the fiscal year ended June 30, 2008.

### 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, which cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	Federal	State
Food Stamp Program	\$ 6,668,252	\$ -
Medicaid Assistance Program	48,068,452	24,879,180
Special Supplemental Food Program for Women, Infants and Children	1,347,426	-
Energy Assistance Payment	319,079	-
CWS Adopt Subsidy & Vendor	13,251	3,406
IV-E Adopt Subsidy & Vendor	310,709	87,337
Special Assistance-Aged & Disabled	-	538,921
IV-E Foster Home	87,313	24,369
State Foster Home		

### VII. Summary Disclosure of Significant Commitments and Contingencies

#### 1. Federal and State Assisted Programs

The County has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

### VIII. Major Taxpayer

Beaufort County had property tax revenue from one taxpayer in 2008 of approximately \$3,241,155, which accounted for approximately 13.75% of net property tax levied.

## Supplementary Statements

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
31-Dec-02	-	197,573	197,573	0.0%	1,319,836	14.97%
31-Dec-03	-	231,208	231,208	0.0%	1,322,765	17.48%
31-Dec-04	-	264,787	264,787	0.0%	1,403,511	18.87%
31-Dec-05	-	284,787	284,787	0.0%	1,546,967	18.61%
31-Dec-06	-	324,408	324,408	0.0%	1,703,157	19.05%
31-Dec-07	-	354,536	354,536	0.0%	1,880,073	18.86%

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

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation End of Year</u>
2003	33,541	0.00%	116,734
2004	33,926	0.00%	150,660
2005	37,642	0.00%	187,171
2006	42,426	16.76%	222,488
2007	44,866	26.23%	255,586
2008	48,213	24.05%	292,202

**Notes to the Required Schedules:**

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

Valuation Date	December 31, 2007
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	23 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases	4.5%-12.3%
Includes Inflation at	3.75%
Cost of Living Adjustments	N/A

**Beaufort County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$	\$ 23,275,251	\$
Penalties and Interest		312,418	
Total	<u>24,274,905</u>	<u>23,587,669</u>	<u>(687,236)</u>
<b>Local Option Sales Taxes:</b>			
Article 39 One Percent		3,912,361	
Article 40 One - Half of One Percent		2,376,589	
Article 42 One - Half of One Percent		2,358,152	
Article 44 One - Half of One Percent		1,881,911	
Total	<u>10,175,062</u>	<u>10,529,013</u>	<u>353,951</u>
<b>Other Taxes and Licenses:</b>			
Documentary stamps		172,693	
Scrap tire disposal tax		60,063	
White goods disposal tax		17,857	
Privilege tax		8,121	
Medicaid hold harmless		59,495	
Rental vehicles receipt tax		13,241	
Total	<u>428,895</u>	<u>331,470</u>	<u>(97,425)</u>
<b>Unrestricted Intergovernmental:</b>			
Beer and wine tax		148,653	
Other		6,581	
Total	<u>147,500</u>	<u>155,234</u>	<u>7,734</u>
<b>Restricted Intergovernmental:</b>			
State and Federal Grants		10,791,313	
Loan reimbursements		1,407,015	
ABC Tax		31,443	
Total	<u>13,105,912</u>	<u>12,229,771</u>	<u>(876,141)</u>
<b>Permits and Fees:</b>			
Building Permits and Inspection Fees		113,420	
Register of Deeds		267,342	
Other		11,462	
Total	<u>411,301</u>	<u>392,224</u>	<u>(19,077)</u>

**Beaufort County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Sales and Services:</b>			
Rent and Concessions		151,525	
Attorney fees/Tax admin		171,045	
Prisoners' reimbursements		49,227	
Court costs		65,888	
Environmental Health Fees		77,470	
IV-D Deputy travel		58,209	
Patient fees - Nursing home & Health Dept.		147,008	
School resource officer		113,514	
Election fees		17,589	
Animal control fees		84,825	
Rescue squads		119,143	
Beaufort County ABC Board		173,204	
Sheriff's fees		87,976	
Landfill fees/charges		1,479,807	
Collection fees		92,559	
Cable fees		136,913	
Total	<u>3,134,506</u>	<u>3,025,902</u>	<u>(108,604)</u>
<b>Investment Earnings</b>	<u>897,000</u>	<u>658,018</u>	<u>(238,982)</u>
<b>Miscellaneous:</b>			
Sale of Assets/Insurance Claims		25,073	
Donations		1,757	
Miscellaneous		41,313	
Total	<u>19,744</u>	<u>68,143</u>	<u>48,399</u>
<b>TOTAL REVENUES</b>	<u>52,594,825</u>	<u>50,977,444</u>	<u>(1,617,381)</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
Governing body		134,568	
County manager		955,380	
Finance		382,705	
Tax administration		1,142,480	
Legal		91,949	
Register of deeds		281,111	
Elections		219,755	
Public buildings		1,341,030	
Court facilities		211,655	
Total general government	<u>5,117,662</u>	<u>4,760,633</u>	<u>357,029</u>

**Beaufort County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Public Safety:</b>			
Sheriff		3,520,342	
Jail		1,538,396	
Criminal justice partnership		68,379	
Emergency communications		357,218	
Emergency management		185,263	
Fire protection		118,592	
Inspections		193,237	
Ambulance/Rescue service		235,451	
Animal control		307,028	
Medical examiner		18,600	
Total	<u>7,002,840</u>	<u>6,542,506</u>	<u>460,334</u>
<b>Economic and physical development:</b>			
Economic development		371,863	
Agricultural extension		227,166	
Soil/water conservation		114,858	
Total	<u>762,218</u>	<u>713,887</u>	<u>48,331</u>
<b>Human services:</b>			
Administration - general		222,677	
Aids control/STD		116,804	
TB program		42,314	
Immunization		134,740	
Health promotion		105,649	
Child health		206,503	
Maternal health		504,935	
WIC - Administration		292,804	
Environmental health		629,430	
Family planning		378,774	
Other health programs		140,350	
Total human services	<u>2,980,865</u>	<u>2,774,980</u>	<u>205,885</u>
<b>Mental Health:</b>			
General appropriation		156,599	
Other		10,000	
Alcohol rehab		17,000	
Total	<u>183,599</u>	<u>183,599</u>	<u>-</u>
Beaufort County Develop Center	<u>97,769</u>	<u>97,769</u>	<u>-</u>
NC Elderly handicapped transportation	<u>71,000</u>	<u>70,155</u>	<u>845</u>

**Beaufort County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Social services:			
Administration		4,855,474	
State In-Home Aging Services		490,938	
Day care		2,611,955	
Medical assistance		3,699,247	
Energy assistance		184,039	
County provided assistance		548,594	
Transportation			
Child support enforcement		704,940	
Aid to the blind program		12,711	
Foster care		504,003	
Hurricane relief			
Work first program		49,731	
Total	<u>15,579,654</u>	<u>13,661,632</u>	<u>1,918,022</u>
Other human services:			
County home		4,790	
Veterans services		40,181	
Youth services		215,007	
Total	<u>276,576</u>	<u>259,978</u>	<u>16,598</u>
Total Social Services	<u>15,856,230</u>	<u>13,921,610</u>	<u>1,934,620</u>
Total Human Services	<u>19,189,463</u>	<u>17,048,113</u>	<u>2,141,350</u>
Cultural and Recreational:			
Recreation		47,278	
Library and museum		153,577	
Special Appropriations		81,584	
Total Cultural and Recreational	<u>401,290</u>	<u>282,439</u>	<u>118,851</u>
Environmental protection:			
Solid waste	<u>2,974,523</u>	<u>2,882,810</u>	<u>91,713</u>
Education:			
Public Schools:			
Teacher school supplies		1,430	
Current Expense		10,750,000	
Capital Outlay		1,503,066	
Public school lottery		777,034	
Community Colleges:			
Current Expense		1,780,958	
Capital Outlay		305,500	
Total Education	<u>16,097,607</u>	<u>15,117,988</u>	<u>979,619</u>
Debt Service:			
Principal Retirement		2,531,166	
Interest and Fees		1,356,060	
Total Debt Service	<u>3,925,234</u>	<u>3,887,226</u>	<u>38,008</u>
TOTAL EXPENDITURES	<u>55,470,837</u>	<u>51,235,602</u>	<u>4,235,235</u>
Revenues over Expenditures	<u>(2,876,012)</u>	<u>(258,158)</u>	<u>2,617,854</u>

**Beaufort County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other financing sources (uses):			
Proceeds From Capital Leases	-	-	
Fund Balance Appropriated	6,615,483	-	
Transfers (to)/from Other Funds:			
Capital Projects	(3,734,887)	(3,690,001)	
Special revenue fund - capital reserve	-	-	
Special revenue - industrial recruitment	(49,584)	(49,584)	
Water districts	-	-	
Special revenue fund - e 911	45,000	22,958	
Total Other Financing Sources (Uses)	<u>2,876,012</u>	<u>(3,716,627)</u>	<u>(6,592,639)</u>
 Net change in fund balance	 <u>\$ -</u>	 (3,974,785)	 <u>\$ (3,974,785)</u>
 Fund balances:			
Beginning of year, July 1		<u>20,303,297</u>	
End of year, June 30		<u>\$ 16,328,512</u>	

Beaufort County  
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Beaufort County, North Carolina  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2008

	Revaluation	Economic Development	Washington Administrative Unit	Fire Tax Districts	E911 Service	NC Housing Finance Agency	Hazardous Mitigation	Capital Reserve	Industrial Recruitment
<b>Assets:</b>									
Cash and Cash Equivalents	\$ 411,701	\$ -	\$ -	\$ -	\$ 637,953	\$ -	\$ -	\$ 57,106	\$ -
Accounts Receivable	-	120,734	-	-	29,809	-	-	-	-
Taxes Receivable (Net)	-	-	-	194,360	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 411,701</b>	<b>\$ 120,734</b>	<b>\$ -</b>	<b>\$ 194,360</b>	<b>\$ 667,762</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,106</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances:</b>									
<b>Liabilities:</b>									
Accounts Payable and Accrued Liabilities	\$ -	\$ 7,632	\$ -	\$ -	\$ 129	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	194,360	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>7,632</b>	<b>-</b>	<b>194,360</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>									
Reserved by State Statute Designated for Subsequent Year's Expenditures	-	120,734	-	-	29,809	-	-	-	-
Undesignated	411,701	(7,632)	-	-	637,824	-	-	57,106	-
<b>Total Fund Balances</b>	<b>411,701</b>	<b>113,102</b>	<b>-</b>	<b>-</b>	<b>667,633</b>	<b>-</b>	<b>-</b>	<b>57,106</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 411,701</b>	<b>\$ 120,734</b>	<b>\$ -</b>	<b>\$ 194,360</b>	<b>\$ 667,762</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,106</b>	<b>\$ -</b>

State & Federal Seizures	2004 CDBG Fund	2001 CDBG Fund	2005 CDBG Fund	Total Nonmajor Special Revenue Funds
\$ 75,050	\$ 6,250	\$ -	\$ 7,253	\$ 1,195,313
810	-	-	-	151,353
-	-	-	-	194,360
-	-	-	-	-
<u>\$ 75,860</u>	<u>\$ 6,250</u>	<u>\$ -</u>	<u>\$ 7,253</u>	<u>\$ 1,541,026</u>

\$ -	\$ -	\$ -	\$ -	\$ 7,761
-	-	-	-	-
-	-	-	-	194,360
-	-	-	-	202,121
810	-	-	-	151,353
-	-	-	-	-
75,050	6,250	-	7,253	1,187,552
<u>75,860</u>	<u>6,250</u>	<u>-</u>	<u>7,253</u>	<u>1,338,905</u>
<u>\$ 75,860</u>	<u>\$ 6,250</u>	<u>\$ -</u>	<u>\$ 7,253</u>	<u>\$ 1,541,026</u>

NC Crisis Housing	HMGP Buyout	HMGP Bonnie	Delta City Sewer	Hurricane	Pantego Sewer	Economic Development	Animal Shelter	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 71,576	\$ -	\$ 146,051	\$ -	\$ 217,627	\$ 1,412,940
-	-	-	-	-	350,000	14,328	-	364,328	515,681
-	-	-	-	-	-	-	-	-	194,360
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,576</u>	<u>\$ 350,000</u>	<u>\$ 160,379</u>	<u>\$ -</u>	<u>\$ 581,955</u>	<u>\$ 2,122,981</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 316,808	\$ 42,273	\$ -	\$ 360,081	\$ 367,842
-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,000	316,808	42,273	-	360,081	562,202
-	-	-	-	-	350,000	14,328	-	364,328	515,681
-	-	-	-	-	-	-	-	-	-
-	-	-	-	70,576	(316,808)	103,778	-	(142,454)	1,045,098
-	-	-	-	70,576	33,192	118,106	-	221,874	1,560,779
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,576</u>	<u>\$ 350,000</u>	<u>\$ 160,379</u>	<u>\$ -</u>	<u>\$ 581,955</u>	<u>\$ 2,122,981</u>

Beaufort County  
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**Beaufort County, North Carolina**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2008**

	Revaluation	Economic Development	Washington Administrative Unit	Fire Tax Districts	E911 Service	NC Housing Finance Agency
<b>Revenues:</b>						
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ 1,992,429	\$ -	\$ -
Investment Earnings	-	2,209	-	-	-	-
Sales Tax Revenue	-	-	-	-	-	-
Restricted Intergovernmental	-	346,128	-	-	288,858	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>348,337</u>	<u>-</u>	<u>1,992,429</u>	<u>288,858</u>	<u>-</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Public Safety	-	-	-	1,992,429	253,455	-
Education	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Economic and Physical Development	-	356,188	-	-	-	-
Total Expenditures	<u>-</u>	<u>356,188</u>	<u>-</u>	<u>1,992,429</u>	<u>253,455</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(7,851)</u>	<u>-</u>	<u>-</u>	<u>35,403</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	(22,958)	-
Debt payment	-	-	-	-	-	-
Proceeds from Debt Issuance	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,958)</u>	<u>-</u>
Net change in fund balance	-	(7,851)	-	-	12,445	-
<b>Fund balances:</b>						
Beginning of Year, July 1	<u>411,701</u>	<u>120,953</u>	<u>-</u>	<u>-</u>	<u>655,188</u>	<u>-</u>
End of year, June 30	<u>\$ 411,701</u>	<u>\$ 113,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 667,633</u>	<u>\$ -</u>

Hazardous Mitigation	Capital Reserve	Industrial Recruitment	State & Federal Seizures	2004 CDBG Fund	2001 CDBG Fund	2005 CDBG Fund	Total Nonmajor Special Revenue Funds	NC Crisis Housing	HMGP Buyout
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,992,429	\$ -	\$ -
-	1,468	-	-	-	-	-	3,677	-	-
-	-	-	-	-	-	-	-	-	-
-	-	16,313	38,305	13,300	-	-	702,904	-	-
-	-	-	7,001	1,650	-	-	8,651	-	-
-	1,468	16,313	45,306	14,950	-	-	2,707,661	-	-
-	-	-	52,629	-	-	-	2,298,513	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	65,897	-	8,700	-	242,423	673,208	-	-
-	-	65,897	52,629	8,700	-	242,423	2,971,721	-	-
-	1,468	(49,584)	(7,323)	6,250	-	(242,423)	(264,060)	-	-
-	-	49,584	-	-	-	250,000	299,584	-	-
-	-	-	-	-	-	-	(22,958)	-	-
-	-	-	-	-	-	-	-	-	-
-	-	49,584	-	-	-	250,000	276,626	-	-
-	1,468	-	(7,323)	6,250	-	7,577	12,566	-	-
-	55,638	-	83,183	-	-	(324)	1,326,339	-	-
\$ -	\$ 57,106	\$ -	\$ 75,860	\$ 6,250	\$ -	\$ 7,253	\$ 1,338,905	\$ -	\$ -

HMGP Bonnie	Delta City Sewer	Hurricane	Pantego Sewer	Economic Development	Animal Shelter	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,992,429
-	-	-	-	12,728	-	12,728	16,405
-	-	45,881	3,149,003	14,328	-	3,209,212	3,912,116
-	-	4,620	-	-	-	4,620	13,271
-	-	50,501	3,149,003	27,056	-	3,226,560	5,934,221
-	-	-	-	-	-	-	2,298,513
-	-	-	-	-	-	-	-
-	-	77,707	2,588,910	4,226,164	-	6,892,781	7,565,989
-	-	77,707	2,588,910	4,226,164	-	6,892,781	9,864,502
-	-	(27,206)	560,093	(4,199,108)	-	(3,666,221)	(3,930,281)
-	-	95,000	-	3,123,241	-	3,218,241	3,517,825
-	-	-	-	-	-	-	(22,958)
-	-	-	-	-	-	-	-
-	-	95,000	-	3,123,241	-	3,218,241	3,494,867
-	-	67,794	560,093	(1,075,867)	-	(447,980)	(435,414)
-	-	2,782	(526,901)	1,193,973	-	669,854	1,996,193
\$ -	\$ -	\$ 70,576	\$ 33,192	\$ 118,106	\$ -	\$ 221,874	\$ 1,560,779

**Beaufort County, North Carolina**  
**Revaluation Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Miscellaneous	\$	\$ -	\$
Investment Earnings		-	
Total Revenue	-	-	-
Expenditures			
Total Economic & Physical Development	-	-	-
Total Expenditures	-	-	-
Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses):			
Operating Transfers from General Fund	-		-
Proceeds from Lease Purchase	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	-	-
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$	-	\$
Fund Balance:			
Beginning of Year, July 1		411,701	
End of Year, June 30	\$	411,701	

**Beaufort County, North Carolina**  
**Economic Development**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Restricted Intergovernmental	\$	\$ 346,128	\$
Investment Earnings		2,209	
Other income		-	
Total revenues	<u>366,806</u>	<u>348,337</u>	<u>(18,469)</u>
Expenditures:			
Economic and Physical development		356,188	
Total Expenditures	<u>366,806</u>	<u>356,188</u>	<u>10,618</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(7,851)</u>	<u>(7,851)</u>
Other Financing Sources (Uses):			
Transfers from Other Funds			
Transfers to Other Funds			
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Uses	<u>-</u>	<u>(7,851)</u>	<u>(7,851)</u>
Fund Balance Appropriated		<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ (7,851)	\$ <u>(7,851)</u>
Fund Balance:			
Beginning of Year, July 1		<u>120,953</u>	
End of Year, June 30		<u>\$ 113,102</u>	

**Beaufort County, North Carolina**  
**Washington Administrative Unit**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Ad valorem taxes	\$ -	\$ -	\$ -
Expenditures:			
Education - School current expense	-	-	-
Total Expenditures	-	-	-
Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses):			
Operating Transfers from General Fund	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net change in fund balance	-	-	-
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		\$ -	

**Beaufort County, North Carolina**  
**Fire District Funds (All Fire Districts)**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Ad valorem taxes:			
Total Revenues	\$ 2,041,097	1,992,429	\$ (48,668)
Expenditures:			
Public safety:			
Total Expenditures	2,041,097	1,992,429	48,668
Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses):			
Proceeds from Installment Loan	-	-	-
Transfer to General Fund	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Financing Sources Over (Under) Uses	-	-	-
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		\$ -	

**Beaufort County, North Carolina**  
**E911 Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Emergency Telephone System Charges		\$ 288,858	
Total Revenues	\$ 304,000	288,858	\$ (15,142)
<b>Expenditures:</b>			
Public safety:			
E 911 Service		253,455	
Capital Outlay		-	
Total Expenditures	304,000	253,455	50,545
Revenues Over (Under) Expenditures	-	35,403	35,403
<b>Other Financing Sources (Uses):</b>			
Proceeds from Lease Purchase	-	-	-
Transfer to General Fund	-	(22,958)	(22,958)
Transfer from General Fund	-	-	-
Total Other Financing Sources (Uses)	-	(22,958)	(22,958)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	12,445	12,445
Fund Balance Appropriated		-	-
Net change in fund balance	\$ -	12,445	\$ 12,445
<b>Fund Balance:</b>			
Beginning of Year, July 1		655,188	
End of Year, June 30		\$ 667,633	

**Beaufort County, North Carolina**  
**NC Housing Finance Agency**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2008**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental Emergency Management Grant	\$ 500,000	\$ 476,091	\$ -	\$ 476,091	\$ (23,909)
Total Revenues	<u>500,000</u>	<u>476,091</u>	<u>-</u>	<u>476,091</u>	<u>(23,909)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development	515,000	444,426	-	444,426	70,574
Revenues over expenditures	(15,000)	31,665	-	31,665	46,665
<b>Other Financing Sources (Uses):</b>					
Transfer (to)/from General Fund	15,000	(31,665)	-	(31,665)	(46,665)
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>(31,665)</u>	<u>-</u>	<u>(31,665)</u>	<u>(46,665)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances:</b>					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

**Beaufort County, North Carolina**  
**Hazardous Mitigation**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2008**

	Project Author - ization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 4,562,844	\$ -	\$ -	\$ -	\$ (4,562,844)
Interest Income	-	4,549,239	-	4,549,239	4,549,239
Total Revenues	<u>4,562,844</u>	<u>4,549,239</u>	<u>-</u>	<u>4,549,239</u>	<u>(13,605)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	<u>4,562,844</u>	<u>4,547,118</u>	<u>-</u>	<u>4,547,118</u>	<u>15,726</u>
Revenues over expenditures	-	2,121	-	2,121	2,121
<b>Other Financing Sources (Uses):</b>					
Transfers to other funds	-	(2,121)	-	(2,121)	2,121
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,121)</u>	<u>-</u>	<u>(2,121)</u>	<u>2,121</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			\$ <u>-</u>		

**Beaufort County, North Carolina**  
**Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Investment Earnings	\$ -	\$ 1,468	\$ 1,468
Expenditures	-	-	-
Revenues Over (Under) Expenditures	-	1,468	1,468
Other Financing Sources (Uses):			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Financing Sources Over (Under) Uses	-	1,468	1,468
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	1,468	\$ 1,468
Fund Balance:			
Beginning of Year, July 1		55,638	
End of Year, June 30		\$ 57,106	

**Beaufort County, North Carolina**  
**CDBG Fund**  
**01-C-0852**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2008**

	Project Author - ization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 400,000	\$ 333,805	\$ -	\$ 333,805	\$ (66,195)
Restricted intergovernmental	700,000	751,827	-	751,827	51,827
Interest Income	-	-	-	-	-
Total Revenues	<u>1,100,000</u>	<u>1,085,632</u>	<u>-</u>	<u>1,085,632</u>	<u>(14,368)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	<u>1,190,000</u>	<u>1,173,065</u>	<u>-</u>	<u>1,173,065</u>	<u>16,935</u>
Revenues over expenditures	(90,000)	(87,433)	-	(87,433)	2,567
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)	-	75,632	-	75,632	(75,632)
Local contribution	<u>90,000</u>	<u>11,801</u>	<u>-</u>	<u>11,801</u>	<u>78,199</u>
Total Other Financing Sources (Uses)	<u>90,000</u>	<u>87,433</u>	<u>-</u>	<u>87,433</u>	<u>2,567</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			\$ <u>-</u>		

**Beaufort County, North Carolina**  
**CDBG Fund**  
**04-C-1222**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2008**

	Project Author - ization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 443,311	\$ 400,001	\$ 14,950	\$ 414,951	\$ (28,360)
Interest Income	-	-	-	-	-
Total Revenues	<u>443,311</u>	<u>400,001</u>	<u>14,950</u>	<u>414,951</u>	<u>(28,360)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	<u>459,249</u>	<u>415,939</u>	<u>8,700</u>	<u>424,639</u>	<u>34,610</u>
Revenues over expenditures	(15,938)	(15,938)	6,250	(9,688)	6,250
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)	<u>15,938</u>	<u>15,938</u>	-	<u>15,938</u>	-
Total Other Financing Sources (Uses)	<u>15,938</u>	<u>15,938</u>	-	<u>15,938</u>	-
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	6,250	\$ <u>6,250</u>	\$ <u>6,250</u>
<b>Fund balances:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ <u>6,250</u>		

**Beaufort County, North Carolina**  
**CDBG Fund**  
**05-E-1411**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2008**

	Project Author - ization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental Interest Income	\$ 3,742,315	\$ 552,045	\$ -	\$ 552,045	\$ (3,190,270)
Total Revenues	<u>3,742,315</u>	<u>552,045</u>	<u>-</u>	<u>552,045</u>	<u>(3,190,270)</u>
<b>Expenditures:</b>					
Current:					
Economic and physical development:	<u>3,742,315</u>	<u>552,369</u>	<u>242,423</u>	<u>794,792</u>	<u>2,947,523</u>
Revenues over expenditures	-	(324)	(242,423)	(242,747)	(242,747)
<b>Other Financing Sources (Uses):</b>					
Transfer in	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>(250,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>(250,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (324)</u>	7,577	<u>\$ 7,253</u>	<u>\$ 7,253</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>(324)</u>		
End of year, June 30			<u>\$ 7,253</u>		

**Beaufort County, North Carolina**  
**Industrial Recruitment**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Restricted Intergovernmental	\$	\$ 16,313	\$
Miscellaneous		-	
Investment Earnings		-	
Total Revenue	<u>102,750</u>	<u>16,313</u>	<u>(86,437)</u>
Expenditures		65,897	
Total Economic & Physical Development	<u>195,000</u>	<u>65,897</u>	<u>129,103</u>
Total Expenditures	<u>195,000</u>	<u>65,897</u>	<u>129,103</u>
Revenues Over (Under) Expenditures	<u>(92,250)</u>	<u>(49,584)</u>	<u>42,666</u>
Other Financing Sources (Uses):			
Transfers from other funds	92,250	49,584	(42,666)
Proceeds from Lease Purchase	-	-	-
Total Other Financing Sources (Uses)	<u>92,250</u>	<u>49,584</u>	<u>(42,666)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	-	-
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ <u>-</u>	-	\$ <u>-</u>
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		\$ <u>-</u>	

**Beaufort County, North Carolina**  
**State and Federal Seizures Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Restricted Intergovernmental	\$	\$ 38,305	\$
Miscellaneous		7,001	
Investment Earnings		-	
Total Revenue	<u>106,540</u>	<u>45,306</u>	<u>(61,234)</u>
Expenditures		52,629	
Total Public Safety	<u>106,540</u>	<u>52,629</u>	<u>53,911</u>
Total Expenditures	<u>106,540</u>	<u>52,629</u>	<u>53,911</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(7,323)</u>	<u>(7,323)</u>
Other Financing Sources (Uses):			
Operating Transfers from General Fund		-	-
Proceeds from Lease Purchase	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(7,323)	(7,323)
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(7,323)</u>	<u>\$ (7,323)</u>
Fund Balance:			
Beginning of Year, July 1		<u>83,183</u>	
End of Year, June 30		<u>\$ <u>75,860</u></u>	

**Beaufort County, North Carolina**  
**Capital Project Fund - NC Crisis Housing**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
NC Crisis Housing	\$ 8,370,422	\$ 8,149,776	\$ -	\$ 8,149,776	\$ (220,646)
Other Income	-	774	-	774	774
Total Revenues	<u>8,370,422</u>	<u>8,150,550</u>	<u>-</u>	<u>8,150,550</u>	<u>(219,872)</u>
<b>Expenditures</b>					
Economic & Physical Development:					
Administration	799,000	727,293	-	727,293	71,707
Rehabilitation	3,086,430	2,786,160	-	2,786,160	300,270
Replacement	4,104,570	4,304,084	-	4,304,084	(199,514)
Relocation	277,211	222,690	-	222,690	54,521
Other	103,211	95,155	-	95,155	8,056
Total Expenditures	<u>8,370,422</u>	<u>8,135,382</u>	<u>-</u>	<u>8,135,382</u>	<u>235,040</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>15,168</u>	<u>-</u>	<u>15,168</u>	<u>15,168</u>
Other financing sources:					
Transfer to General Fund	-	(15,168)	-	(15,168)	(15,168)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(15,168)</u>	<u>-</u>	<u>(15,168)</u>	<u>(15,168)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

**Beaufort County, North Carolina**  
**Capital Project Fund - HMGP Buyout**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

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

**Beaufort County, North Carolina**  
**Capital Project Fund - HMGP Bonnie**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Grant funds	\$ 1,392,222	\$ 1,388,392	\$ -	\$ 1,388,392	\$ (3,830)
Investment Income	-	-	-	-	-
Total Revenues	<u>1,392,222</u>	<u>1,388,392</u>	<u>-</u>	<u>1,388,392</u>	<u>(3,830)</u>
<b>Expenditures</b>					
Economic & Physical Development:					
Administration	24,279	23,668	-	23,668	611
Survey/Easements	111,078	72,979	-	72,979	38,099
Relocation	18,150	10,450	-	10,450	7,700
Construction	1,238,715	1,298,545	-	1,298,545	(59,830)
Total Expenditures	<u>1,392,222</u>	<u>1,405,642</u>	<u>-</u>	<u>1,405,642</u>	<u>(13,420)</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(17,250)</u>	<u>-</u>	<u>(17,250)</u>	<u>(17,250)</u>
Other financing sources:					
Transfer (to)/from General Fund	-	17,250	-	17,250	17,250
Total Other Financing Sources (Uses)	<u>-</u>	<u>17,250</u>	<u>-</u>	<u>17,250</u>	<u>17,250</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

**Beaufort County, North Carolina**  
**Capital Project Fund - Hospital Renovations**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Grant funds	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	410,483	387,833	-	387,833	(22,650)
Investment Income	390,000	279,153	266,526	545,679	155,679
Total Revenues	<u>800,483</u>	<u>666,986</u>	<u>266,526</u>	<u>933,512</u>	<u>133,029</u>
<b>Expenditures</b>					
Economic & Physical Development:					
Construction	20,130,483	9,091,593	7,679,265	16,770,858	3,359,625
Contingency	170,000	-	-	-	170,000
Total Expenditures	<u>20,300,483</u>	<u>9,091,593</u>	<u>7,679,265</u>	<u>16,770,858</u>	<u>3,529,625</u>
Revenues Over (Under) Expenditures	<u>(19,500,000)</u>	<u>(8,424,607)</u>	<u>(7,412,739)</u>	<u>(15,837,346)</u>	<u>3,662,654</u>
Other financing sources:					
Transfer in	1,500,000	165,859	-	165,859	(1,334,141)
Proceeds from long term debt	18,000,000	16,538,502	3,000,000	19,538,502	1,538,502
Total Other Financing Sources (Uses)	<u>19,500,000</u>	<u>16,704,361</u>	<u>3,000,000</u>	<u>19,704,361</u>	<u>204,361</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 8,279,754</u>	<u>(4,412,739)</u>	<u>\$ 3,867,015</u>	<u>\$ 3,867,015</u>
Fund balances:					
Beginning of year, July 1			<u>8,279,754</u>		
End of year, June 30			<u>\$ 3,867,015</u>		



**Beaufort County, North Carolina**  
**Capital Project Fund - Delta City Sewer**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Grant funds	\$ 1,719,365	\$ 1,228,349	\$ -	\$ 1,228,349	\$ (491,016)
Investment Income	-	-	-	-	-
Total Revenues	<u>1,719,365</u>	<u>1,228,349</u>	<u>-</u>	<u>1,228,349</u>	<u>(491,016)</u>
<b>Expenditures</b>					
Economic & Physical Development:					
Construction	1,920,365	1,384,497	-	1,384,497	535,868
Contingency	-	-	-	-	-
Total Expenditures	<u>1,920,365</u>	<u>1,384,497</u>	<u>-</u>	<u>1,384,497</u>	<u>535,868</u>
Revenues Over (Under) Expenditures	<u>(201,000)</u>	<u>(156,148)</u>	<u>-</u>	<u>(156,148)</u>	<u>44,852</u>
Other financing sources:					
Transfer (to)/from other funds	-	(44,852)	-	(44,852)	(44,852)
Local contribution	201,000	201,000	-	201,000	-
Total Other Financing Sources (Uses)	<u>201,000</u>	<u>156,148</u>	<u>-</u>	<u>156,148</u>	<u>(44,852)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

**Beaufort County, North Carolina**  
**Hurricane Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2008**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental - HMGP	\$ 1,345,813	\$ 1,156,935	\$ 38,381	\$ 1,195,316	\$ (150,497)
Restricted intergovernmental - CDBG	600,000	588,085	7,500	595,585	(4,415)
Other	3,744	3,744	4,620	8,364	4,620
Interest Income	-	-	-	-	-
Total Revenues	<u>1,949,557</u>	<u>1,748,764</u>	<u>50,501</u>	<u>1,799,265</u>	<u>(150,292)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	<u>2,044,557</u>	<u>1,745,982</u>	<u>77,707</u>	<u>1,823,689</u>	<u>220,868</u>
Revenues over expenditures	(95,000)	2,782	(27,206)	(24,424)	70,576
<b>Other Financing Sources (Uses):</b>					
Transfer in	<u>95,000</u>	<u>-</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>95,000</u>	<u>-</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
<b>Revenues, Other Sources Over (Under) Expenditures and Other Uses</b>					
	<u>\$ -</u>	<u>\$ 2,782</u>	67,794	<u>\$ 70,576</u>	<u>\$ 70,576</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>2,782</u>		
End of year, June 30			<u>\$ 70,576</u>		

**Beaufort County, North Carolina**  
**Capital Project Fund - Public Schools**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Sale of Bonds	\$ 33,000,000	\$ 26,000,000	\$ 7,000,000	\$ 33,000,000	\$ -
Restricted intergovernmental	5,169,800	3,430,190	1,252,319	4,682,509	(487,291)
Other income	195,671	-	32,312	32,312	(163,359)
Investment Income	559,716	582,297	215,972	798,269	238,553
Total Revenues	<u>38,925,187</u>	<u>30,012,487</u>	<u>8,500,603</u>	<u>38,513,090</u>	<u>(412,097)</u>
<b>Expenditures</b>					
Economic & Physical Development:					
Construction	38,925,187	29,449,248	9,441,824	38,891,072	34,115
Total Expenditures	<u>38,925,187</u>	<u>29,449,248</u>	<u>9,441,824</u>	<u>38,891,072</u>	<u>34,115</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>563,239</u>	<u>(941,221)</u>	<u>(377,982)</u>	<u>(377,982)</u>
Other financing sources:					
Transfer to General Fund	-	-	221,760	221,760	221,760
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>221,760</u>	<u>221,760</u>	<u>221,760</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 563,239</u>	<u>(719,461)</u>	<u>\$ (156,222)</u>	<u>\$ (156,222)</u>
Fund balances:					
Beginning of year, July 1			<u>563,239</u>		
End of year, June 30			<u>\$ (156,222)</u>		

**Beaufort County, North Carolina**  
**Capital Project Fund - Industrial Ready Building**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
CDBG Grant	\$ 18,000	\$ 3,673	\$ 14,328	\$ 18,001	\$ 1
Sale of industrial ready building	-	1,387,466	-	1,387,466	1,387,466
Investment Income	-	13,517	12,728	26,245	26,245
Total Revenues	<u>18,000</u>	<u>1,404,656</u>	<u>27,056</u>	<u>1,431,712</u>	<u>1,413,712</u>
<b>Expenditures</b>					
Economic & Physical Development:					
Construction	<u>6,560,587</u>	<u>1,579,909</u>	<u>4,226,164</u>	<u>5,806,073</u>	<u>754,514</u>
Total Expenditures	<u>6,560,587</u>	<u>1,579,909</u>	<u>4,226,164</u>	<u>5,806,073</u>	<u>754,514</u>
Revenues Over (Under) Expenditures	<u>(6,542,587)</u>	<u>(175,253)</u>	<u>(4,199,108)</u>	<u>(4,374,361)</u>	<u>2,168,226</u>
Other financing sources(uses):					
Transfer in from other funds	960,587	-	3,123,241	3,123,241	2,162,654
Principal payoff on IRB I	(1,200,000)	(1,098,980)	-	(1,098,980)	101,020
Loan Proceeds - IRB II	<u>6,782,000</u>	<u>2,468,206</u>	<u>-</u>	<u>2,468,206</u>	<u>(4,313,794)</u>
Total Other Financing Sources (Uses)	<u>6,542,587</u>	<u>2,468,206</u>	<u>3,123,241</u>	<u>4,492,467</u>	<u>(2,050,120)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 1,193,973</u>	<u>(1,075,867)</u>	<u>\$ 118,106</u>	<u>\$ 118,106</u>
Fund balances:					
Beginning of year, July 1			<u>1,193,973</u>		
End of year, June 30			<u>\$ 118,106</u>		

**Beaufort County, North Carolina**  
**Capital Project Fund - Animal Shelter**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Donations	\$	\$ 1,650	\$ -	\$ 1,650	\$ 1,650
Investment Income		23,927	-	23,927	23,927
Total Revenues	<u>36,000</u>	<u>25,577</u>	<u>-</u>	<u>25,577</u>	<u>25,577</u>
<b>Expenditures</b>					
Economic & Physical Development:					
Construction	1,136,000	1,100,439	-	1,100,439	35,561
Contingency	-	-	-	-	-
Total Expenditures	<u>1,136,000</u>	<u>1,100,439</u>	<u>-</u>	<u>1,100,439</u>	<u>35,561</u>
Revenues Over (Under) Expenditures	<u>(1,100,000)</u>	<u>(1,074,862)</u>	<u>-</u>	<u>(1,074,862)</u>	<u>61,138</u>
Other financing sources:					
Transfer in from general fund	1,100,000	1,074,862	-	1,074,862	(25,138)
Total Other Financing Sources (Uses)	<u>1,100,000</u>	<u>1,074,862</u>	<u>-</u>	<u>1,074,862</u>	<u>(25,138)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 36,000</u>
Fund balances:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

**Beaufort County, North Carolina**  
**Capital Project Fund - Pantego Sewer**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Grants	\$ 3,399,910	\$ 203,960	\$ 3,149,003	\$ 3,352,963	\$ (46,947)
Investment Income	-	-	-	-	-
Total Revenues	<u>3,399,910</u>	<u>203,960</u>	<u>3,149,003</u>	<u>3,352,963</u>	<u>(46,947)</u>
<b>Expenditures</b>					
Economic & Physical Development:					
Construction	3,399,910	753,361	2,588,910	3,342,271	57,639
Total Expenditures	<u>3,399,910</u>	<u>753,361</u>	<u>2,588,910</u>	<u>3,342,271</u>	<u>57,639</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(549,401)</u>	<u>560,093</u>	<u>10,692</u>	<u>10,692</u>
Other financing sources:					
Transfer in from other fund	-	22,500	-	22,500	22,500
Total Other Financing Sources (Uses)	<u>-</u>	<u>22,500</u>	<u>-</u>	<u>22,500</u>	<u>22,500</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (526,901)</u>	<u>560,093</u>	<u>\$ 33,192</u>	<u>\$ 33,192</u>
Fund balances:					
Beginning of year, July 1			<u>(526,901)</u>		
End of year, June 30			<u>\$ 33,192</u>		

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District I**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Operating Revenues			
Water sales	\$	\$ 557,297	\$
Tap on Fees		29,650	
Miscellaneous		6,945	
Total Operating Revenues	<u>611,112</u>	<u>593,892</u>	<u>(17,220)</u>
Nonoperating Revenues			
Interest on Investments	<u>7,371</u>	<u>7,443</u>	<u>72</u>
Total Revenues	<u>618,483</u>	<u>601,335</u>	<u>(17,148)</u>
<b>Expenditures:</b>			
Administration:			
Supplies		703	
Telephone		6,939	
Travel		9,207	
Utilities		10,320	
Other administration expenses		1,909	
Total	<u>30,357</u>	<u>29,078</u>	<u>1,279</u>
Water treatment & distribution:			
Salaries and employee benefits		121,574	
Water purchase		82,120	
Supplies		27,609	
Maintenance		14,598	
Other expenses		-	
Total	<u>252,941</u>	<u>245,901</u>	<u>7,040</u>
Budgetary Appropriations:			
Capital Outlay		11,123	
Interest Paid		254,685	
Debt Principal		68,500	
Total	<u>335,185</u>	<u>334,308</u>	<u>877</u>
Total Expenditures	<u>618,483</u>	<u>609,287</u>	<u>9,196</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(7,952)</u>	<u>(7,952)</u>

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District I**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Grants		-	
Transfer to other funds		-	
Transfer from other funds		-	
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	-	(7,952)	(7,952)
Appropriated Fund Balance		-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (7,952)	\$ (7,952)

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (7,952)
Budgetary Appropriations:	
Capital Outlay	11,123
Capital contributions - grant	-
Principal Payments	68,500
Adjustments:	
Depreciation	(7,103)
Total reconciling items	72,520
Change in net assets	\$ 64,568

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District II**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Operating Revenues			
Water sales		\$ 764,596	
Tap on Fees		26,075	
Miscellaneous		2,798	
Total Operating Revenues	\$ 723,973	793,469	\$ 69,496
Nonoperating Revenues			
Interest on Investments	12,500	11,436	(1,064)
<b>Total Revenues</b>	<b>736,473</b>	<b>804,905</b>	<b>68,432</b>
<b>Expenditures:</b>			
Administration:			
Supplies		2,489	
Telephone		10,560	
Travel		13,690	
Utilities		14,569	
Other administration expenses		1,448	
Total	42,851	42,756	95
Water treatment & distribution:			
Salaries and employee benefits		136,389	
Water purchase		124,104	
Supplies		42,386	
Maintenance		40,441	
Other expenses		63,461	
Total	416,835	406,781	10,054
Budgetary Appropriations:			
Capital Outlay		5,567	
Interest Paid		244,069	
Debt Principal		82,000	
Total	331,636	331,636	-
Total Expenditures	791,322	781,173	10,149
Revenues Over (Under) Expenditures	(54,849)	23,732	78,581

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District II**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Bond Proceeds		-	
Transfer to other funds	-	-	
Transfer from other funds		-	
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	(54,849)	23,732	78,581
Appropriated Fund Balance	54,849	-	(54,849)
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ 23,732	\$ 23,732

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ 23,732
Budgetary Appropriations:	
Capital Outlay	5,567
Capital contributions - grant	-
Principal Payments	82,000
Adjustments:	
Loss on disposal of asset	-
Depreciation	(117,854)
Total reconciling items	(30,287)
Change in net assets	\$ (6,555)

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District III**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Operating Revenues			
Water sales	\$	\$ 906,761	\$
Tap on Fees		30,800	
Miscellaneous		11,687	
Total Operating Revenues	<u>880,826</u>	<u>949,248</u>	<u>68,422</u>
Nonoperating Revenues			
Interest on Investments	<u>8,500</u>	<u>11,436</u>	<u>2,936</u>
Total Revenues	<u>889,326</u>	<u>960,684</u>	<u>71,358</u>
<b>Expenditures:</b>			
Administration:			
Supplies		1,442	
Telephone		10,560	
Travel		13,689	
Utilities		13,962	
Other administration expenses		3,308	
Total	<u>43,000</u>	<u>42,961</u>	<u>39</u>
Water treatment & distribution:			
Salaries and employee benefits		137,997	
Water purchase		112,587	
Supplies		42,386	
Maintenance		40,441	
Other expenses		76,146	
Total	<u>410,000</u>	<u>409,557</u>	<u>443</u>
Budgetary Appropriations:			
Capital Outlay			
Interest Paid		301,503	
Debt Principal		120,300	
Total	<u>436,326</u>	<u>421,803</u>	<u>14,523</u>
Total Expenditures	<u>889,326</u>	<u>874,321</u>	<u>15,005</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>86,363</u>	<u>86,363</u>

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District III**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Bond Proceeds		-	
Transfer to other funds		-	
Transfer from other funds		-	
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	-	86,363	86,363
Appropriated Fund Balance		-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ 86,363	\$ 86,363

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ 86,363
Budgetary Appropriations:	
Capital Outlay	-
Principal Payments	120,300
Capital contributions - grant	-
Adjustments:	
Depreciation	(139,608)
Total reconciling items	(19,308)
Change in net assets	\$ 67,055

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District IV**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Operating Revenues			
Water sales	\$	\$ 932,248	\$
Tap on Fees		34,710	
Miscellaneous		13,372	
Total Operating Revenues	<u>960,530</u>	<u>980,330</u>	<u>19,800</u>
Nonoperating Revenues			
Interest on Investments	<u>8,600</u>	<u>12,007</u>	<u>3,407</u>
<b>Total Revenues</b>	<u>969,130</u>	<u>992,337</u>	<u>23,207</u>
<b>Expenditures:</b>			
Administration:			
Supplies		2,654	
Telephone		11,088	
Travel		14,418	
Utilities		15,177	
Other administration expenses		3,264	
Total	<u>47,000</u>	<u>46,601</u>	<u>399</u>
Water treatment & distribution:			
Salaries and employee benefits		143,397	
Water purchase		127,426	
Supplies		44,504	
Maintenance		42,463	
Other expenses		27,905	
Total	<u>423,130</u>	<u>385,695</u>	<u>37,435</u>
Budgetary Appropriations:			
Capital Outlay		5,845	
Interest Paid		368,149	
Debt Principal		124,000	
Total	<u>499,000</u>	<u>497,994</u>	<u>1,006</u>
Total Expenditures	<u>969,130</u>	<u>930,290</u>	<u>38,840</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>62,047</u>	<u>62,047</u>

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District IV**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Grants		-	
Transfer to other funds		-	
Transfer from other funds		-	
Total Other Financing Sources (Uses)		-	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	-	62,047	62,047
Appropriated Fund Balance		-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ 62,047	\$ 62,047

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>62,047</u>
Budgetary Appropriations:	
Capital Outlay	5,845
Principal Payments	124,000
Adjustments:	
Capital contribution - grant	-
Capital project - other revenue	-
Depreciation	<u>(17,060)</u>
Total reconciling items	112,785
Change in net assets	\$ <u>174,832</u>

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District V**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Operating Revenues			
Water sales	\$	\$ 414,592	\$
Tap on Fees		14,550	
Miscellaneous		5,968	
Total Operating Revenues	<u>462,746</u>	<u>435,110</u>	<u>(27,636)</u>
Nonoperating Revenues			
Interest on Investments	<u>2,800</u>	<u>5,022</u>	<u>2,222</u>
Total Revenues	<u>465,546</u>	<u>440,132</u>	<u>(25,414)</u>
<b>Expenditures:</b>			
Administration:		1,121	
Supplies		474	
Telephone		4,676	
Travel		6,126	
Utilities		6,677	
Other administration expenses		1,364	
Total	<u>20,000</u>	<u>19,317</u>	<u>683</u>
Water distribution			
Salaries and employee benefits		60,950	
Water purchase		55,738	
Supplies		18,613	
Maintenance		17,761	
Other expenses		12,337	
Total	<u>165,500</u>	<u>165,399</u>	<u>101</u>
Budgetary Appropriations:			
Capital Outlay		2,444	
Interest Paid		184,747	
Debt Principal		91,225	
Total	<u>280,046</u>	<u>278,416</u>	<u>1,630</u>
Total Expenditures	<u>465,546</u>	<u>463,132</u>	<u>2,414</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(23,000)</u>	<u>(23,000)</u>

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District V**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Damage reimbursement			
Transfer to other funds		-	
Transfer from other funds		-	
Total Other Financing Sources (Uses)		-	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	-	(23,000)	(23,000)
Appropriated Fund Balance		-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (23,000)	\$ (23,000)

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (23,000)
Budgetary Appropriations:	
Capital Outlay	2,444
Principal Payments	91,225
Capital contribution - grant	-
Adjustments:	
Loss on disposal of asset	-
Depreciation	(37,577)
Total reconciling items	56,092
Change in net assets	\$ 33,092

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District VI**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
<b>Operating Revenues</b>			
Water sales	\$	\$ 925,987	\$
Tap on Fees		40,600	
Miscellaneous		97,686	
Total Operating Revenues	<u>967,418</u>	<u>1,064,273</u>	<u>96,855</u>
<b>Nonoperating Revenues</b>			
Interest on Investments	<u>14,158</u>	<u>15,379</u>	<u>1,221</u>
<b>Total Revenues</b>	<u>981,576</u>	<u>1,079,652</u>	<u>98,076</u>
<b>Expenditures:</b>			
<b>Administration:</b>			
Supplies		3,327	
Telephone		14,073	
Travel		17,835	
Utilities		49,990	
Other administration expenses		4,350	
Total	<u>90,000</u>	<u>89,575</u>	<u>425</u>
<b>Water distribution:</b>			
Salaries and employee benefits		176,323	
Water Purchase		31,232	
Supplies		56,988	
Maintenance		54,394	
Other expenses		38,507	
Total	<u>358,000</u>	<u>357,444</u>	<u>556</u>
<b>Budgetary Appropriations:</b>			
Capital Outlay		7,486	
Interest Paid		476,325	
Debt Principal		121,000	
Total	<u>607,325</u>	<u>604,811</u>	<u>2,514</u>
Total Expenditures	<u>1,055,325</u>	<u>1,051,830</u>	<u>3,495</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(73,749)</u>	<u>27,822</u>	<u>101,571</u>

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District VI**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Grants		-	
Repayment of advance		-	
Transfer to other funds		-	
Transfer from other funds		-	
Total Other Financing Sources (Uses)	<u>73,749</u>	<u>-</u>	<u>(73,749)</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	-	27,822	27,822
Appropriated Fund Balance		-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 27,822</u>	<u>\$ 27,822</u>

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>27,822</u>
Budgetary Appropriations:	
Capital Outlay	7,486
Principal Payments	121,000
Adjustments:	
Capital contribution - grant	763,194
Capital project - transfer in	-
Depreciation	<u>(27,039)</u>
Total reconciling items	864,641
Change in net assets	<u>\$ 892,463</u>

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District VII**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Operating Revenues			
Water sales	\$	\$ 576,891	\$
Tap on Fees		14,800	
Miscellaneous		62,697	
Total Operating Revenues	<u>793,366</u>	<u>654,388</u>	<u>(138,978)</u>
Nonoperating Revenues			
Interest on Investments	<u>8,248</u>	<u>8,707</u>	<u>459</u>
<b>Total Revenues</b>	<u>801,614</u>	<u>663,095</u>	<u>(138,519)</u>
<b>Expenditures:</b>			
Administration:			
Supplies		1,914	
Telephone		8,021	
Travel		10,355	
Utilities		30,287	
Other administration expenses		2,367	
Total	<u>53,500</u>	<u>52,944</u>	<u>556</u>
Water distribution:			
Salaries and employee benefits		103,939	
Water purchase		4,485	
Supplies		32,273	
Maintenance		30,790	
Other expenses		111,668	
Total	<u>285,000</u>	<u>283,155</u>	<u>1,845</u>
Budgetary Appropriations:			
Capital Outlay		4,239	
Interest Paid		260,775	
Debt Principal		87,000	
Total	<u>463,114</u>	<u>352,014</u>	<u>111,100</u>
Total Expenditures	<u>801,614</u>	<u>688,113</u>	<u>113,501</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(25,018)</u>	<u>(25,018)</u>

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District VII**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2008**

	2008		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Bond Proceeds		-	
Operating Transfer to other funds		-	
Operating Transfer from other funds	-	-	
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	-	(25,018)	(25,018)
Appropriated Fund Balance		-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (25,018)	\$ (25,018)

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (25,018)
Budgetary Appropriations:	
Capital Outlay	4,239
Principal Payments	87,000
Adjustments:	
Capital contribution - grant	31,645
Loss on disposal of asset	-
Depreciation	(12,485)
Total reconciling items	110,399
Change in net assets	\$ 85,381

**Beaufort County, North Carolina**  
**Water District Capital Project Fund - Water District I**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant - Clean water grant	\$ 4,301,417	\$ 3,207,011	\$ -	\$ 3,207,011	\$ (1,094,406)
Developer contribution	13,747	105,625	-	105,625	91,878
Investment Income	-	-	-	-	-
Total Revenues	<u>4,315,164</u>	<u>3,312,636</u>	<u>-</u>	<u>3,312,636</u>	<u>(1,002,528)</u>
<b>Expenditures:</b>					
Administration	46,738	45,065	-	45,065	1,673
Engineering	465,205	400,609	54,969	455,578	9,627
Inspection	178,750	161,683	9,561	171,244	7,506
Construction	9,820,828	7,657,722	659,412	8,317,134	1,503,694
Total Expenditures	<u>10,511,521</u>	<u>8,265,079</u>	<u>723,942</u>	<u>8,989,021</u>	<u>1,522,500</u>
Revenues Over (Under) Expenditures	<u>(6,196,357)</u>	<u>(4,952,443)</u>	<u>(723,942)</u>	<u>(5,676,385)</u>	<u>519,972</u>
<b>Other financing sources:</b>					
Bond anticipation notes	5,467,300	5,467,300	-	5,467,300	-
Transfer from/to other funds	729,057	1,098,742	-	1,098,742	369,685
Total Other Financing Sources (Uses)	<u>6,196,357</u>	<u>6,566,042</u>	<u>-</u>	<u>6,566,042</u>	<u>369,685</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 1,613,599</u>	<u>\$ (723,942)</u>	<u>\$ 889,657</u>	<u>\$ 889,657</u>

**Beaufort County, North Carolina**  
**Water District Capital Project Fund - Water District II**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 1,800,620	\$ 233,451	\$ -	\$ 233,451	\$ (1,567,169)
Other	-	1,962	-	1,962	1,962
Investment Income	-	-	-	-	-
Total Revenues	<u>1,800,620</u>	<u>235,413</u>	<u>-</u>	<u>235,413</u>	<u>(1,565,207)</u>
<b>Expenditures:</b>					
Engineering	148,325	22,163	-	22,163	126,162
Construction	1,442,644	197,623	-	197,623	1,245,021
Interest	136,879	-	-	-	136,879
Contingency	72,772	15,627	-	15,627	57,145
Total Expenditures	<u>1,800,620</u>	<u>235,413</u>	<u>-</u>	<u>235,413</u>	<u>1,565,207</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources:</b>					
Transfer from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Beaufort County, North Carolina**  
**Water District Capital Project Fund - Water District III**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 1,123,795	\$ 493,419	\$ -	\$ 493,419	\$ (630,376)
Other	-	12,589	-	12,589	12,589
Investment Income	-	335	-	335	335
Total Revenues	<u>1,123,795</u>	<u>506,343</u>	<u>-</u>	<u>506,343</u>	<u>(617,452)</u>
<b>Expenditures:</b>					
Engineering	92,464	64,220	-	64,220	28,244
Construction	975,258	408,145	-	408,145	567,113
Interest	1,219	-	-	-	1,219
Contingency	54,854	33,978	-	33,978	20,876
Total Expenditures	<u>1,123,795</u>	<u>506,343</u>	<u>-</u>	<u>506,343</u>	<u>617,452</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources:</b>					
Transfer from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Beaufort County, North Carolina**  
**Water District Capital Project Fund - Water District IV**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 4,269,300	\$ 3,331,140	\$ -	\$ 3,331,140	\$ (938,160)
Tap fees	47,700	-	-	-	(47,700)
Other	70,000	14,782	-	14,782	(55,218)
Investment Income	-	74,514	-	74,514	74,514
Total Revenues	<u>4,387,000</u>	<u>3,420,436</u>	<u>-</u>	<u>3,420,436</u>	<u>(966,564)</u>
<b>Expenditures:</b>					
Engineering	610,057	560,943	-	560,943	49,114
Construction	7,330,020	6,641,732	-	6,641,732	688,288
Interest	604,252	525,168	-	525,168	79,084
Administrative services	700	919	-	919	(219)
Legal and accounting	51,354	58,833	-	58,833	(7,479)
Land purchase	35,000	35,000	-	35,000	-
Water district I expenses	442,536	441,159	-	441,159	1,377
Water district V expenses	362,612	362,612	-	362,612	-
Contingency	168,154	-	-	-	168,154
Total Expenditures	<u>9,604,685</u>	<u>8,626,366</u>	<u>-</u>	<u>8,626,366</u>	<u>978,319</u>
Revenues Over (Under) Expenditures	<u>(5,217,685)</u>	<u>(5,205,930)</u>	<u>-</u>	<u>(5,205,930)</u>	<u>11,755</u>
<b>Other financing sources:</b>					
From District IV Phase II	53,543	53,543	-	53,543	-
To Water District I	(283,742)	(283,742)	-	(283,742)	-
From District V	47,884	47,884	-	47,884	-
Proceeds from long term debt	5,400,000	5,400,000	-	5,400,000	-
Total other financing sources	<u>5,217,685</u>	<u>5,217,685</u>	<u>-</u>	<u>5,217,685</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 11,755</u>	<u>\$ -</u>	<u>\$ 11,755</u>	<u>\$ 11,755</u>

**Beaufort County, North Carolina**  
**Water District Capital Project Fund - Water District IV - Phase II**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

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

**Beaufort County, North Carolina**  
**Water District Capital Project Fund - Water District V - Clean Water**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 1,819,900	\$ 1,139,907	\$ -	\$ 1,139,907	\$ (679,993)
Tap fees	-	-	-	-	-
Investment Income	-	-	-	-	-
Total Revenues	<u>1,819,900</u>	<u>1,139,907</u>	<u>-</u>	<u>1,139,907</u>	<u>(679,993)</u>
<b>Expenditures:</b>					
Engineering	101,218	89,292	-	89,292	11,926
Construction	1,575,454	1,153,194	-	1,153,194	422,260
Inspections	90,151	68,717	-	68,717	21,434
Legal and accounting	7,500	5,167	-	5,167	2,333
Land purchase	30,000	30,000	-	30,000	-
Contingency	15,577	-	-	-	15,577
Total Expenditures	<u>1,819,900</u>	<u>1,346,370</u>	<u>-</u>	<u>1,346,370</u>	<u>473,530</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(206,463)</u>	<u>-</u>	<u>(206,463)</u>	<u>(206,463)</u>
<b>Other financing sources:</b>					
Proceeds from long term debt	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (206,463)</u>	<u>\$ -</u>	<u>\$ (206,463)</u>	<u>\$ (206,463)</u>

**Beaufort County, North Carolina**  
**Water District Capital Project Fund - Water District V Pantego Capital Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

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

**Beaufort County, North Carolina**  
**Water District Capital Project Fund - Water District VI Southside HS**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

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

**Beaufort County, North Carolina**  
**Water District Capital Project Fund - Water District VI Chocowinity**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 3,000,000	\$ 3,073,308	\$ -	\$ 3,073,308	\$ 73,308
State grant	1,364,000	1,364,000	-	1,364,000	-
Other restricted grants	6,283,079	4,102,113	763,194	4,865,307	(1,417,772)
Other	-	139,077	-	139,077	139,077
Investment Income	-	-	-	-	-
Total Revenues	<u>10,647,079</u>	<u>8,678,498</u>	<u>763,194</u>	<u>9,441,692</u>	<u>(1,205,387)</u>
<b>Expenditures:</b>					
Engineering	1,029,723	964,494	62,766	1,027,260	2,463
Construction	17,240,974	16,390,559	-	16,390,559	850,415
Land purchase	197,832	178,800	14,800	193,600	4,232
Inspection	723,506	692,821	24,935	717,756	5,750
Interest	1,895,100	962,999	824,900	1,787,899	107,201
Contingency	359,944	389	776	1,165	358,779
Total Expenditures	<u>21,447,079</u>	<u>19,190,062</u>	<u>928,177</u>	<u>20,118,239</u>	<u>1,328,840</u>
Revenues Over (Under) Expenditures	<u>(10,800,000)</u>	<u>(10,511,564)</u>	<u>(164,983)</u>	<u>(10,676,547)</u>	<u>123,453</u>
<b>Other financing sources:</b>					
Loans	10,700,000	10,700,000	-	10,700,000	-
Transfer from/to other funds	100,000	128,900	-	128,900	28,900
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 317,336</u>	<u>\$ (164,983)</u>	<u>\$ 152,353</u>	<u>\$ 152,353</u>

**Beaufort County, North Carolina**  
**Water District Capital Project Fund - Water District VII**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2008**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 9,814,140	\$ 3,804,266	\$ -	\$ 3,804,266	\$ (6,009,874)
Tap fees	31,000	178,963	31,645	210,608	179,608
Other	61,193	-	54,481	54,481	(6,712)
Investment Income	8,261	-	-	-	(8,261)
Total Revenues	<u>9,914,594</u>	<u>3,983,229</u>	<u>86,126</u>	<u>4,069,355</u>	<u>(5,845,239)</u>
<b>Expenditures:</b>					
Engineering	607,042	603,808	-	603,808	3,234
Construction	14,657,351	8,754,693	-	8,754,693	5,902,658
Interest	526,506	525,566	-	525,566	940
Legal and accounting	123,695	62,482	3,013	65,495	58,200
Contingency	-	-	-	-	-
Total Expenditures	<u>15,914,594</u>	<u>9,946,549</u>	<u>3,013</u>	<u>9,949,562</u>	<u>5,965,032</u>
Revenues Over (Under) Expenditures	<u>(6,000,000)</u>	<u>(5,963,320)</u>	<u>83,113</u>	<u>(5,880,207)</u>	<u>119,793</u>
Other financing sources:					
Proceeds from long term debt	<u>6,000,000</u>	<u>6,100,000</u>	<u>-</u>	<u>6,100,000</u>	<u>100,000</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 136,680</u>	<u>\$ 83,113</u>	<u>\$ 219,793</u>	<u>\$ 219,793</u>

**Beaufort County, North Carolina**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Balance</u> <u>July 1, 2007</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Social Services Fund:</b>			
Cash and Investments	\$ <u>48,269</u>	\$ <u>(14,127)</u>	\$ <u>34,142</u>
Liabilities	\$ <u>48,269</u>	\$ <u>(14,127)</u>	\$ <u>34,142</u>
<b>Sheriff Accounts:</b>			
Cash and Investments	\$ <u>12,490</u>	\$ <u>4,416</u>	\$ <u>16,906</u>
Liabilities	\$ <u>12,490</u>	\$ <u>4,416</u>	\$ <u>16,906</u>
<b>Motor Vehicle Tax:</b>			
Cash and Investments	\$ <u>1,603</u>	\$ <u>261</u>	\$ <u>1,864</u>
Liabilities	\$ <u>1,603</u>	\$ <u>261</u>	\$ <u>1,864</u>
<b>Total - All Agency Funds:</b>			
Cash and Investments	\$ <u>62,362</u>	\$ <u>(9,450)</u>	\$ <u>52,912</u>
Liabilities	\$ <u>62,362</u>	\$ <u>(9,450)</u>	\$ <u>52,912</u>

## OTHER SCHEDULES

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

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

**Beaufort County, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2008**

Fiscal Year	Uncollected Balance June 30, 2007	Additions	Collections And Credits	Uncollected Balance June 30, 2008
2007-2008	\$ -	\$ 23,607,164	\$ 22,394,576	\$ 1,212,588
2006-2007	1,099,867	-	760,709	339,158
2005-2006	319,636	-	108,752	210,884
2004-2005	213,358	-	41,550	171,808
2003-2004	197,236	-	25,291	171,945
2002-2003	190,213	-	21,285	168,928
2001-2002	172,719	-	15,829	156,890
2000-2001	179,921	-	10,301	169,620
1999-2000	135,686	-	8,165	127,521
1998-1999	98,248	-	6,428	91,820
1997-1998	81,244	-	81,244	-
<b>TOTALS</b>	<b>\$ 2,688,128</b>	<b>\$ 23,607,164</b>	<b>\$ 23,474,130</b>	<b>\$ 2,821,163</b>
				Less: Allowance for uncollectable taxes
				(900,000)
				Ad valorem taxes - General Fund
				\$ 1,921,163
				<u>Reconcilement with revenues:</u>
				Ad valorem taxes - General Fund
				\$ 23,587,669
				Reconciling items:
				Penalties and Interest
				(312,418)
				Collection of Old Taxes
				(6,039)
				Release
				204,918
				Total Reconciling Items
				(113,539)
				Total Collections and Credits
				\$ 23,474,130

**Beaufort County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - wide Levy**  
**For the Fiscal Year Ended June 30, 2008**

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**Secondary Market Disclosures:**

Assessed Valuation:

Assessment Ratio <sup>1</sup>	100 %
Real Property	\$ 2,570,044,436
Personal Property	1,291,892,289
Public Service Companies <sup>2</sup>	<u>66,545,275</u>
Total Assessed Valuation	<u>3,928,482,000</u>
Tax Rate per \$100	0.6
Levy (includes discoveries, releases and abatements) <sup>3</sup>	<u>\$ 23,607,164</u>

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

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

<sup>3</sup> The levy includes penalties and multi-rate for motor vehicles.

**Beaufort County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - Wide Levy**  
**For the Fiscal Year Ended June 30, 2008**

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Taxes at Current Year Rate	\$ 3,928,474,500	0.6000%	\$ 23,570,847	\$ 21,151,283	\$ 2,419,564
Penalties			36,959	36,959	-
Total Original Levy	<u>3,928,474,500</u>		<u>23,607,806</u>	<u>21,188,242</u>	<u>2,419,564</u>
Discoveries:					
Current year taxes	14,196,833	0.6000%	85,181	85,181	-
Penalties			-	-	-
Total Discoveries	<u>14,196,833</u>		<u>85,181</u>	<u>85,181</u>	<u>-</u>
Abatements					
Current Year Taxes	(14,189,333)	0.6000%	(85,136)	(46,638)	(38,498)
Penalties			(687)	(687)	-
Total Abatements	<u>(14,189,333)</u>		<u>(85,823)</u>	<u>(47,325)</u>	<u>(38,498)</u>
Total for Year	<u>\$ 3,928,482,000</u>		23,607,164	21,226,098	2,381,066
Uncollected taxes at June 30, 2008			<u>1,212,588</u>	<u>814,250</u>	<u>398,338</u>
Current year's taxes collected			<u>\$ 22,394,576</u>	<u>\$ 20,411,848</u>	<u>\$ 1,982,728</u>
Current levy collection percentage			<u>94.86%</u>	<u>96.16%</u>	<u>83.27%</u>

**Beaufort County, North Carolina**  
**Schedule of Ten Largest Taxpayers**  
**For the Fiscal Year Ended June 30, 2008**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2007 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
PCS Phosphate Company, Inc.	Phosphate Mining/Acid Production	\$ 540,192,468	13.75 %
Purified Acid Partnership	Acid Production	149,886,320	3.82
Weyerhaeuser Co.	Tree Farm Operation	58,025,641	1.48
Tideland Electric Membership	Utilities	20,323,225	0.52
Stanadyne Automotive Corp.	Automotive Diesel Components	18,124,339	0.46
Carolina Telephone & Telegraph	Communications	15,623,048	0.40
Fountain Powerboats Inc.	Powerboats	13,034,477	0.33
Progress Energy	Utilities	12,910,185	0.33
Gregory Poole Leasing LLC		10,739,828	0.27
Flanders Filters, Inc.		10,585,512	0.27
Total		<u>\$ 849,445,043</u>	<u>21.62 %</u>

## Compliance Section



CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners  
Beaufort County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2008, which collectively comprises Beaufort County's basic financial statements and have issued our report thereon dated October 7, 2008. We did not audit the financial statements of the Beaufort County ABC Board or Beaufort County Hospital. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort County ABC Board or Beaufort County Hospital is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of the Beaufort County Hospital Association or Beaufort County ABC Board were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Beaufort County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Beaufort County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

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

*Members*

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Beaufort County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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.

We noted certain matters that we reported to management of Beaufort County, in a separate letter dated October 7, 2008.

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

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

Thompson, Price, Scott, Adams & Co., P.A.  
October 7, 2008



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

To the Board of County Commissioners  
Beaufort County, North Carolina

Compliance

We have audited the compliance of the Beaufort County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2008. Beaufort County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Beaufort County's management. Our responsibility is to express an opinion on the Beaufort County's compliance based on our audit.

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

In our opinion, Beaufort County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

*Members*

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above.

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

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

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

*October 7, 2008*



CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of County Commissioners  
Beaufort County, North Carolina

Compliance

We have audited the compliance of Beaufort County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2008. Beaufort County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Beaufort County's management. Our responsibility is to express an opinion on Beaufort County's compliance based on our audit.

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

In our opinion, Beaufort County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above.

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

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

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

October 7, 2008

Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2008

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**Section I. Summary of Auditor's Results**

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Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?            \_\_\_yes            Xno
  
- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses                            \_\_\_yes            Xno

Noncompliance material to financial  
statements noted                                \_\_\_yes            Xno

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?            \_\_\_yes            Xno
  
- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses                            \_\_\_yes            Xnone reported

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

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

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
10.551/10.561	Food Stamp Cluster
93.778	Medical Assistance Program

Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2008

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Dollar threshold used to distinguish  
between Type A and Type B Programs            \$ 1,880,756

Auditee qualified as low-risk auditee?             yes             no

State Awards

Internal control over major state programs:

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

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

Any audit findings disclosed that are  
required to be reported in accordance  
with State Single Audit Implementation  
Act             yes             no

Identification of major state programs:

---

Name of State Program or Cluster

State/County Special Assistance for Adults  
Child Care Cluster  
Public School Building Capital Fund  
Clean Water Grant

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

Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2008

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**Section II – Financial Statement Findings**

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None reported.

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

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None reported.

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

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None reported.

Beaufort County, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2008

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**Section II – Financial Statement Findings**

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None reported.

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

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None reported.

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

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None reported.

Beaufort County, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2008

Status: N/A

Beaufort County, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2008

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Fed. (Direct &amp;</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<b>Federal Awards:</b>				
<u>U.S. Dept. of Agriculture</u>				
Passed-through N.C. Dept. of Agriculture:				
Water system development	10.760	\$ 228,468	\$ -	\$ -
Total USDA		<u>228,468</u>	<u>-</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Food Stamp Cluster:				
Food Stamp Program - Direct Benefit Payment	10.551	6,668,252	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561	384,550	-	384,550
Total Food Stamp Cluster		<u>7,052,802</u>	<u>-</u>	<u>384,550</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants, & Children				
	10.557	257,865	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, & Children				
	10.557	1,347,426	-	-
Passed-through Mid East Commission Council of Governments:				
USDA Supplement	10.550	1,436	-	-
 Total U.S. Dept. of Agriculture		 <u>8,887,997</u>	 <u>-</u>	 <u>384,550</u>
 <u>U. S. Department of Homeland Security</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Division of Emergency Management				
Byrne Formula Grant Program	16.607	31,385	-	-
Juvenile Accountability IBG	16.523	24,194	-	-
Emergency Management Performance Grant	97.042	20,408	-	-
Hazardous Mitigation Grant	97.039	38,381	-	-
		<u>114,368</u>	<u>-</u>	<u>-</u>

Beaufort County, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2008

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. Dept. of Health &amp; Human Services</u>				
<u>Administration on Aging:</u>				
<u>Division of Aging and Adult Services</u>				
Passed-through Mid East Commission Council of Governments:				
Aging Cluster:				
Special Programs for the Aging - Title III B				
Grants for Supportive Services and Senior Centers	93.044	139,109	78,147	21,251
Special Programs for the Aging - Title III C				
Nutrition Services	93.045	93,538	40,960	13,450
Total Aging Cluster		232,647	119,107	34,701
Social Service Block Grant (SSBG) - In Home Services	93.667	21,260	607	2,187
 <u>Administration for Children and Families</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Work First Administration	93.558	108,765	41,154	80,205
TANF Domestic Violence	93.558	17,857	-	-
Work First Service	93.558	402,192	201,569	392,827
TANF Payment and Penalties	93.558	320,591	(42)	3,485
AFDC Payments and Penalties	93.560	(867)	(238)	(71)
Child Support Enforcement	93.563	465,946	-	240,033
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568	319,079	-	-
Child Welfare Services-State Grants	93.645	13,251	3,406	1,011
Social Services Block Grant	93.667	226,998	22,660	75,821
Independent Living Grant	93.674	8,286	2,071	-
 Foster Care and Adoption Cluster:(Note 2)				
Title IV-E Foster Care-Administration	93.658	418,391	85,759	313,814
Foster Care-Direct Benefit Payments	93.658	87,313	24,369	24,369
Adoption Assistance-Direct Benefit Payments	93.659	310,709	87,334	87,334
Total Foster Care and Adoption Cluster		816,413	197,462	425,517

Beaufort County, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2008

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Division of Child Development:				
Subsidized Child Care (Note 2)				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services:				
Child Care Development Fund-Administration	93.596	87,580	-	-
Division of Child Development:				
Child Care and Development Block Grant	93.575	412,117	-	-
Child Care and Development Fund - Mandatory	93.596	246,476	-	-
Child Care and Development Fund - Match	93.596	384,853	215,006	-
		1,131,026	215,006	-
Social Services Block Grant	93.667	41,798	-	-
Temporary Assistance for Needy Families	93.558	450,136	-	-
Smart Start		-	-	-
State Appropriations		-	418,218	-
TANF - Maintenance		-	239,825	-
Total Subsidized Child Care Cluster		1,622,960	873,049	-
<u>Centers for Medicare and Medicaid Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	48,068,452	24,879,180	3,195,521
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	660,257	34,071	626,186
State Children's Insurance Program - N.C. Health Choice	93.767	26,579	2,679	6,202
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Immunization Action Plan	93.268	14,202	-	-
Cardiovascular Health Program	93.945	500	-	-
Tuberculosis Control Program	93.116	4,989	-	-
Family Planning Services	93.217	40,521	-	-
Bioterrorism Grant	93.283	-	-	-
Prevention Investigations & Tech. Assistance	93.283	105,566	-	-
Preventive Health and Health Services Block Grant	93.991	18,806	-	-
Temporary Assistance for Needy Families	93.558	6,989	-	-
Maternal and Child Health Services Block Grant	93.994	145,448	-	-
Total U.S. Dept. of Health and Human Services		53,667,687	26,376,735	5,083,625
<u>Dept. of Housing and Urban Development(HUD)</u>				
CDBG Grant	14.228	21,828	-	-
Total Dept. of Housing and Urban Development(HUD)		21,828	-	-
Total Federal Awards		62,691,880	26,376,735	5,468,175

Beaufort County, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2008

Grantor/Pass-through Grantor/Program Title State Awards:	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>N.C. Dept. of Health and Human Services</u>				
Division of Social Services:				
AFDC Incentive		-	104	-
Foster Care at Risk Max		-	13,628	7,601
Adoption Subsidy		-	96,678	28,506
TANF		-	1,205	-
State aid to county		-	40,934	-
County Funded Programs/Non Allocating costs		-	-	1,607,530
Progress Energy Program		-	3,230	-
State/County Special Assistance for Adults		-	538,921	568,770
State Foster Care Benefits Program		-	46,213	46,213
Division of Public Health:				
Communicable disease		-	2,684	-
General Health		-	61,025	-
Health Promotion		-	7,219	-
Healthy Carolinas		-	12,000	-
Breast & Cervical Cancer Control		-	5,400	-
Public Health Nurse Training		-	600	-
Tuberculosis		-	25,721	-
Aids		-	33,923	-
Direct Grant: State appropriation - soil & water		-	30,869	-
Division of Aging:				
90 % State Funds		-	210,309	21,031
Total N. C. Department of Health and Human Services		-	<u>1,130,663</u>	<u>2,279,651</u>
<u>N.C. Dept. of Juvenile Justice</u>				
Juvenile Crime Prevention		-	14,903	-
Total Office of Governor		-	<u>14,903</u>	<u>-</u>
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program (ROAP)				
Elderly and Disabled Transportation Assistance Program (E&DTAP)		-	50,388	-
ROAP Work First Transitional - Employment Transportation Assistance Program		-	5,634	-
ROAP Rural General Public Program		-	41,214	-
Total N. C. Dept. Of Transportation		-	<u>97,236</u>	<u>-</u>
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund		-	1,201,379	-
<u>N.C. Dept. of Health &amp; Natural Resources</u>				
Scrap Tire Grant		-	9,066	-
Total N.C. Dept. of Health & Natural Resources		-	<u>9,066</u>	<u>-</u>
<u>N.C. Department of EHNR</u>				
Clean Water Bond Supplemental Grants Program		-	884,729	-
<u>N.C. Dept. of Corrections</u>				
Criminal Justice Partnership Program		-	86,409	-
<u>North Carolina Rural Economic Development Center</u>				
Clean Water Bond Supplemental Grants Program		-	2,804,803	-
<u>N.C Dept. of Administration</u>				
Veterans		-	2,000	-
Total State Awards		-	<u>6,231,188</u>	<u>2,279,651</u>
Total Federal and State Awards		\$ <u>62,691,880</u>	\$ <u>32,607,923</u>	\$ <u>7,747,826</u>

Beaufort County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2008

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
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Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation  
 The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Beaufort County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore some, amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included included in the county's basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.
  
2. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.
  
3. Subrecipients  
 Of the federal and State expenditures presented in the schedule, Beaufort County provided federal and State awards to subrecipients as follows:

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

## Management Letter



CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of County Commissioners  
Beaufort County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Beaufort County for the year ended June 30, 2008, and have issued our report thereon dated October 7, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated May 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Beaufort County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Beaufort County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Beaufort County's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on Beaufort County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Beaufort County's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters in May of 2008.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Beaufort County are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter that has been signed and delivered to us.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issue*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,

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

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

*October 7, 2008*