

**BEAUFORT COUNTY
NORTH CAROLINA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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

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

**BEAUFORT COUNTY
NORTH CAROLINA**

Board of County Commissioners

Jerry Langley, Chairman

Al Klemm, Vice Chairman

Stan Deatherage

Gary Brinn

Ed Booth

Hood Richardson

Robert Belcher

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Financial Section

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

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Independent Auditor's Report

To the Board of County Commissioners
Beaufort County
Washington, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Beaufort County ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of June 30, 2014, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Beaufort County's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, 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 fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015 on our consideration of Beaufort County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beaufort County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 27, 2015

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Management's Discussion and Analysis

As management of Beaufort County, we offer readers of Beaufort County's financial statements this narrative overview and analysis of the financial activities of Beaufort County for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

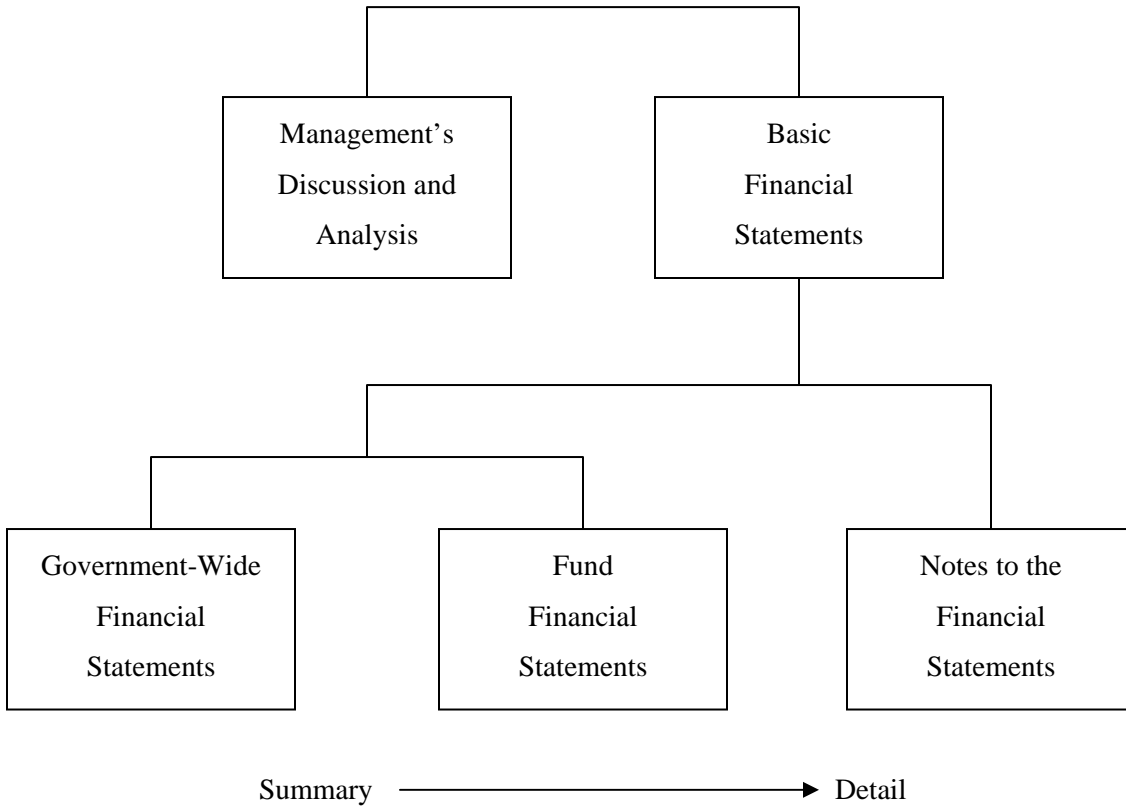
Financial Highlights

- The assets and deferred outflows of resources of Beaufort County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$49,532,257 (*net position*).
- The County's total net position for governmental activities and business-type activities were \$24,617,520 and \$24,914,737, respectively.
- The government's total net position increased by \$4,205,088, primarily due to large capital purchases in the governmental activities and an increase in General Fund revenues.
- As of the close of the current fiscal year, Beaufort County's governmental funds reported combined ending fund balances of \$25,408,443, an increase of \$3,274,963. Approximately 28.09 percent of this total amount, or \$7,138,380, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$19,120,857, or 37.01 percent, of total General Fund expenditures for the fiscal year.
- Beaufort County's total debt decreased by \$1,859,332 during the current fiscal year. The key factor of this decrease is the continued payment of debt balances with no additions to debt during the current year.

Overview of the Financial Statements

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

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

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

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

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the County's nonmajor governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 28 of this report.

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

Government-Wide Financial Analysis
Beaufort County's Net Position
Figure 2

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|------------------------------------|---------------------|-------------------------------------|---------------------|---------------------|---------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Assets: | | | | | | |
| Current and other assets | \$39,879,406 | \$37,200,036 | \$ 4,771,014 | \$39,258,622 | \$44,650,420 | \$76,458,658 |
| Capital assets, net | 16,416,746 | 15,980,083 | 58,953,158 | 60,755,261 | 75,369,904 | 76,735,344 |
| Total assets | <u>56,296,152</u> | <u>53,180,119</u> | <u>63,724,172</u> | <u>100,013,883</u> | <u>120,020,324</u> | <u>153,194,002</u> |
| Deferred outflows of resources | 888,707 | 957,069 | 338,858 | 351,891 | 1,227,565 | 1,308,960 |
| Liabilities: | | | | | | |
| Long-term liabilities, outstanding | 27,604,594 | 29,439,409 | 38,645,828 | 74,974,981 | 66,250,422 | 104,414,390 |
| Other liabilities | 4,921,597 | 4,458,260 | 502,465 | 177,671 | 5,424,062 | 4,635,931 |
| Total liabilities | <u>32,526,191</u> | <u>33,897,669</u> | <u>39,148,293</u> | <u>75,152,652</u> | <u>71,674,484</u> | <u>109,050,321</u> |
| Deferred inflows of resources | 41,148 | 125,472 | - | - | 41,148 | 125,472 |
| Net Position: | | | | | | |
| Net investment in capital assets | 10,401,512 | 9,740,183 | 19,769,132 | 21,393,259 | 30,170,644 | 31,133,442 |
| Restricted | 7,138,380 | 5,496,149 | - | - | 7,138,380 | 5,496,149 |
| Unrestricted | <u>7,077,628</u> | <u>4,877,715</u> | <u>5,145,605</u> | <u>3,819,863</u> | <u>12,223,233</u> | <u>8,697,578</u> |
| Total net position | <u>\$24,617,520</u> | <u>\$20,114,047</u> | <u>\$24,914,737</u> | <u>\$25,213,122</u> | <u>\$49,532,257</u> | <u>\$45,327,169</u> |

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Beaufort County exceeded its liabilities and deferred inflows of resources by \$49,532,257 as of June 30, 2014. The County's net position increased by \$4,205,088 for the fiscal year ended June 30, 2014. One of the largest portions \$30,170,644 (61%) reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Beaufort County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Beaufort County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Beaufort County's net position \$7,138,380 (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,223,233 is unrestricted.

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

- Expenditure decreases within the business type activities, as well as revenue increases in governmental activities

Beaufort County's Changes in Net Position
Figure 3

| | <u>Governmental</u> | | <u>Business-Type</u> | | <u>Total</u> | |
|--|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,255,314 | \$ 3,531,573 | \$ 6,062,569 | \$ 5,583,823 | \$10,317,883 | \$ 9,115,396 |
| Operating grants and contributions | 12,435,882 | 11,481,057 | - | - | 12,435,882 | 11,481,057 |
| Capital grants and contributions | 1,120,000 | 1,280,488 | - | 30,599 | 1,120,000 | 1,311,087 |
| General revenues: | | | | | | |
| Property taxes | 35,196,060 | 33,264,211 | - | - | 35,196,060 | 33,264,211 |
| Other taxes | 7,601,306 | 7,704,137 | - | - | 7,601,306 | 7,704,137 |
| Other | 236,519 | 1,360,737 | - | 1,199,591 | 236,519 | 2,560,328 |
| Total revenues | <u>60,845,081</u> | <u>58,622,203</u> | <u>6,062,569</u> | <u>6,814,013</u> | <u>66,907,650</u> | <u>65,436,216</u> |
| Expenses: | | | | | | |
| General government | 5,452,543 | 7,320,573 | - | - | 5,452,543 | 7,320,573 |
| Public safety | 11,929,832 | 10,143,590 | - | - | 11,929,832 | 10,143,590 |
| Cultural and recreation | 282,641 | 298,296 | - | - | 282,641 | 298,296 |
| Economic and physical development | 3,175,313 | 2,323,874 | - | - | 3,175,313 | 2,323,874 |
| Human services | 15,245,075 | 14,961,909 | - | - | 15,245,075 | 14,961,909 |
| Education | 16,192,116 | 9,195,556 | - | - | 16,192,116 | 9,195,556 |
| Environmental protection | 3,033,547 | 2,979,532 | - | - | 3,033,547 | 2,979,532 |
| Interest on long-term debt | 1,016,788 | 1,338,033 | - | - | 1,016,788 | 1,338,033 |
| Water and sewer | - | - | 6,374,707 | 7,741,424 | 6,374,707 | 7,741,424 |
| Total expenses | <u>56,327,855</u> | <u>48,561,363</u> | <u>6,374,707</u> | <u>7,741,424</u> | <u>62,702,562</u> | <u>56,302,787</u> |
| Increase in net position before transfers | 4,517,226 | 10,060,840 | (312,138) | (927,411) | 4,205,088 | 9,133,429 |
| Transfers | <u>(13,753)</u> | <u>-</u> | <u>13,753</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Increase (decrease) in net position | 4,503,473 | 10,060,840 | (298,385) | (927,411) | 4,205,088 | 9,133,429 |
| Net Position: | | | | | | |
| Beginning of year - July 1 | <u>20,114,047</u> | <u>10,053,207</u> | <u>25,213,122</u> | <u>26,140,533</u> | <u>45,327,169</u> | <u>36,193,740</u> |
| End of year - June 30 | <u>\$24,617,520</u> | <u>\$20,114,047</u> | <u>\$24,914,737</u> | <u>\$25,213,122</u> | <u>\$49,532,257</u> | <u>\$45,327,169</u> |

Governmental Activities. Governmental activities increased the County's net position by \$4,503,473. Key elements of this increase are as follows:

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

Business-type Activities. Business-type activities decreased Beaufort County's net position by \$298,385. A key element of this decrease is as follows:

- Water district expenditures exceeded revenues due to bond interest costs in the current fiscal year

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Beaufort County. At the end of the current fiscal year, fund balance available for appropriation of the General Fund was \$20,134,404, while total fund balance reached \$25,475,670. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 38.86 percent of total General Fund expenditures and transfers out, while total fund balance represents 49.16 percent of that same amount.

At June 30, 2014, the governmental funds of Beaufort County reported a combined fund balance of \$25,408,443, a \$3,274,963 increase from last year. The primary reason for this increase in fund balance is due to increases in General Fund revenues, primarily ad valorem taxes, restricted intergovernmental revenues, and sales and services, while expenditures slightly decreased overall.

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

Proprietary Funds. Beaufort County's proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the water districts and Water Fund equaled \$5,145,605. The total decrease in net position was \$298,385. Other factors concerning the finances of this fund have already been addressed in the discussion of Beaufort County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Beaufort County's capital assets for its governmental and business-type activities as of June 30, 2014 totals \$75,396,904 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and construction in progress.

Major capital asset events during the year include:

- Vehicle purchases in the Sheriff's Department
- Construction in progress – Administrative Building Major Capital Project Fund, \$889,182
- Construction in progress – Water District I Capital Project Fund, \$6,315
- Construction in progress – Water District VI Capital Project Fund, \$1,993

**Beaufort County's Capital Assets
(net of depreciation)
Figure 4**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 3,854,084 | \$ 3,854,084 | \$ 75,961 | \$ 75,961 | \$ 3,930,045 | \$ 3,930,045 |
| Buildings and system | 8,623,786 | 8,884,857 | 58,659,256 | 60,436,809 | 67,283,042 | 69,321,666 |
| Equipment and vehicles | 894,694 | 1,086,142 | 69,722 | 102,580 | 964,416 | 1,188,722 |
| Construction in progress | 3,044,182 | 2,155,000 | 148,219 | 139,911 | 3,192,401 | 2,294,911 |
| Capital assets, net | \$16,416,746 | \$15,980,083 | \$58,953,158 | \$60,755,261 | \$75,369,904 | \$76,735,344 |

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, 2014, Beaufort County had total bonded debt outstanding of \$63,319,029, all of which is debt backed by the full faith and credit of the County.

**Beaufort County's Outstanding Debt
Figure 5**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| General obligation bonds | \$22,020,000 | \$23,665,000 | \$ - | \$36,000,000 | \$ 22,020,000 | \$ 59,665,000 |
| Limited obligation bonds | - | - | 35,995,000 | 36,000,000 | 35,995,000 | 36,000,000 |
| Installment purchases | 5,126,527 | 5,279,334 | 177,502 | 234,027 | 5,304,029 | 5,513,361 |
| Total | \$27,146,527 | \$28,944,334 | \$36,172,502 | \$72,234,027 | \$ 63,319,029 | \$101,178,361 |

Beaufort County's total debt decreased by \$1,859,332, primarily due to the continued payment of debt balances with no additions to debt during the current year.

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Beaufort County is \$453,861,349. The County has no general obligation bonds authorized or issued at June 30, 2014.

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

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the economic condition of the County:

- Over the past three years, the County has aggressively managed costs in response to uncertain economic conditions. While the County's fund balance remains healthy relative to those conditions, the sales tax revenue increase apparent in FY 2012 and 2013 has leveled somewhat during FY 2014. County unemployment rates continued to improve during 2014, though little increase was seen in real property growth. Along with staff, we remain cautious in both budget recommendations and revenue estimates.

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities: Both property tax and sales tax growth predictions are relatively conservative due to sluggish growth in the County. As a result, the FY 2015 Adopted Budget shows an increase of less than \$200,000. The County continues to budget conservatively for services provided. The County Board of Commissioners has continued to task staff to reduce expenditures where possible in an effort to bring fund balance to a level at or above our peer counties. This will be the goal for finishing the FY 2015 budget, and staff will continue to focus the Board's efforts on plans for future capital needs and designating any growth in fund balance to offset further rate or tax increases.

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

Business-Type Activities: Though the water district's debt was refinanced in FY 2013, debt service cost will increase then level through FY 2018. The Board of Commissioners will continue to evaluate rates, which will likely remain constant in the next few years. While the refinancing has increased financial stability, capital needs and debt service may force increases in certain districts. While some growth is likely, we are estimating revenue based on current customer counts and usage.

Requests for Information

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

County Finance Officer
121 West Third Street
Washington, North Carolina 27889

Basic Financial Statements

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BEAUFORT COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2014

| | Governmental Activities | Business-Type Activities | Total | Beaufort County ABC Board |
|---|------------------------------------|-------------------------------------|----------------------|--|
| Assets: | | | | |
| Cash and cash equivalents | \$ 22,262,454 | \$ 4,715,420 | \$ 26,977,874 | \$ 700,704 |
| Receivables: | | | | |
| Taxes receivable, net | 1,962,920 | - | 1,962,920 | - |
| Accounts receivable, net | 4,269,739 | 521,446 | 4,791,185 | - |
| Hospital lease receivable | 10,000,000 | - | 10,000,000 | - |
| Inventories | - | - | - | 433,896 |
| Internal balances | 502,227 | (502,227) | - | - |
| Other assets | - | - | - | 133 |
| Cash and cash equivalents - restricted | 882,066 | 36,375 | 918,441 | - |
| Capital assets: | | | | |
| Non-depreciable capital assets | 6,898,266 | 224,180 | 7,122,446 | - |
| Other capital assets, net of depreciation | 9,518,480 | 58,728,978 | 68,247,458 | 833,647 |
| Total assets | <u>56,296,152</u> | <u>63,724,172</u> | <u>120,020,324</u> | <u>1,968,380</u> |
| Deferred Outflows of Resources: | | | | |
| Unamortized bond refunding charges | <u>888,707</u> | <u>338,858</u> | <u>1,227,565</u> | <u>-</u> |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | 2,466,895 | 182,393 | 2,649,288 | 346,827 |
| Liabilities payable from restricted assets: | | | | |
| Customer deposits | - | 36,375 | 36,375 | - |
| Long-term liabilities: | | | | |
| Due within one year | 2,454,702 | 283,697 | 2,738,399 | - |
| Due in more than one year | 27,604,594 | 38,645,828 | 66,250,422 | - |
| Total liabilities | <u>32,526,191</u> | <u>39,148,293</u> | <u>71,674,484</u> | <u>346,827</u> |
| Deferred Inflows of Resources: | | | | |
| Prepaid taxes | <u>41,148</u> | <u>-</u> | <u>41,148</u> | <u>-</u> |
| Net Position: | | | | |
| Net investment in capital assets | 10,401,512 | 19,769,132 | 30,170,644 | 833,647 |
| Restricted for: | | | | |
| Stabilization by State statute | 5,942,183 | - | 5,942,183 | - |
| Public safety | 768,476 | - | 768,476 | - |
| Register of Deeds | 77,829 | - | 77,829 | - |
| Education | 175,718 | - | 175,718 | - |
| Economic and physical development | 174,174 | - | 174,174 | - |
| Unrestricted | 7,077,628 | 5,145,605 | 12,223,233 | 787,906 |
| Total net position | <u>\$ 24,617,520</u> | <u>\$ 24,914,737</u> | <u>\$ 49,532,257</u> | <u>\$ 1,621,553</u> |

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

BEAUFORT COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

| | <u>Program Revenues</u> | | | |
|-----------------------------------|-------------------------|---------------------------------|---|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Functions/Programs: | | | | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 5,452,543 | \$ 1,201,059 | \$ 172,413 | \$ - |
| Public safety | 11,929,832 | 371,249 | 1,562,041 | - |
| Cultural and recreation | 282,641 | - | - | - |
| Economic and physical development | 3,175,313 | - | 770,546 | 1,120,000 |
| Human services | 15,245,075 | 127,802 | 9,433,056 | - |
| Education | 16,192,116 | - | 468,937 | - |
| Environmental protection | 3,033,547 | 2,555,204 | 28,889 | - |
| Interest on long-term debt | 1,016,788 | - | - | - |
| Total governmental activities | <u>56,327,855</u> | <u>4,255,314</u> | <u>12,435,882</u> | <u>1,120,000</u> |
| Business-Type Activities: | | | | |
| Water Districts | <u>6,374,707</u> | <u>6,062,569</u> | - | - |
| Total primary government | <u>\$ 62,702,562</u> | <u>\$ 10,317,883</u> | <u>\$ 12,435,882</u> | <u>\$ 1,120,000</u> |
| Component Unit: | | | | |
| ABC Board | <u>\$ 3,505,387</u> | <u>\$ 3,604,709</u> | <u>\$ -</u> | <u>\$ -</u> |

General Revenues:

Taxes:

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

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net Position:

Beginning of year - July 1

End of year - June 30

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

| Net (Expense) Revenue and Changes in Net Position | | | | |
|--|-------------------------------------|----------------------|--------------------------------------|---------------------------|
| Primary Government | | | Component Unit | |
| Governmental Activities | Business-Type Activities | Total | Beaufort County ABC Board | Reporting Unit |
| \$ (4,079,071) | \$ - | \$ (4,079,071) | \$ - | \$ (4,079,071) |
| (9,996,542) | - | (9,996,542) | - | (9,996,542) |
| (282,641) | - | (282,641) | - | (282,641) |
| (1,284,767) | - | (1,284,767) | - | (1,284,767) |
| (5,684,217) | - | (5,684,217) | - | (5,684,217) |
| (15,723,179) | - | (15,723,179) | - | (15,723,179) |
| (449,454) | - | (449,454) | - | (449,454) |
| (1,016,788) | - | (1,016,788) | - | (1,016,788) |
| <u>(38,516,659)</u> | <u>-</u> | <u>(38,516,659)</u> | <u>-</u> | <u>(38,516,659)</u> |
| - | (312,138) | (312,138) | - | (312,138) |
| <u>(38,516,659)</u> | <u>(312,138)</u> | <u>(38,828,797)</u> | <u>-</u> | <u>(38,828,797)</u> |
| - | - | - | 99,322 | 99,322 |
| 35,196,060 | - | 35,196,060 | - | 35,196,060 |
| 7,376,048 | - | 7,376,048 | - | 7,376,048 |
| 225,258 | - | 225,258 | - | 225,258 |
| 13,207 | - | 13,207 | 1,559 | 14,766 |
| 223,312 | - | 223,312 | 2,843 | 226,155 |
| <u>43,033,885</u> | <u>-</u> | <u>43,033,885</u> | <u>4,402</u> | <u>43,038,287</u> |
| (13,753) | 13,753 | - | - | - |
| <u>43,020,132</u> | <u>13,753</u> | <u>43,033,885</u> | <u>4,402</u> | <u>43,038,287</u> |
| 4,503,473 | (298,385) | 4,205,088 | 103,724 | 4,308,812 |
| <u>20,114,047</u> | <u>25,213,122</u> | <u>45,327,169</u> | <u>1,517,829</u> | <u>46,844,998</u> |
| <u>\$ 24,617,520</u> | <u>\$ 24,914,737</u> | <u>\$ 49,532,257</u> | <u>\$ 1,621,553</u> | <u>\$ 51,153,810</u> |

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

BEAUFORT COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

| | Major | | | Nonmajor | Total Governmental Funds |
|---|----------------------|-------------------------|------------------------------------|--------------------------------|--------------------------------|
| | General Fund | BCCC Project Fund | Administrative Building Fund | Other Governmental Funds | |
| Assets: | | | | | |
| Cash and cash equivalents | \$ 21,375,206 | \$ - | \$ - | \$ 887,248 | \$ 22,262,454 |
| Taxes receivable, net | 1,779,937 | - | - | 182,983 | 1,962,920 |
| Accounts receivable, net | 3,669,510 | - | - | 600,229 | 4,269,739 |
| Hospital lease receivable | 10,000,000 | - | - | - | 10,000,000 |
| Due from other funds | 1,671,756 | - | - | 688 | 1,672,444 |
| Restricted assets: | | | | | |
| Restricted cash | 760,000 | 122,066 | - | - | 882,066 |
| Total assets | <u>\$ 39,256,409</u> | <u>\$ 122,066</u> | <u>\$ -</u> | <u>\$ 1,671,148</u> | <u>\$ 41,049,623</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 1,958,966 | \$ - | \$ 484,642 | \$ 23,287 | \$ 2,466,895 |
| Due to other funds | 688 | - | 401,043 | 768,486 | 1,170,217 |
| Total liabilities | <u>1,959,654</u> | <u>-</u> | <u>885,685</u> | <u>791,773</u> | <u>3,637,112</u> |
| Deferred Inflows of Resources: | | | | | |
| Taxes receivable | 1,779,937 | - | - | 182,983 | 1,962,920 |
| Prepaid taxes | 41,148 | - | - | - | 41,148 |
| Hospital lease receivable | 10,000,000 | - | - | - | 10,000,000 |
| Total deferred inflows of resources | <u>11,821,085</u> | <u>-</u> | <u>-</u> | <u>182,983</u> | <u>12,004,068</u> |
| Fund Balances: | | | | | |
| Restricted: | | | | | |
| Stabilization by State statute | 5,341,266 | - | - | 600,917 | 5,942,183 |
| Restricted, all other | 253,547 | 122,066 | - | 820,584 | 1,196,197 |
| Committed | 760,000 | - | - | 132,467 | 892,467 |
| Unassigned | 19,120,857 | - | (885,685) | (857,576) | 17,377,596 |
| Total fund balances | <u>25,475,670</u> | <u>122,066</u> | <u>(885,685)</u> | <u>696,392</u> | <u>25,408,443</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 39,256,409</u> | <u>\$ 122,066</u> | <u>\$ -</u> | <u>\$ 1,671,148</u> | |

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

| | |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 16,416,746 |
| Deferred charges on refunding reported in governmental activities are not reported in the funds | 888,707 |
| Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. | (30,059,296) |
| Other long-term assets are not available to pay for current expenditures and, therefore, are deferred inflows of resources in the funds. | 11,962,920 |
| Net position of governmental activities | <u>\$ 24,617,520</u> |

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

BEAUFORT COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

| | Major | | | Nonmajor | Total |
|--|----------------------|-------------------|------------------------------|--------------------------|----------------------|
| | General Fund | BCCC Project Fund | Administrative Building Fund | Other Governmental Funds | |
| Revenues: | | | | | |
| Ad valorem taxes | \$ 32,866,024 | \$ - | \$ - | \$ 3,241,146 | \$ 36,107,170 |
| Local option sales taxes | 7,376,048 | - | - | - | 7,376,048 |
| Other taxes and licenses | 225,258 | - | - | - | 225,258 |
| Unrestricted intergovernmental | 228,471 | - | - | - | 228,471 |
| Restricted intergovernmental | 11,190,385 | - | - | 2,214,885 | 13,405,270 |
| Permits and fees | 331,055 | - | - | - | 331,055 |
| Sales and services | 3,846,400 | - | - | - | 3,846,400 |
| Investment earnings | 13,207 | - | - | - | 13,207 |
| Miscellaneous | 88,725 | 122,066 | - | 12,521 | 223,312 |
| Total revenues | <u>56,165,573</u> | <u>122,066</u> | <u>-</u> | <u>5,468,552</u> | <u>61,756,191</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 5,257,088 | - | - | - | 5,257,088 |
| Public safety | 8,247,755 | - | - | 3,525,415 | 11,773,170 |
| Economic and physical development | 785,750 | - | 889,182 | 2,384,051 | 4,058,983 |
| Human services | 15,186,847 | - | - | - | 15,186,847 |
| Cultural and recreational | 282,641 | - | - | - | 282,641 |
| Environmental protection | 3,048,112 | - | - | - | 3,048,112 |
| Education | 16,034,553 | - | - | - | 16,034,553 |
| Debt service: | | | | | |
| Principal | 1,797,807 | - | - | - | 1,797,807 |
| Interest | 1,028,274 | - | - | - | 1,028,274 |
| Total expenditures | <u>51,668,827</u> | <u>-</u> | <u>889,182</u> | <u>5,909,466</u> | <u>58,467,475</u> |
| Revenues over (under) expenditures | <u>4,496,746</u> | <u>122,066</u> | <u>(889,182)</u> | <u>(440,914)</u> | <u>3,288,716</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers from other funds | - | - | - | 150,392 | 150,392 |
| Transfers to other funds | (150,392) | - | - | (13,753) | (164,145) |
| Total other financing sources (uses) | <u>(150,392)</u> | <u>-</u> | <u>-</u> | <u>136,639</u> | <u>(13,753)</u> |
| Net change in fund balances | 4,346,354 | 122,066 | (889,182) | (304,275) | 3,274,963 |
| Fund Balances: | | | | | |
| Beginning of year - July 1 | <u>21,129,316</u> | <u>-</u> | <u>3,497</u> | <u>1,000,667</u> | <u>22,133,480</u> |
| End of year - June 30 | <u>\$ 25,475,670</u> | <u>\$ 122,066</u> | <u>\$ (885,685)</u> | <u>\$ 696,392</u> | <u>\$ 25,408,443</u> |

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

BEAUFORT COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

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

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds (Exhibit D) | \$ 3,274,963 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | (911,110) |
| Expenses related to compensated absences, OPEB, landfill post-closure care, and Law Enforcement Officers' Separation Allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement. | (106,336) |
| Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets. | 994,686 |
| Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. | (557,382) |
| Loss on the disposal of capital assets during the year, not recognized on the modified accrual basis | (641) |
| Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities. | 1,797,807 |
| Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental funds statement. | 79,848 |
| Deferred charges on refunding reported in governmental activities are not reported in the funds. | <u>(68,362)</u> |
| Change in net position of governmental activities (Exhibit B) | <u>\$ 4,503,473</u> |

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

BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Over/Under |
|---|--------------------|-------------------|----------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Ad valorem taxes | \$ 30,383,504 | \$ 31,236,705 | \$ 32,866,024 | \$ 1,629,319 |
| Local option sales tax | 7,181,595 | 7,338,273 | 7,376,048 | 37,775 |
| Other taxes and licenses | 272,101 | 272,101 | 225,258 | (46,843) |
| Unrestricted intergovernmental revenues | 193,000 | 193,000 | 228,471 | 35,471 |
| Restricted intergovernmental revenues | 10,706,630 | 11,585,084 | 11,190,385 | (394,699) |
| Permits and fees | 300,202 | 300,202 | 331,055 | 30,853 |
| Sales and services | 2,815,678 | 2,821,596 | 3,846,400 | 1,024,804 |
| Investment earnings | - | - | 13,207 | 13,207 |
| Miscellaneous | 124,000 | 162,600 | 88,725 | (73,875) |
| Total revenues | <u>51,976,710</u> | <u>53,909,561</u> | <u>56,165,573</u> | <u>2,256,012</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 5,324,543 | 5,750,166 | 5,257,088 | 493,078 |
| Public safety | 7,814,793 | 8,883,899 | 8,247,755 | 636,144 |
| Economic and physical development | 833,350 | 863,433 | 785,750 | 77,683 |
| Human services | 15,942,300 | 16,428,805 | 15,186,847 | 1,241,958 |
| Environmental protection | 3,424,800 | 3,424,800 | 3,048,112 | 376,688 |
| Cultural and recreational | 284,641 | 289,641 | 282,641 | 7,000 |
| Education | 15,887,553 | 16,034,553 | 16,034,553 | - |
| Debt service: | | | | |
| Principal | 1,915,902 | 1,910,902 | 1,797,807 | 113,095 |
| Interest and other charges | <u>2,388,981</u> | <u>915,180</u> | <u>1,028,274</u> | <u>(113,094)</u> |
| Total expenditures | <u>53,816,863</u> | <u>54,501,379</u> | <u>51,668,827</u> | <u>2,832,552</u> |
| Revenues over (under) expenditures | <u>(1,840,153)</u> | <u>(591,818)</u> | <u>4,496,746</u> | <u>5,088,564</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 40,000 | 170,564 | - | (170,564) |
| Transfers out | (70,500) | (1,374,275) | (150,392) | 1,223,883 |
| Investment revenue - payment from Districts | 1,478,801 | - | - | - |
| Fund balance appropriated | 411,852 | 1,795,529 | - | (1,795,529) |
| Contingency | (20,000) | - | - | - |
| Total other financing sources (uses) | <u>1,840,153</u> | <u>591,818</u> | <u>(150,392)</u> | <u>(742,210)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>4,346,354</u> | <u>\$ 4,346,354</u> |
| Fund Balance: | | | | |
| Beginning of year - July 1 | | | <u>21,129,316</u> | |
| End of year - June 30 | | | <u>\$ 25,475,670</u> | |

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

BEAUFORT COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014**

| | Water District I | Water District II | Water District III | Water District IV |
|---|---------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| Assets: | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 471,213 | \$ 892,740 | \$ 581,576 | \$ 722,098 |
| Accounts receivable, net | 102,282 | 48,497 | 72,117 | 78,173 |
| Due from other water districts | - | - | - | - |
| Restricted cash and investments | <u>6,300</u> | <u>6,225</u> | <u>5,325</u> | <u>4,950</u> |
| Total current assets | <u>579,795</u> | <u>947,462</u> | <u>659,018</u> | <u>805,221</u> |
| Non-current assets: | | | | |
| Non-depreciable capital assets | 34,765 | - | 2,000 | - |
| Capital assets, net of depreciation | 7,810,566 | 2,477,364 | 3,835,339 | 11,115,117 |
| Due from other water districts | - | - | - | - |
| Total non-current assets | <u>7,845,331</u> | <u>2,477,364</u> | <u>3,837,339</u> | <u>11,115,117</u> |
| Total assets | <u>8,425,126</u> | <u>3,424,826</u> | <u>4,496,357</u> | <u>11,920,338</u> |
| Deferred Outflows of Resources: | | | | |
| Unamortized bond refunding charges | <u>36,868</u> | <u>55,233</u> | <u>55,675</u> | <u>57,335</u> |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 23,825 | 36,897 | 36,321 | 37,647 |
| Due to County Water Fund | 6,315 | - | 10,000 | 5,000 |
| Due to other funds | 12,116 | 18,304 | 183,413 | 19,003 |
| Liabilities payable from restricted assets: | | | | |
| Customer deposits | 6,300 | 6,225 | 5,325 | 4,950 |
| Current portion of compensated absences | 5,132 | 7,690 | 7,750 | 7,982 |
| Current portion of long-term debt | - | - | 24,300 | - |
| Total current liabilities | <u>53,688</u> | <u>69,116</u> | <u>267,109</u> | <u>74,582</u> |
| Non-current liabilities: | | | | |
| Compensated absences | 1,711 | 2,562 | 2,584 | 2,660 |
| OPEB liability | 2,260 | 3,452 | 3,458 | 3,614 |
| Due to County Water Fund | 4,650,000 | 3,255,000 | 3,975,000 | 6,690,000 |
| Non-current portion of long-term debt | <u>290,251</u> | <u>435,743</u> | <u>463,517</u> | <u>452,316</u> |
| Total non-current liabilities | <u>4,944,222</u> | <u>3,696,757</u> | <u>4,444,559</u> | <u>7,148,590</u> |
| Total liabilities | <u>4,997,910</u> | <u>3,765,873</u> | <u>4,711,668</u> | <u>7,223,172</u> |
| Net Position: | | | | |
| Net investment in capital assets | 7,518,212 | 1,986,388 | 3,293,847 | 10,605,466 |
| Unrestricted | <u>(4,054,128)</u> | <u>(2,272,202)</u> | <u>(3,453,483)</u> | <u>(5,850,965)</u> |
| Total net position | <u>\$ 3,464,084</u> | <u>\$ (285,814)</u> | <u>\$ (159,636)</u> | <u>\$ 4,754,501</u> |

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

Exhibit G

| <u>Water District V</u> | <u>Water District VI</u> | <u>Water District VII</u> | <u>Water Fund</u> | <u>Total</u> |
|---------------------------------|----------------------------------|-----------------------------------|-----------------------|----------------------|
| \$ - | \$ 1,707,107 | \$ 340,686 | \$ - | \$ 4,715,420 |
| 38,457 | 107,172 | 74,748 | - | 521,446 |
| - | - | - | 186,845 | 186,845 |
| <u>2,700</u> | <u>8,025</u> | <u>2,850</u> | <u>-</u> | <u>36,375</u> |
| <u>41,157</u> | <u>1,822,304</u> | <u>418,284</u> | <u>186,845</u> | <u>5,460,086</u> |
| - | 187,415 | - | - | 224,180 |
| 7,631,660 | 17,538,407 | 8,320,525 | - | 58,728,978 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>35,815,000</u> | <u>35,815,000</u> |
| <u>7,631,660</u> | <u>17,725,822</u> | <u>8,320,525</u> | <u>35,815,000</u> | <u>94,768,158</u> |
| <u>7,672,817</u> | <u>19,548,126</u> | <u>8,738,809</u> | <u>36,001,845</u> | <u>100,228,244</u> |
| <u>24,770</u> | <u>68,043</u> | <u>40,934</u> | <u>-</u> | <u>338,858</u> |
| 16,418 | 21,667 | 9,618 | - | 182,393 |
| - | 165,530 | - | - | 186,845 |
| 49,928 | 22,524 | 190,094 | 6,845 | 502,227 |
| 2,700 | 8,025 | 2,850 | - | 36,375 |
| 3,448 | 9,472 | 5,698 | - | 47,172 |
| <u>32,225</u> | <u>-</u> | <u>-</u> | <u>180,000</u> | <u>236,525</u> |
| <u>104,719</u> | <u>227,218</u> | <u>208,260</u> | <u>186,845</u> | <u>1,191,537</u> |
| 1,150 | 3,157 | 1,900 | - | 15,724 |
| 1,524 | 4,544 | 2,609 | - | 21,461 |
| 3,135,000 | 9,390,000 | 4,720,000 | - | 35,815,000 |
| <u>292,093</u> | <u>536,792</u> | <u>322,931</u> | <u>35,815,000</u> | <u>38,608,643</u> |
| <u>3,429,767</u> | <u>9,934,493</u> | <u>5,047,440</u> | <u>35,815,000</u> | <u>74,460,828</u> |
| <u>3,534,486</u> | <u>10,161,711</u> | <u>5,255,700</u> | <u>36,001,845</u> | <u>75,652,365</u> |
| 7,282,572 | 17,120,987 | 7,956,660 | (35,995,000) | 19,769,132 |
| <u>(3,119,471)</u> | <u>(7,666,529)</u> | <u>(4,432,617)</u> | <u>35,995,000</u> | <u>5,145,605</u> |
| <u>\$ 4,163,101</u> | <u>\$ 9,454,458</u> | <u>\$ 3,524,043</u> | <u>\$ -</u> | <u>\$ 24,914,737</u> |

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

BEAUFORT COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

| | Water District I | Water District II | Water District III | Water District IV |
|---|---------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| Operating Revenues: | | | | |
| Charges for services | \$ 715,521 | \$ 820,564 | \$ 959,368 | \$ 1,066,073 |
| Water taps | 14,542 | 12,200 | 16,000 | 16,775 |
| Other operating revenue | <u>27,677</u> | <u>29,042</u> | <u>25,139</u> | <u>19,041</u> |
| Total operating revenues | <u>757,740</u> | <u>861,806</u> | <u>1,000,507</u> | <u>1,101,889</u> |
| Operating Expenses: | | | | |
| Salaries and benefits | 127,650 | 193,221 | 192,784 | 198,757 |
| Water purchase | 110,002 | 172,260 | 168,632 | 175,960 |
| Water operations and maintenance | 119,061 | 176,850 | 179,043 | 184,707 |
| Depreciation | 196,973 | 295,097 | 297,450 | 306,322 |
| Amortization | <u>1,418</u> | <u>2,125</u> | <u>2,141</u> | <u>2,205</u> |
| Total operating expenses | <u>555,104</u> | <u>839,553</u> | <u>840,050</u> | <u>867,951</u> |
| Operating income (loss) | 202,636 | 22,253 | 160,457 | 233,938 |
| Non-Operating Revenues (Expenses): | | | | |
| Interest/investment revenue | - | - | - | - |
| Interest expense and other charges | <u>(178,476)</u> | <u>(121,391)</u> | <u>(291,856)</u> | <u>(119,828)</u> |
| Total non-operating revenues (expenses) | <u>(178,476)</u> | <u>(121,391)</u> | <u>(291,856)</u> | <u>(119,828)</u> |
| Income before transfers | 24,160 | (99,138) | (131,399) | 114,110 |
| Transfers (to)/from other funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net position | 24,160 | (99,138) | (131,399) | 114,110 |
| Net Position: | | | | |
| Beginning of year - July 1 | <u>3,439,924</u> | <u>(186,676)</u> | <u>(28,237)</u> | <u>4,640,391</u> |
| End of year - June 30 | <u>\$ 3,464,084</u> | <u>\$ (285,814)</u> | <u>\$ (159,636)</u> | <u>\$ 4,754,501</u> |

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

Exhibit H

| Water District V | Water District VI | Water District VII | Water Fund | Total |
|---------------------------------|----------------------------------|-----------------------------------|-----------------------|----------------------|
| \$ 473,837 | \$ 1,145,016 | \$ 628,080 | \$ - | \$ 5,808,459 |
| 7,700 | 17,400 | 5,000 | - | 89,617 |
| 9,269 | 31,823 | 22,502 | - | 164,493 |
| <u>490,806</u> | <u>1,194,239</u> | <u>655,582</u> | <u>-</u> | <u>6,062,569</u> |
| 86,074 | 235,769 | 141,819 | - | 1,176,074 |
| 76,987 | 21,768 | - | - | 725,609 |
| 80,408 | 375,498 | 155,277 | - | 1,270,844 |
| 132,341 | 363,530 | 218,698 | - | 1,810,411 |
| 953 | 2,617 | 1,574 | - | 13,033 |
| <u>376,763</u> | <u>999,182</u> | <u>517,368</u> | <u>-</u> | <u>4,995,971</u> |
| 114,043 | 195,057 | 138,214 | - | 1,066,598 |
| - | - | - | 1,473,796 | 1,473,796 |
| <u>(126,345)</u> | <u>(359,085)</u> | <u>(181,755)</u> | <u>(1,473,796)</u> | <u>(2,852,532)</u> |
| <u>(126,345)</u> | <u>(359,085)</u> | <u>(181,755)</u> | <u>-</u> | <u>(1,378,736)</u> |
| (12,302) | (164,028) | (43,541) | - | (312,138) |
| <u>13,753</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,753</u> |
| 1,451 | (164,028) | (43,541) | - | (298,385) |
| <u>4,161,650</u> | <u>9,618,486</u> | <u>3,567,584</u> | <u>-</u> | <u>25,213,122</u> |
| <u>\$ 4,163,101</u> | <u>\$ 9,454,458</u> | <u>\$ 3,524,043</u> | <u>\$ -</u> | <u>\$ 24,914,737</u> |

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

BEAUFORT COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

| | <u>Water District I</u> | <u>Water District II</u> | <u>Water District III</u> | <u>Water District IV</u> |
|---|---------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| Cash Flows from Operating Activities: | | | | |
| Cash received from customers | \$ 768,427 | \$ 904,635 | \$ 1,022,750 | \$ 1,112,842 |
| Cash paid for goods and services | (210,569) | (320,210) | (319,387) | (331,390) |
| Cash paid to employees for services | (125,945) | (190,666) | (190,208) | (196,106) |
| Net cash provided (used) by operating activities | <u>431,913</u> | <u>393,759</u> | <u>513,155</u> | <u>585,346</u> |
| Cash Flows from Non-Capital Financing Activities: | | | | |
| Repayments to/from other funds | 6,791 | (125) | (3,968) | 827 |
| Transfers from other funds | - | - | - | - |
| Net cash provided (used) by non-capital financing activities | <u>6,791</u> | <u>(125)</u> | <u>(3,968)</u> | <u>827</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Acquisition and construction of capital assets | (6,315) | - | - | - |
| Principal paid on long-term debt | - | - | (24,300) | - |
| Interest paid on long-term debt | (178,476) | (121,391) | (291,856) | (119,828) |
| Amortization of premium | (11,787) | (16,759) | (16,893) | (17,397) |
| Deferred charge on refunding | 1,418 | 2,125 | 2,141 | 2,205 |
| Net cash provided (used) by capital and related financing activities | <u>(195,160)</u> | <u>(136,025)</u> | <u>(330,908)</u> | <u>(135,020)</u> |
| Cash Flows from Investing Activities: | | | | |
| Principal received on investment in water distribution bonds | - | - | - | - |
| Interest received on investment in water distribution bonds | - | - | - | - |
| Net cash provided (used) by investing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 243,544 | 257,609 | 178,279 | 451,153 |
| Cash and cash equivalents - July 1 | <u>233,969</u> | <u>641,356</u> | <u>408,622</u> | <u>275,895</u> |
| Cash and cash equivalents - June 30 | <u>\$ 477,513</u> | <u>\$ 898,965</u> | <u>\$ 586,901</u> | <u>\$ 727,048</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating income (loss) | \$ 202,636 | \$ 22,253 | \$ 160,457 | \$ 233,938 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | 196,973 | 295,097 | 297,450 | 306,322 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | 9,787 | 42,904 | 23,396 | 11,928 |
| Increase (decrease) in accounts payable and accrued liabilities | 19,912 | 31,025 | 30,429 | 31,482 |
| Increase (decrease) in customer deposits | 900 | (75) | (1,153) | (975) |
| Increase (decrease) in accrued OPEB liability | 271 | 407 | 410 | 421 |
| Increase (decrease) in compensated absences payable | 1,434 | 2,148 | 2,166 | 2,230 |
| Net cash provided (used) by operating activities | <u>\$ 431,913</u> | <u>\$ 393,759</u> | <u>\$ 513,155</u> | <u>\$ 585,346</u> |

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

Exhibit I

| <u>Water District V</u> | <u>Water District VI</u> | <u>Water District VII</u> | <u>Water Fund</u> | <u>Total</u> |
|-------------------------|--------------------------|---------------------------|--------------------|---------------------|
| \$ 501,814 | \$ 1,201,237 | \$ 646,491 | \$ - | \$ 6,158,196 |
| (144,570) | (385,461) | (151,536) | - | (1,863,123) |
| (84,928) | (232,621) | (139,926) | - | (1,160,400) |
| <u>272,316</u> | <u>583,155</u> | <u>355,029</u> | <u>-</u> | <u>3,134,673</u> |
| (120,186) | 1,569 | 5,784 | - | (109,308) |
| 13,753 | - | - | - | 13,753 |
| <u>(106,433)</u> | <u>1,569</u> | <u>5,784</u> | <u>-</u> | <u>(95,555)</u> |
| - | (1,993) | - | - | (8,308) |
| (32,225) | - | - | (5,000) | (61,525) |
| (126,345) | (359,085) | (181,755) | (1,473,796) | (2,852,532) |
| (7,516) | (20,646) | (12,420) | - | (103,418) |
| 953 | 2,617 | 1,574 | - | 13,033 |
| <u>(165,133)</u> | <u>(379,107)</u> | <u>(192,601)</u> | <u>(1,478,796)</u> | <u>(3,012,750)</u> |
| - | - | - | 5,000 | 5,000 |
| - | - | - | 1,473,796 | 1,473,796 |
| - | - | - | 1,478,796 | 1,478,796 |
| 750 | 205,617 | 168,212 | - | 1,505,164 |
| <u>1,950</u> | <u>1,509,515</u> | <u>175,324</u> | <u>-</u> | <u>3,246,631</u> |
| <u>\$ 2,700</u> | <u>\$ 1,715,132</u> | <u>\$ 343,536</u> | <u>\$ -</u> | <u>\$ 4,751,795</u> |
| \$ 114,043 | \$ 195,057 | \$ 138,214 | \$ - | \$ 1,066,598 |
| 132,341 | 363,530 | 218,698 | - | 1,810,411 |
| 10,258 | 7,973 | (9,166) | - | 97,080 |
| 13,778 | 14,422 | 5,315 | - | 146,363 |
| 750 | (975) | 75 | - | (1,453) |
| 182 | 502 | 301 | - | 2,494 |
| 964 | 2,646 | 1,592 | - | 13,180 |
| <u>\$ 272,316</u> | <u>\$ 583,155</u> | <u>\$ 355,029</u> | <u>\$ -</u> | <u>\$ 3,134,673</u> |

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

BEAUFORT COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2014

| | <u>Agency Funds</u> |
|-------------------------|-------------------------|
| Assets: | |
| Current assets: | |
| Cash and investments | \$ 178,132 |
| Taxes receivable | 642,609 |
| Assessments receivable | <u>51,955</u> |
| Total assets | <u>\$ 872,696</u> |
| Liabilities: | |
| Accounts payable | <u>\$ 872,696</u> |

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

Notes to the Financial Statements

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BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Significant Accounting Policies

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

Reporting Entity

The County, which is governed by a seven-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principals, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Beaufort County Water Districts (the “Districts”) exists to construct and operate a water system for the County’s residents. The Districts are presented as if they were enterprise funds. Beaufort County ABC Board (the “Board”), which has a June 30 year-end, is presented as if they are separate proprietary funds of the County (discrete presentation).

| Component Unit | Reporting Method | Criteria for Inclusion | For Separate Financial Statements |
|---------------------------------------|------------------|---|--|
| Beaufort County Water Districts I-VII | Blended | Under State law [NCGS 162A-89], the County's Board of Commissioners also serve as the governing board for the districts | None Issued |
| Beaufort County ABC Board | Discrete | The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State Statute to distribute its surpluses to the General Fund of the County. | Beaufort County ABC Board P.O. Box 552 Washington, NC 27889 |

Basis of Presentation, Measurement Focus, Basis of Accounting

Basis of Presentation

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

Water Fund. This fund is used to account for the debt service of the Limited Obligation Bonds.

Beaufort County Water Districts I-VII Funds. These funds are used to account for the operations of the Water Districts within the County. All are major funds. The individual District statements are show as supplementary statements. The Water District VI – Chocowinity Capital Project Fund is consolidated with Water District VI (the operating fund) for financial reporting purposes. The Water District I – Northside to Southside Connectivity Capital Project Fund is consolidated with Water District I (the operating fund) for financial reporting purposes.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Social Services Department for the benefit of certain individuals; the Inmate Fund, which accounts for monies deposited with the Sheriff's Office; the Beaufort County Home Foundation Fund, which accounts for funds held for those who benefited from services of the County's extended care facility; Tax Collections Fund, which accounts for property taxes that are billed and collected by the County for various municipalities within the County; the Drainage Assessments Fund, which accounts for drainage assessments that are billed and collected by the County for various drainage districts within the County; the 4-H Fund, which accounts for the 4-H funds that the organization uses to run their program within the County; and the Cooperative Extension, which accounts for funds that are provided by seed manufacturers and fertilizer companies for use in the cooperative extension's annual field days, test plots, and demonstrations on the research conducted specific to the funding received.

Nonmajor Funds. The County maintains nine legally budgeted nonmajor governmental funds. The Economic Development Fund, the Fire and Rescue Tax Districts Fund, the Emergency Telephone System Fund, the Industrial Recruitment, and the State and Federal Seizures Fund are reported as nonmajor special revenue funds. The Hazard Mitigation Fund, the Pantego Sewer Fund, the Economic Development- Industrial Ready Building Fund, the CDBG Fund, and the Capital Reserve Fund are reported as nonmajor capital projects funds.

Measurement Focus, Basis of Accounting

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

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

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

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

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Budgetary Data

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

Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

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

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

The County and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Non-participating interest earnings and investment contracts are reported at cost.

Cash and Cash Equivalents

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Restricted Assets

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money for future tax revaluation is classified as restricted assets in the General Fund because its use is restricted per North Carolina General Statute 153A-150. Unspent miscellaneous revenue in the BCCC Project Fund is restricted to purposes related to the project.

Governmental Activities:

| | |
|-----------------------------------|-------------------|
| General Fund: | |
| Tax revaluation | \$ 760,000 |
| BCCC Project Fund: | |
| Economic and physical development | <u>122,066</u> |
| Total governmental activities | <u>\$ 882,066</u> |

Business-Type Activities:

| | |
|--------------------------------|-------------------|
| Water Districts (I-VII): | |
| Customer deposits | <u>\$ 36,375</u> |
| Total business-type activities | <u>\$ 36,375</u> |
| | |
| Total restricted cash | <u>\$ 918,441</u> |

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-133(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

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

Inventories

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Capital Assets

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

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

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

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

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

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Deferred Outflows/Inflows of Resources

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

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

Compensated Absences

The vacation policies of the County and the ABC Board, generally provides for the accumulation of up to 180 days earned vacation leave with such leave being fully vested when earned. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 2014, are recorded in the governmental activities of the government-wide financial statements. For the County's proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the benefits accrue to the employees. The County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

Restricted for Education – included in this amount at June 30, 2014, is \$175,718 restricted for future USDA debt service payments.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Restricted fund balance at June 30, 2014, is as follows:

| <u>Purpose</u> | <u>General Fund</u> | <u>BCCC Project Fund</u> | <u>Other Governmental Funds</u> |
|-----------------------------------|---------------------|--------------------------|---------------------------------|
| Restricted, all other: | | | |
| Register of Deeds | \$ 77,829 | \$ - | \$ - |
| Public safety | - | - | 768,476 |
| Education | 175,718 | - | - |
| Economic and physical development | - | 122,066 | 52,108 |
| Total | <u>\$ 253,547</u> | <u>\$ 122,066</u> | <u>\$ 820,584</u> |

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

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

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

| <u>Purpose</u> | <u>General Fund</u> | <u>Other Governmental Funds</u> |
|-----------------------------------|---------------------|---------------------------------|
| Tax revaluation | \$ 760,000 | \$ - |
| Economic and physical development | - | 132,467 |
| Total | <u>\$ 760,000</u> | <u>\$ 132,467</u> |

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

Management also follows a revenue spending convention utilizing resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification expenditures are typically spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance.

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

| | |
|-----------------------------------|----------------------|
| Total fund balance - General Fund | \$ 25,475,670 |
| Less: | |
| Stabilization by State statute | <u>5,341,266</u> |
| Total available fund balance | <u>\$ 20,134,404</u> |

Accounting Estimates

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

Stewardship, Compliance, and Accountability

Deficit Fund Balance or Net Position of Individual Funds

The County's Water District II and Water District III had deficit net positions of \$285,814 and \$159,636, respectively. The deficit net positions will be eliminated with future revenues. The County's Fire and Rescue Tax District Special Revenue Fund, Administrative Building Capital Project Fund, and the Hazard Mitigation Capital Project Fund had deficit fund balances of \$75,850, \$885,685, and \$203,753, respectively. The deficit fund balances will be eliminated with future revenues or transfers in from other funds.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Excess of Expenditures over Appropriations

Excess of expenditures over appropriations are in violation of State law. Violations as of June 30, 2014, are:

Special Revenue Funds:

| | |
|------------------------------------|-------------------|
| Fire and Rescue Tax District Funds | <u>\$ 688,463</u> |
|------------------------------------|-------------------|

Enterprise Funds:

| | |
|--------------------|-------------------|
| Water District III | <u>\$ 135,815</u> |
|--------------------|-------------------|

The County plans closer monitoring of the expenditure process to assure adequate appropriations prior to incurring expenditures.

2. Detail Notes on All Funds

Assets

Deposits

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

At June 30, 2014, the County's deposits had a carrying amount of \$24,594,166 and a bank balance of \$25,935,632. Of the bank balance, \$1,015,807 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2014, The County had \$1,924 cash on hand.

At June 30, 2014, the carrying amount of deposits for the Beaufort County ABC Board was \$700,704 and the bank balance was \$690,310. All of the bank balance was covered by federal depository insurance.

Investments

As of June 30, 2014, the County's investments consisted of \$3,478,357 in the North Carolina Capital Management Trust's Cash Portfolio which carries a credit rating of AAAm by Standard & Poor's. The County has no formal policy regarding credit risk.

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

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's.

Property Tax – Use-Value Assessment on Certain Lands

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

| <u>Year Levied</u> | <u>Tax</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 2010 | \$ 1,247,903 | \$ 71,753 | \$ 1,319,656 |
| 2011 | 1,370,743 | 78,673 | 1,449,416 |
| 2012 | 1,525,690 | 87,703 | 1,613,393 |
| 2013 | 1,551,650 | 88,992 | 1,640,642 |
| Total | <u>\$ 5,695,986</u> | <u>\$ 327,121</u> | <u>\$ 6,023,107</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Receivables

Receivables at the government-wide level at June 30, 2014, were as follows:

| | <u>Government-Wide Financial Statements</u> | | |
|------------------------------------|---|----------------------|---------------------|
| | <u>Governmental</u> | <u>Business-Type</u> | |
| | <u>Activities</u> | <u>Activities</u> | <u>Total</u> |
| Receivables: | | | |
| Accounts | \$ 2,937,481 | \$ 877,707 | \$ 3,815,188 |
| Due from other governments | <u>1,548,389</u> | <u>48,725</u> | <u>1,597,114</u> |
| Gross receivables | 4,485,870 | 926,432 | 5,412,302 |
| Less: allowance for uncollectibles | <u>(216,131)</u> | <u>(404,986)</u> | <u>(621,117)</u> |
| Net total receivables | <u>\$ 4,269,739</u> | <u>\$ 521,446</u> | <u>\$ 4,791,185</u> |

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

| | <u>Government-Wide</u> | |
|---|-----------------------------|----------------------|
| | <u>Financial Statements</u> | |
| | <u>Governmental</u> | <u>Business-Type</u> |
| | <u>Activities</u> | <u>Activities</u> |
| Local option sales tax | \$ 1,320,638 | \$ - |
| Refundable sales tax and other miscellaneous | <u>227,751</u> | <u>48,725</u> |
| Total | <u>\$ 1,548,389</u> | <u>\$ 48,725</u> |

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for uncollectible taxes:

| | |
|----------------------|-------------------|
| General Fund: | |
| Taxes receivable | <u>\$ 645,919</u> |

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

| | <u>June 30, 2013</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2014</u> |
|--|----------------------|------------------|------------------|----------------------|
| Governmental Activities: | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land | \$ 3,854,084 | \$ - | \$ - | \$ 3,854,084 |
| Construction in progress | 2,155,000 | 889,182 | - | 3,044,182 |
| Total non-depreciable capital assets | 6,009,084 | 889,182 | - | 6,898,266 |
| Depreciable Capital Assets: | | | | |
| Buildings | 17,496,313 | - | - | 17,496,313 |
| Equipment and vehicles | 4,963,128 | 105,504 | 153,579 | 4,915,053 |
| Total depreciable capital assets | 22,459,441 | 105,504 | 153,579 | 22,411,366 |
| Less Accumulated Depreciation: | | | | |
| Buildings | 8,611,456 | 261,071 | - | 8,872,527 |
| Equipment and vehicles | 3,876,986 | 296,311 | 152,938 | 4,020,359 |
| Total accumulated depreciation | 12,488,442 | \$ 557,382 | \$ 152,938 | 12,892,886 |
| Total depreciable capital assets, net | 9,970,999 | | | 9,518,480 |
| Capital assets, net | \$ 15,980,083 | | | \$ 16,416,746 |

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

| | |
|-----------------------------------|------------|
| General government | \$ 131,681 |
| Public safety | 219,509 |
| Economic and physical development | 5,512 |
| Human services | 43,117 |
| Education | 157,563 |
| Total depreciation expense | \$ 557,382 |

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

| | <u>June 30, 2013</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2014</u> |
|---|----------------------|------------------|------------------|----------------------|
| Business-Type Activities: | | | | |
| Beaufort County Water Districts I-VII: | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land | \$ 75,961 | \$ - | \$ - | \$ 75,961 |
| Construction in progress | 139,911 | 8,308 | - | 148,219 |
| Total non-depreciable capital assets | 215,872 | 8,308 | - | 224,180 |
| Depreciable Capital Assets: | | | | |
| Plant and distribution systems | 71,102,128 | - | - | 71,102,128 |
| Furniture and equipment | 179,105 | - | - | 179,105 |
| Vehicles and motor equipment | 401,500 | - | - | 401,500 |
| Total depreciable capital assets | 71,682,733 | - | - | 71,682,733 |
| Less Accumulated Depreciation: | | | | |
| Plant and distribution systems | 10,665,319 | 1,777,553 | - | 12,442,872 |
| Furniture and equipment | 171,716 | 2,357 | - | 174,073 |
| Vehicles and motor equipment | 306,309 | 30,501 | - | 336,810 |
| Total accumulated depreciation | 11,143,344 | \$ 1,810,411 | \$ - | 12,953,755 |
| Total depreciable capital assets, net | 60,539,389 | | | 58,728,978 |
| Total Beaufort County Water Districts I-VII capital assets, net | \$ 60,755,261 | | | \$ 58,953,158 |

Depreciation for the Water Districts was charged as follows:

| | |
|--------------------|--------------|
| Water District I | \$ 196,973 |
| Water District II | 295,097 |
| Water District III | 297,450 |
| Water District IV | 306,322 |
| Water District V | 132,341 |
| Water District VI | 363,530 |
| Water District VII | 218,698 |
| Total | \$ 1,810,411 |

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Net Investment in Capital Assets

| | Governmental Activities | Business-Type Activities |
|--|------------------------------------|-------------------------------------|
| Capital assets | \$ 16,416,746 | \$ 58,953,158 |
| Long-term debt, gross | 28,184,549 | 38,845,168 |
| Less: long-term debt for assets not owned by County (school debt) | (23,058,022) | - |
| Add: deferred charge on refunding | 888,707 | 338,858 |
| Capital debt, net | 6,015,234 | 39,184,026 |
| Net investment in capital assets | \$ 10,401,512 | \$ 19,769,132 |

Construction Commitments

The government has active construction projects as of June 30, 2014. The projects include various projects within Water Districts I and VI. At June 30, 2014, the government's commitments with contractors are as follows:

| Project | Spent-to- Date | Remaining Commitment |
|--------------------------|---------------------------|---------------------------------|
| Water District I | \$ 2,730,724 | \$ 1,199,454 |
| Water District VI- DWSFR | 657,767 | 117,939 |
| Total | \$ 3,388,491 | \$ 1,317,393 |

Liabilities

Payables

Payables at the government-wide level at June 30, 2014, were as follows:

Governmental Activities:

| | |
|-------------------------------|--------------|
| Vendors | \$ 2,448,053 |
| Salary-related liabilities | 18,842 |
| Total governmental activities | \$ 2,466,895 |

Business-Type Activities:

| | |
|---------|------------|
| Vendors | \$ 182,393 |
|---------|------------|

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Pension Plan and Other Post Employment Obligations

Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07 and 7.41 percent respectively, of annual covered payroll. The contribution requirements of members and of Beaufort County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$864,956, \$799,953, and \$799,710, respectively. The ABC Board's contribution to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$23,258, \$22,202, and \$22,858, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

| | |
|---|-----------|
| Retirees receiving benefits | 6 |
| Terminated plan members entitled to, but not yet receiving, benefits | - |
| Active plan members | <u>54</u> |
| Total | <u>60</u> |

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Summary of Significant Accounting Policies

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

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

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

The annual required contribution for the current year was determined as part of the December 31, 2012, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5 percent investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25 to 7.85 percent per year. Both (a) and (b) included an inflation component of 3 percent. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as level dollar on a closed basis. The remaining amortization period at December 31, 2012, was 18 years.

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

| | |
|---|-------------------|
| Employer annual required contribution | \$ 79,543 |
| Interest on net pension obligation | 24,580 |
| Adjustment to annual required contribution | <u>(40,051)</u> |
| Annual pension cost | 64,072 |
| Employer contributions made | <u>57,433</u> |
| Increase (decrease) in net pension obligation | 6,639 |
| Net pension obligation - July 1 | <u>491,591</u> |
| Net pension obligation - June 30 | <u>\$ 498,230</u> |

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

| Three-Year Trend Information | | | |
|-------------------------------------|--|--|---------------------------------------|
| Year Ended June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 2012 | \$ 69,125 | 50.59% | \$ 373,726 |
| 2013 | 74,027 | 59.73% | 491,591 |
| 2014 | 64,072 | 89.64% | 498,230 |

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$656,607. The covered payroll (annual payroll of active employees covered by the plan) was \$2,239,966 and the ratio of the UAAL to the covered payroll was 29.31 percent.

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

A separate report was not issued for the plan.

Supplemental Retirement Income Plan for Law Enforcement Officers

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

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, 2014 were \$147,922, which consisted of \$115,702 from the County and \$32,220 from the law enforcement officers.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Registers of Deeds' Supplemental Pension Fund

Plan Description. Beaufort County also contributes to the Registers of Deeds' Supplemental Pension Fund (the "Fund"), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county Register of Deeds' who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$3,685.

Other Post-Employment Benefits – Beaufort County

Plan Description. Under the terms of the County resolution, the County administers a single employer defined Healthcare Benefits Plan (the "HCB Plan"). This plan provides post-employment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System and have at least 20 years of creditable service with the County and age 60 or 30 years of service with the County. The County pays the full cost of coverage for these benefits through private insurers until eligible retirees reach age 65, when Medicare assumes coverage. The County Board may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

| | <u>General Employees</u> | <u>Law Enforcement Officers</u> |
|---|------------------------------|---|
| Retirees and dependents receiving benefits | 15 | - |
| Terminated plan members entitled to, but not yet receiving, benefits | - | - |
| Active members | <u>263</u> | <u>54</u> |
| Total | <u><u>278</u></u> | <u><u>54</u></u> |

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

The current annual required contribution rate (ARC) is 0.97 percent of annual covered payroll. For fiscal year 2014, the County contributed \$70,532, or .58 percent, of the annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers, represented .59 and .59 percent of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to the HCB Plan is established and may be amended by the County Board of Commissioners.

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

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

| | |
|--|-------------------|
| Annual required contribution | \$ 117,710 |
| Interest on net OPEB obligation | 14,552 |
| Adjustment to annual required contribution | <u>(13,901)</u> |
| Annual OPEB cost (expense) | 118,361 |
| Contributions made | <u>(70,532)</u> |
| Increase (decrease) in net OPEB obligation | 47,829 |
| Net OPEB obligation, beginning of year | <u>363,795</u> |
| Net OPEB obligation, end of year | <u>\$ 411,624</u> |

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

| <u>Year Ended June 30</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|-------------------------------|---------------------------------|---|------------------------------------|
| 2012 | \$ 113,488 | 60.83% | \$ 211,140 |
| 2013 | 128,156 | 56.26% | 363,795 |
| 2014 | 118,361 | 59.59% | 411,624 |

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$1,130,773. The covered payroll (annual payroll of active employees covered by the plan) was \$12,087,038, and the ratio of the UAAL to the covered payroll was 9.4 percent.

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

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

The annual required contribution for the current year was determined as part of the December 31, 2013, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employers own investments calculate based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 5 percent and 7.75 percent annually. The investment rate included an inflation assumption of 3 percent. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as level percentage of pay on an open basis. The remaining amortization period at December 31, 2013, was 30 years.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System ("Death Benefit Plan"), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

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

State and Federal laws regulations require the County to place a final cover on its Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$145,648 reported as landfill post-closure liability at June 30, 2014, represents a cumulative amount reported to that date. These amounts are based on what it would cost to perform all post-closure care in 1994. Beaufort County closed the facility in the year 1994. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Deferred Outflows and Inflows of Resources

The amount of deferred outflows of resources is a charge on refunding of debt of \$888,707 for governmental activities and \$338,858 for business-type activities. Deferred inflows of resources are shown below:

| | <u>Unavailable Revenues</u> | <u>Unearned Revenues</u> |
|--|---------------------------------|------------------------------|
| Taxes receivable, net (General) | \$ 1,779,937 | \$ - |
| Taxes receivable, net (Fire District Fund) | 182,983 | - |
| Prepaid taxes (General) | - | 41,148 |
| Hospital lease receivable (General) | 10,000,000 | - |
| Total | <u>\$ 11,962,920</u> | <u>\$ 41,148</u> |

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$200 million for any one occurrence; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for general liability coverage, \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property and auto physical damage. For workers' compensation, there is a per occurrence retention of \$750,000. The County provides health and dental insurance for County employees. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125 percent with a minimum aggregate attachment point of \$6,516,502 and a contract period maximum of \$1,000,000. The County does not carry any flood insurance.

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

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

Contingent Liabilities

At June 30, 2014, the County was a defendant to various lawsuits. In the opinion of the County's management and the County's attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Long-Term Obligations

Installment Purchases

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

| | |
|--|---------------------|
| On June 15, 2011, the County secured financing for the Allied Health Building at Beaufort County Community College in the amount of \$3,802,000. On May 1, 2013, the County entered into a permanent loan agreement with the United States Department of Agriculture's Division of Rural Development in the amount of \$3,231,285. The loan agreement offers simple interest financing at 3.5% for 30 years with annual payments of \$175,718. | \$ 1,957,865 |
| On March 18, 2011, the County secured financing for the purchase of energy and HVAC upgrades, in the amount of \$2,155,000. The payments will be made in monthly payments of \$18,063 for 185 payments including interest at 4.25% annually. | <u>3,168,662</u> |
| Total installment purchases serviced by the General Fund | <u>\$ 5,126,527</u> |

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

| | |
|--|-------------------|
| Beaufort County Water District III has entered into a loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for the construction of a water distribution system. The total amount financed is \$485,995. The agreement requires equal annual installments of \$24,300, plus interest at 5.85% for 20 years. This debt is included in the enterprise funds. | \$ 48,600 |
| Beaufort County Water District V has entered into a loan agreement with the North Carolina Department of Environment, Health, and Natural Resources for the construction of a water distribution system. The total amount financed is \$644,506. The agreement requires repayment at 3.215% for 20 years. The entire amount of this loan is treated as a construction loan until the project is completed. | <u>128,902</u> |
| Total installment purchases serviced by the enterprise funds | <u>\$ 177,502</u> |

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

For Beaufort County, the minimum payments for installment purchases as of June 30, 2014 in the governmental activities and for the business-type activities are as follows:

| <u>Year Ending June 30</u> | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|--------------------------------|--------------------------------|---------------------|---------------------------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2015 | \$ 164,607 | \$ 192,219 | \$ 56,525 | \$ 5,918 |
| 2016 | 175,893 | 185,535 | 56,525 | 3,442 |
| 2017 | 187,771 | 178,377 | 32,225 | 2,072 |
| 2018 | 200,266 | 170,722 | 32,227 | 2,072 |
| 2019 | 213,406 | 162,542 | - | - |
| 2020-2024 | 1,288,894 | 669,713 | - | - |
| 2025-2029 | 977,675 | 412,153 | - | - |
| 2030-2034 | 582,297 | 296,294 | - | - |
| 2035-2039 | 691,586 | 187,004 | - | - |
| 2040-2044 | 644,132 | 58,738 | - | - |
| Total | <u>\$ 5,126,527</u> | <u>\$ 2,513,297</u> | <u>\$ 177,502</u> | <u>\$ 13,504</u> |

Water Bonds

In August 2012, the Water Districts (blended component units of the County) issued general obligation debt totaling \$36,005,000. The balance at June 30, 2014 was \$35,995,000. The County then issued Limited Obligation Bonds in an amount sufficient to purchase all of the Districts' GO debt. The Districts and the County assign their rights to a third-party trustee that receives the debt payments from the Districts and uses those funds to make debt service payments on the Limited Obligation Bonds.

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Limited Obligation Bonds

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

The minimum payments for the limited obligation bonds as of June 30, 2014, in the business-type activities are as follows:

| <u>Year Ending</u> <u>June 30</u> | <u>Business-Type Activities</u> | |
|--------------------------------------|---------------------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2015 | \$ 180,000 | \$ 1,473,700 |
| 2016 | 285,000 | 1,470,100 |
| 2017 | 650,000 | 1,464,400 |
| 2018 | 1,255,000 | 1,444,900 |
| 2019 | 1,235,000 | 1,399,900 |
| 2020-2024 | 6,860,000 | 6,130,450 |
| 2025-2029 | 8,100,000 | 4,371,888 |
| 2030-2034 | 8,985,000 | 2,743,488 |
| 2035-2039 | 6,975,000 | 1,043,350 |
| 2040-2041 | 1,470,000 | 84,713 |
| Total | <u>\$ 35,995,000</u> | <u>\$ 21,626,889</u> |

General Obligations Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full-faith credit and taxing power of the County.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County's general obligation bonds payable at June 30, 2014, are comprised of the following individual issues:

Serviced by General Fund:

| | |
|---|-----------------------------|
| \$9,000,000 2006 School Bonds, dated November 1, 2006, and maturing annually on November 1, \$450,000 to 2026, inclusive; bearing interest payable on November 1 and May 1, ranging from 3.65% to 4% | \$ 5,850,000 |
| \$17,000,000 2005 School Bonds, dated April 1, 2005 and maturing annually, on April 1, \$600,000 2007 to 2009, inclusive, and \$800,000 2010 to 2028, inclusive; bearing interest payable on October 1 and April 1, ranging from 4% to 6% | 800,000 |
| \$7,000,000 2008 School Bonds, dated January 1, 2008, and maturing semi-annually August 1 and February 1, \$350,000 inclusive; bearing interest payable on August 1 and February 1 ranging from 3% to 3.7% | 4,900,000 |
| \$10,545,000 Refunding Series 2012, dated August 8, 2012, due in semi-annual installments; beginning in 2013, from \$259,000 to \$1,200,000 through April 1, 2028; interest at 2% to 5% | <u>10,470,000</u> |
| Total general obligation bonds service by General Fund | <u><u>\$ 22,020,000</u></u> |

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

| Year Ending June 30 | Governmental Activates | |
|--------------------------------|-------------------------------|----------------------------|
| | Principal | Interest |
| 2015 | \$ 1,645,000 | \$ 766,625 |
| 2016 | 1,650,000 | 703,950 |
| 2017 | 1,630,000 | 658,450 |
| 2018 | 1,625,000 | 605,838 |
| 2019 | 1,620,000 | 553,350 |
| 2020-2024 | 8,020,000 | 1,909,300 |
| 2025-2029 | <u>5,830,000</u> | <u>505,838</u> |
| Total | <u><u>\$ 22,020,000</u></u> | <u><u>\$ 5,703,351</u></u> |

At June 30, 2014, Beaufort County had a legal debt margin of \$453,861,349.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2014.

| | <u>Balance</u> <u>June 30, 2013</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2014</u> | <u>Due Within</u> <u>One Year</u> |
|----------------------------------|--|---------------------|---------------------|--|--------------------------------------|
| Governmental Activities: | | | | | |
| General obligation bonds | \$ 23,665,000 | \$ - | \$ 1,645,000 | \$ 22,020,000 | \$ 1,645,000 |
| Unamortized premium | 1,117,870 | - | 79,848 | 1,038,022 | - |
| Installment purchases | 5,279,334 | - | 152,807 | 5,126,527 | 164,607 |
| Compensated absences | 771,779 | 1,403,888 | 1,334,961 | 840,706 | 630,530 |
| Net pension obligation | 491,591 | 64,072 | 57,433 | 498,230 | - |
| Other post-employment benefits | 344,828 | 112,340 | 67,005 | 390,163 | - |
| Landfill post-closure care | 160,213 | - | 14,565 | 145,648 | 14,565 |
| Total governmental activities | <u>\$ 31,830,615</u> | <u>\$ 1,580,300</u> | <u>\$ 3,351,619</u> | <u>\$ 30,059,296</u> | <u>\$ 2,454,702</u> |
| Business-Type Activities: | | | | | |
| Unamortized premium | \$ 2,776,084 | \$ - | \$ 103,418 | \$ 2,672,666 | \$ - |
| Limited obligation bonds | 36,000,000 | - | 5,000 | 35,995,000 | 180,000 |
| Installment purchases | 234,027 | - | 56,525 | 177,502 | 56,525 |
| Other post-employment benefits | 18,967 | 6,021 | 3,527 | 21,461 | - |
| Compensated absences | 49,716 | 103,471 | 90,291 | 62,896 | 47,172 |
| Total business-type activities | <u>\$ 39,078,794</u> | <u>\$ 109,492</u> | <u>\$ 258,761</u> | <u>\$ 38,929,525</u> | <u>\$ 283,697</u> |

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

BEAUFORT COUNTY, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Interfund Balances and Activity

Due From/To Other Funds

Interfund balances are summarized below:

| | <u>Interfund Loans</u> | |
|--|------------------------|----------------------|
| | <u>From</u> | <u>To</u> |
| General Fund | \$ 1,671,756 | \$ 688 |
| Administrative Building Major Capital Project Fund | - | 401,043 |
| Nonmajor governmental funds: | | |
| Fire and Rescue Tax Districts Special Revenue Fund | 688 | 76,538 |
| Hazard Mitigation Capital Project Fund | - | 200,943 |
| Economic Development Capital Project Fund | - | 46,911 |
| CDBG Capital Project Fund | - | 444,094 |
| Total nonmajor governmental funds | <u>688</u> | <u>768,486</u> |
| Water District I | - | 4,668,431 |
| Water District II | - | 3,273,304 |
| Water District III | - | 4,168,413 |
| Water District IV | - | 6,714,003 |
| Water District V | - | 3,184,928 |
| Water District VI | - | 9,578,054 |
| Water District VII | - | 4,910,094 |
| Water Fund | <u>36,001,845</u> | <u>6,845</u> |
| Total | <u>\$ 37,674,289</u> | <u>\$ 37,674,289</u> |

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

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Transfers To/From Other Funds

Transfers in (out) for the year ended June 30, 2014, are summarized below:

| | Interfund Transfers | |
|---|---------------------|-------------------|
| | From | To |
| General Fund | \$ 150,392 | \$ - |
| Nonmajor Capital Project Funds: | | |
| Industrial Recruitment Special Revenue Fund | - | 67,500 |
| Pantego Sewer Capital Project Fund | 13,753 | - |
| CDBG Capital Project Fund | - | 82,892 |
| Total nonmajor governmental funds | <u>13,753</u> | <u>150,392</u> |
| Water District V | <u>-</u> | <u>13,753</u> |
| Total Interfund Transfers | <u>\$ 164,145</u> | <u>\$ 164,145</u> |

The transfer to the Water District V from the Pantego Sewer Capital Project Fund of \$13,753 was to recognize amounts due to the Fund for sales tax refunds throughout the year. General Fund transfers to other funds were advancement or reimbursement for grant and fund-related expenses.

3. Joint Ventures

The County participated in a joint venture to operate BHM Regional Library (the "Library") with three other local governments. Beaufort County appoints three members to the nine-member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments has any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$201,500 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 158 North Market Street, Washington, North Carolina 27889.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County, in conjunction with the State of North Carolina and the Beaufort County Board of Education, participates in a joint venture to operate the Beaufort County Community College (the “Community College”). Each of the three participants appoints five members of the 15-member Board of Trustees of the Community College. The President of the Community College’s student government serves as an ex officio non-voting member on the Board of Trustees. The Community College is included as a component unit of the State. The County has the basic support for the Community College’s operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities.

The County has an ongoing responsibility for the Community College because of the statutory responsibility to provide funding for the Community College’s facilities. The County contributed \$2,270,934 and \$419,500 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2014. 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, 2014. Complete financial statements for the Community College may be obtained from the Community College’s administrative offices at 1308 Highland Drive, Washington, NC 27889.

The County, in conjunction with nine other counties, participates in the East Carolina Behavioral Health (the “ECBH”) Local Management Entity for local mental health services. The County Commissioners appoint two members to the 20-member Board of ECBH. ECBH, a multi-County LME, is a separate and distinct subdivision charged by the State law with the responsibility of providing for drug and mental health prevention, treatment, and rehabilitation services. The County contributed \$173,599 to ECBH during the fiscal year ended June 30, 2014. Complete financial statements for ECBH can be obtained from the administrative offices at P.O. Box 1636, New Bern, North Carolina 28563.

4. Jointly Governed Organization

The County, in conjunction with four other counties and 39 municipalities, established the Mid-East Commission (the “Commission”). The participating governments established the Commission to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council’s governing board. The County paid membership fees of \$20,000 to the Council during the fiscal year ended June 30, 2014.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

5. Benefit Payments Issued by the State

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

| | <u>Federal</u> | <u>State</u> |
|---|----------------------|----------------------|
| Medical Assistance Program | \$ 47,207,021 | \$ 26,229,635 |
| State Children's Health Insurance Program | | |
| NC Health Choice | 873,234 | 275,443 |
| Special Supplemental Food Program, WIC | 1,242,330 | - |
| TANF | 328,088 | (86) |
| Foster Care | 120,357 | 39,463 |
| Adoption Assistance | 481,480 | 126,176 |
| CWS Adoption Subsidy | - | 164,370 |
| Foster Care at Risk Maximum | - | 3,689 |
| SC/SA Domiciliary Care | - | 611,743 |
| SFHF Maximization | - | 3,337 |
| State Foster Home | - | 43,244 |
| Total | <u>\$ 50,252,510</u> | <u>\$ 27,497,014</u> |

6. Federal and State-Assisted Programs

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

7. Major Taxpayer

Beaufort County had property tax revenue from one taxpayer in 2014 of \$6,073,245 for 20.14 percent of net property tax levied.

BEAUFORT COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

8. Subsequent Events

Events occurring subsequent to year-end have been evaluated through February 27, 2015. This is the date on which the financial statements were available to be issued.

In September 2014, Beaufort County received proceeds for the Drinking Water State Revolving Loan. The maximum amount repayable under the loan agreement will be \$1,100,000 for the purpose of a capital project in Water District I. Payments are due annually beginning May 1, 2016 in the amount of \$55,000 over 20 years with no interest.

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Required Supplementary Financial Data

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

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

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

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

Schedule of Funding Progress for the Other Post-Employment Benefits

Schedule of Employer Contributions for the Other Post-Employment Benefits

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

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BEAUFORT COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued | | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|--|------------------------------------|--------------------------|---------------------------|--|
| | | Liability (AAL) - Projected Unit Credit (b) | | | | | |
| 12/31/2004 | \$ - | \$ 264,787 | | \$ 264,787 | 0.00% | \$ 1,403,511 | 18.87% |
| 12/31/2005 | - | 284,787 | | 284,787 | 0.00% | 1,546,967 | 18.61% |
| 12/31/2006 | - | 324,408 | | 324,408 | 0.00% | 1,703,157 | 19.05% |
| 12/31/2007 | - | 354,536 | | 354,536 | 0.00% | 1,880,073 | 18.86% |
| 12/31/2008 | - | 465,780 | | 465,780 | 0.00% | 2,134,858 | 21.82% |
| 12/31/2009 | - | 625,403 | | 625,403 | 0.00% | 2,050,330 | 30.50% |
| 12/31/2010 | - | 591,027 | | 591,027 | 0.00% | 2,057,815 | 28.72% |
| 12/31/2011 | - | 642,233 | | 642,233 | 0.00% | 2,100,270 | 30.58% |
| 12/31/2012 | - | 604,453 | | 604,453 | 0.00% | 2,091,435 | 28.90% |
| 12/31/2013 | - | 656,607 | | 656,607 | 0.00% | 2,239,966 | 29.31% |

Schedule of Employer Contributions

| Year Ended June 30 | Annual Required Contribution (ARC) | Percentage of ARC Contributed |
|-----------------------|---|-------------------------------------|
| 2005 | \$ 37,642 | 0.00% |
| 2006 | 42,426 | 16.76% |
| 2007 | 44,866 | 26.23% |
| 2008 | 48,213 | 24.05% |
| 2009 | 52,036 | 33.25% |
| 2010 | 64,092 | 26.99% |
| 2011 | 76,924 | 29.93% |
| 2012 | 73,254 | 47.74% |
| 2013 | 79,675 | 55.50% |
| 2014 | 79,543 | 72.20% |

Notes to the Required Schedules:

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

| | |
|-------------------------------|-----------------------|
| Valuation date | 12/31/2013 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level dollar closed |
| Remaining amortization period | 17 years |
| Asset valuation method | Market value |
| Actuarial assumptions: | |
| Investment rate of return * | 5% |
| Projected salary increases * | 4.25%-7.85% |
| * Includes inflation at 3% | |
| Cost-of-living adjustments | N/A |

BEAUFORT COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued | | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|--|------------------------------------|--------------------------|---------------------------|--|
| | | Liability (AAL) - Projected Unit Credit (b) | | | | | |
| 12/31/2008 | \$ - | \$ 920,907 | | \$ 920,907 | 0.00% | \$ 10,955,905 | 8.41% |
| 12/31/2009 | - | 917,575 | | 917,575 | 0.00% | 11,754,362 | 7.81% |
| 12/31/2010 | - | 1,011,362 | | 1,011,362 | 0.00% | 11,436,462 | 8.84% |
| 12/31/2011 | - | 1,195,962 | | 1,195,962 | 0.00% | 11,703,701 | 10.22% |
| 12/31/2012 | - | 1,022,544 | | 1,022,544 | 0.00% | 11,424,455 | 8.95% |
| 12/31/2013 | - | 1,130,773 | | 1,130,773 | 0.00% | 12,087,038 | 9.36% |

Schedule of Employer Contributions

| Year Ended June 30 | Annual Required Contribution (ARC) | Percentage of ARC Contributed |
|-----------------------|---|-------------------------------------|
| | 2010 | \$ 105,859 |
| 2011 | 101,869 | 49.78% |
| 2012 | 113,018 | 61.08% |
| 2013 | 127,606 | 56.50% |
| 2014 | 117,710 | 59.92% |

Notes to the Required Schedules:

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

| | |
|-------------------------------|-------------------------------|
| Valuation date | 12/31/2013 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percentage of pay, open |
| Remaining amortization period | 30 years |
| Asset valuation method | Market value |
| Actuarial assumptions: | |
| Investment rate of return* | 4.00% |
| Medical cost trend rate | 7.75% - 5.00% |
| Year of Ultimate trend rate | 2019 |

* Includes inflation at 3.00%

Supplementary Schedules

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

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BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

| | 2014 | | Variance Over/Under | 2013 |
|---|---------------|---------------|------------------------|---------------|
| | Budget | Actual | | Actual |
| Revenues: | | | | |
| Ad Valorem Taxes: | | | | |
| Current year, net of discounts | \$ 30,953,754 | \$ 32,343,045 | | \$ 30,424,083 |
| Penalties and interest | 282,951 | 522,979 | | 426,225 |
| Total | 31,236,705 | 32,866,024 | \$ 1,629,319 | 30,850,308 |
| Local Option Sales Taxes: | | | | |
| Local option sales tax | 7,338,273 | 7,376,048 | | 7,481,528 |
| Total | 7,338,273 | 7,376,048 | 37,775 | 7,481,528 |
| Other Taxes and Licenses: | | | | |
| Documentary stamps | 152,401 | 127,924 | | 115,525 |
| Scrap tire disposal tax/grant | 85,600 | 72,249 | | 79,316 |
| White goods disposal tax | 8,500 | - | | 3,723 |
| Privilege licenses | 8,000 | 7,851 | | 7,461 |
| Rental vehicles receipt tax | 17,600 | 17,234 | | 16,584 |
| Total | 272,101 | 225,258 | (46,843) | 222,609 |
| Unrestricted Intergovernmental Revenues: | | | | |
| Beer and wine tax | 118,500 | 150,612 | | 138,126 |
| Other | 74,500 | 77,859 | | 82,374 |
| Total | 193,000 | 228,471 | 35,471 | 220,500 |
| Restricted Intergovernmental Revenues: | | | | |
| State and Federal Grants | 11,385,584 | 11,059,989 | | 10,265,987 |
| Loan reimbursements | 110,000 | - | | - |
| ABC distributions/tax | 89,500 | 130,396 | | 130,600 |
| Total | 11,585,084 | 11,190,385 | (394,699) | 10,396,587 |
| Permits and Fees: | | | | |
| Building permits and inspection fees | 101,600 | 148,519 | | 144,623 |
| Register of Deeds | 198,602 | 182,216 | | 213,924 |
| Other permits and fees | - | 320 | | 382 |
| Total | 300,202 | 331,055 | 30,853 | 358,929 |
| Sales and Services: | | | | |
| Attorney fees/tax administration | 55,200 | 139,923 | | 212,765 |
| Animal control fees | 15,300 | 41,098 | | 31,015 |
| Tax collection fees | 98,000 | 110,207 | | 109,090 |
| Sheriff fees | 65,000 | 98,017 | | 116,252 |
| Electronic house arrest | 4,200 | 6,200 | | 5,400 |
| IV-D deputy travel | 64,800 | 65,177 | | 64,697 |

BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

| | 2014 | | Variance Over/Under | 2013 |
|---|-------------------|-------------------|------------------------|-------------------|
| | Budget | Actual | | Actual |
| Gun storage fees | - | 471 | | - |
| State prisoner's reimbursement | - | 2,934 | | 6,732 |
| Environmental health | 55,829 | 42,045 | | 45,645 |
| Vending and phones | 16,850 | 14,276 | | 20,211 |
| Health and immunizations | 96,763 | 107,164 | | 95,221 |
| Solid waste | 1,908,502 | 2,513,159 | | 1,935,832 |
| Rescue fees | 138,652 | 157,352 | | 146,429 |
| Share of service fee | 12,500 | 21,591 | | 27,752 |
| Rent | 132,500 | 371,959 | | 200,496 |
| Cable franchise fee | 138,500 | 134,189 | | 137,350 |
| DSS aging | 8,500 | 6,868 | | 8,185 |
| NC Health Choice | 10,500 | 13,770 | | 12,150 |
| Total | <u>2,821,596</u> | <u>3,846,400</u> | <u>1,024,804</u> | <u>3,175,222</u> |
| Investment Earnings | - | 13,207 | 13,207 | 14,947 |
| Miscellaneous: | | | | |
| Proceeds from sale of assets/insurance claims | - | 30,852 | | 1,097,934 |
| Donations | 10,000 | 14,629 | | 35,345 |
| Miscellaneous | 152,600 | 43,244 | | 85,931 |
| Total | <u>162,600</u> | <u>88,725</u> | <u>(73,875)</u> | <u>1,219,210</u> |
| Total revenues | <u>53,909,561</u> | <u>56,165,573</u> | <u>2,256,012</u> | <u>53,939,840</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Governing body | 204,514 | 192,470 | | 201,894 |
| County Manager | 895,675 | 893,715 | | 933,312 |
| Finance | 583,245 | 547,042 | | 498,153 |
| Tax administration | 1,605,342 | 1,528,090 | | 1,399,934 |
| Legal | 125,242 | 114,961 | | 171,226 |
| Register of Deeds | 360,656 | 334,582 | | 350,678 |
| Elections | 298,952 | 251,377 | | 295,276 |
| Public buildings | 1,499,440 | 1,266,441 | | 1,075,893 |
| Court facilities | 177,100 | 128,410 | | 118,480 |
| Total | <u>5,750,166</u> | <u>5,257,088</u> | <u>493,078</u> | <u>5,044,846</u> |

BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

| | 2014 | | Variance Over/Under | 2013 |
|---|------------------|------------------|------------------------|------------------|
| | Budget | Actual | | Actual |
| Public Safety: | | | | |
| Sheriff | 4,404,964 | 4,336,695 | | 3,987,231 |
| Jail | 2,586,461 | 2,284,425 | | 1,836,388 |
| Criminal justice partnership | 48,220 | 47,369 | | 46,283 |
| Emergency communications | 692,617 | 601,740 | | 604,024 |
| Emergency management | 260,870 | 203,711 | | 190,555 |
| Fire protection | 152,172 | 106,756 | | 107,489 |
| Inspections | 179,955 | 169,658 | | 188,306 |
| Ambulance/rescue service | 144,750 | 144,714 | | 142,072 |
| Animal control | 380,490 | 316,237 | | 364,832 |
| Medical examiner | 33,400 | 36,450 | | 33,400 |
| Total | <u>8,883,899</u> | <u>8,247,755</u> | <u>636,144</u> | <u>7,500,580</u> |
| Economic and Physical Development: | | | | |
| Economic development | 476,400 | 472,853 | | 337,539 |
| Agricultural extension | 246,195 | 189,929 | | 181,130 |
| Soil/water conservation | 140,838 | 122,968 | | 150,363 |
| Total | <u>863,433</u> | <u>785,750</u> | <u>77,683</u> | <u>669,032</u> |
| Human Services: | | | | |
| Administration - general | 261,427 | 246,687 | | 201,801 |
| AIDS control/STD | 197,937 | 214,016 | | 200,534 |
| TB program | 77,001 | 70,042 | | 67,171 |
| Immunization | 211,241 | 227,947 | | 217,906 |
| Health promotion | 46,158 | 44,043 | | 33,146 |
| Child health | 402,335 | 402,021 | | 365,423 |
| Maternal health | 370,504 | 341,613 | | 341,649 |
| WIC - administration | 393,212 | 354,514 | | 364,709 |
| Environmental health | 566,769 | 592,731 | | 620,480 |
| Family planning | 427,183 | 352,557 | | 384,452 |
| Other health programs | 291,754 | 312,699 | | 304,074 |
| Total | <u>3,245,521</u> | <u>3,158,870</u> | <u>86,651</u> | <u>3,101,345</u> |
| Mental Health: | | | | |
| General appropriation | 156,599 | 156,599 | | 156,599 |
| Alcohol rehab | 17,000 | 17,000 | | 17,000 |
| Total | <u>173,599</u> | <u>173,599</u> | <u>-</u> | <u>173,599</u> |
| Beaufort County Develop Center | <u>55,000</u> | <u>55,000</u> | <u>-</u> | <u>55,000</u> |
| NC Elderly handicapped transportation/other | <u>32,500</u> | <u>26,405</u> | <u>6,095</u> | <u>24,136</u> |

BEAUFORT COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

| | 2014 | | Variance Over/Under | 2013 |
|-----------------------------------|-------------------|-------------------|------------------------|-------------------|
| | Budget | Actual | | Actual |
| Social Services: | | | | |
| Administration | 6,196,911 | 5,769,570 | | 5,692,033 |
| State in-home aging services | 582,253 | 483,868 | | 471,999 |
| Day care | 2,380,383 | 2,142,525 | | 1,965,722 |
| Medical assistance | 496,300 | 514,922 | | 527,680 |
| Energy assistance | 683,826 | 579,240 | | 494,623 |
| County provided assistance | 566,044 | 571,901 | | 614,963 |
| Transportation | 125,000 | 131,219 | | 119,452 |
| Child support enforcement | 793,229 | 793,229 | | 766,427 |
| Aid to the blind program | 13,200 | 10,835 | | 10,816 |
| Foster care | 711,888 | 462,339 | | 597,767 |
| Work First Program | 108,500 | 44,087 | | 44,944 |
| Total | <u>12,657,534</u> | <u>11,503,735</u> | <u>1,153,799</u> | <u>11,306,426</u> |
| Other Human Services: | | | | |
| Veterans services | 54,692 | 53,066 | | 51,964 |
| Youth services | 209,959 | 216,172 | | 224,626 |
| Total | <u>264,651</u> | <u>269,238</u> | <u>(4,587)</u> | <u>276,590</u> |
| Total social services | <u>12,922,185</u> | <u>11,772,973</u> | <u>1,149,212</u> | <u>11,583,016</u> |
| Total human services | <u>16,428,805</u> | <u>15,186,847</u> | <u>1,241,958</u> | <u>14,937,096</u> |
| Cultural and Recreational: | | | | |
| Recreation | 33,341 | 33,341 | | 33,341 |
| Library and museum | 213,300 | 213,300 | | 206,755 |
| Special appropriations | 43,000 | 36,000 | | 58,200 |
| Total | <u>289,641</u> | <u>282,641</u> | <u>7,000</u> | <u>298,296</u> |
| Environmental Protection: | | | | |
| Solid waste | <u>3,424,800</u> | <u>3,048,112</u> | <u>376,688</u> | <u>2,994,097</u> |
| Education: | | | | |
| Public schools: | | | | |
| Current expense | 12,445,150 | 12,445,150 | | 12,195,150 |
| Capital outlay | 1,100,000 | 1,100,000 | | 962,060 |
| Community colleges: | | | | |
| Current expense | 2,232,403 | 2,232,403 | | 2,148,949 |
| Capital outlay | 257,000 | 257,000 | | 165,500 |
| Total | <u>16,034,553</u> | <u>16,034,553</u> | <u>-</u> | <u>15,471,659</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | 2014 | | Variance Over/Under | 2013 |
|--|-------------------|----------------------|------------------------|----------------------|
| | Budget | Actual | | Actual |
| Debt Service: | | | | |
| Principal retirement | 1,910,902 | 1,797,807 | | 2,611,758 |
| Interest and fees | <u>915,180</u> | <u>1,028,274</u> | | <u>2,295,102</u> |
| Total | <u>2,826,082</u> | <u>2,826,081</u> | <u>1</u> | <u>4,906,860</u> |
| | | | | |
| Total expenditures | <u>54,501,379</u> | <u>51,668,827</u> | <u>2,832,552</u> | <u>51,822,466</u> |
| | | | | |
| Revenues over (under) expenditures | <u>(591,818)</u> | <u>4,496,746</u> | <u>5,088,564</u> | <u>2,117,374</u> |
| | | | | |
| Other Financing Sources (Uses): | | | | |
| Limited obligation bonds issued | - | - | - | 36,005,000 |
| Purchase of district refunding bonds | - | - | - | (36,005,000) |
| Refunding bonds issued | - | - | - | 10,545,000 |
| Premium | - | - | - | 1,117,870 |
| Payment to refunded bond escrow agent | - | - | - | (10,400,000) |
| Fund balance appropriated | 1,795,529 | - | (1,795,529) | - |
| Transfers from other funds: | | | | |
| Special revenue - Fire and Rescue Districts Fund | 45,000 | - | (45,000) | - |
| Capital project - BCCC Project | 122,066 | - | (122,066) | - |
| Capital project - administrative building | 3,498 | - | (3,498) | - |
| Capital Project- CDBG Fund | - | - | - | 557 |
| Transfers to other funds: | | | | |
| Capital project - administrative building | (1,083,155) | - | 1,083,155 | - |
| Capital project- CDBG Fund | (102,300) | (82,892) | 19,408 | (44,142) |
| Special revenue - Fire and Rescue Districts Fund | (121,320) | - | 121,320 | (66,285) |
| Special revenue - Industrial recruitment | <u>(67,500)</u> | <u>(67,500)</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>591,818</u> | <u>(150,392)</u> | <u>(742,210)</u> | <u>1,153,000</u> |
| | | | | |
| Net change in fund balance | <u>\$ -</u> | <u>4,346,354</u> | <u>\$ 4,346,354</u> | <u>3,270,374</u> |
| | | | | |
| Fund Balance: | | | | |
| Beginning of year - July 1 | | <u>21,129,316</u> | | <u>17,858,942</u> |
| | | | | |
| End of year - June 30 | | <u>\$ 25,475,670</u> | | <u>\$ 21,129,316</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**MAJOR CAPITAL PROJECT FUND - BCCC PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

| | <u>Project Authorization</u> | <u>Actual</u> | | | <u>Variance Over/Under</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------------|--------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | <u>Total to Date</u> | |
| Revenues: | | | | | |
| Grants | \$ 2,500,000 | \$ 2,499,999 | \$ - | \$ 2,499,999 | \$ (1) |
| Investment earnings | 514 | 515 | - | 515 | 1 |
| Miscellaneous | 122,066 | - | 122,066 | 122,066 | - |
| Total revenues | <u>2,622,580</u> | <u>2,500,514</u> | <u>122,066</u> | <u>2,622,580</u> | <u>-</u> |
| Expenditures: | | | | | |
| Economic and physical development | | | | | |
| Construction | 5,731,799 | 5,731,799 | - | 5,731,799 | - |
| Principal payment | 570,715 | 570,715 | - | 570,715 | - |
| Total expenditures | <u>6,302,514</u> | <u>6,302,514</u> | <u>-</u> | <u>6,302,514</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>(3,679,934)</u> | <u>(3,802,000)</u> | <u>122,066</u> | <u>(3,679,934)</u> | <u>-</u> |
| Other Financing Sources (Uses): | | | | | |
| USDA loan issued | 3,802,000 | 3,802,000 | - | 3,802,000 | - |
| Transfers (to)/from other funds | (122,066) | - | - | - | 122,066 |
| Total other financing sources (uses) | <u>3,679,934</u> | <u>3,802,000</u> | <u>-</u> | <u>3,802,000</u> | <u>122,066</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>122,066</u> | <u>\$ 122,066</u> | <u>\$ 122,066</u> |
| Fund Balance: | | | | | |
| Beginning of year - July 1 | | | <u>-</u> | | |
| End of year - June 30 | | | <u>\$ 122,066</u> | | |

BEAUFORT COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - ADMINISTRATIVE BUILDING
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Project Authorization</u> | <u>Actual</u> | | | <u>Variance Over/Under</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------------|--------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | <u>Total to Date</u> | |
| Revenues: | | | | | |
| Interest income | \$ 3,498 | \$ 3,497 | \$ - | \$ 3,497 | \$ (1) |
| Expenditures: | | | | | |
| Economic and physical development | 2,155,000 | 2,155,000 | 889,182 | 3,044,182 | (889,182) |
| Revenues over (under) expenditures | (2,151,502) | (2,151,503) | (889,182) | (3,040,685) | (889,183) |
| Other Financing Sources (Uses): | | | | | |
| Installment financing issued | 2,155,000 | 2,155,000 | - | 2,155,000 | - |
| Transfers (to)/from other funds | (3,498) | - | - | - | 3,498 |
| Total other financing sources (uses) | 2,151,502 | 2,155,000 | - | 2,155,000 | 3,498 |
| Net change in fund balance | \$ - | \$ 3,497 | (889,182) | \$ (885,685) | \$ (885,685) |
| Fund Balance: | | | | | |
| Beginning of year - July 1 | | | 3,497 | | |
| End of year - June 30 | | | \$ (885,685) | | |

BEAUFORT COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014**

| | Nonmajor Special Revenue Funds | | | | | |
|---|---------------------------------------|--|--|-----------------------------------|---|---|
| | Economic Development | Fire and Rescue Tax Districts | Emergency Telephone System Fund | Industrial Recruitment | State and Federal Seizures | Total Nonmajor Special Revenue Funds |
| Assets: | | | | | | |
| Cash and cash equivalents | \$ 54,185 | \$ - | \$ 660,873 | \$ - | \$ 119,143 | \$ 834,201 |
| Accounts receivable, net | 1,541 | - | 20,756 | - | 647 | 22,944 |
| Taxes receivable, net | - | 182,983 | - | - | - | 182,983 |
| Due from other funds | - | 688 | - | - | - | 688 |
| Total assets | <u>\$ 55,726</u> | <u>\$ 183,671</u> | <u>\$ 681,629</u> | <u>\$ -</u> | <u>\$ 119,790</u> | <u>\$ 1,040,816</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | \$ 2,077 | \$ - | \$ 11,540 | \$ - | \$ - | \$ 13,617 |
| Due to other funds | - | 76,538 | - | - | - | 76,538 |
| Total liabilities | <u>2,077</u> | <u>76,538</u> | <u>11,540</u> | <u>-</u> | <u>-</u> | <u>90,155</u> |
| Deferred Inflows of Resources: | | | | | | |
| Taxes receivable | - | 182,983 | - | - | - | 182,983 |
| Fund Balances: | | | | | | |
| Restricted: | | | | | | |
| Stabilization by State statute | 1,541 | 688 | 20,756 | - | 647 | 23,632 |
| Restricted, all other | 52,108 | - | 649,333 | - | 119,143 | 820,584 |
| Committed | - | - | - | - | - | - |
| Unassigned | - | (76,538) | - | - | - | (76,538) |
| Total fund balances | <u>53,649</u> | <u>(75,850)</u> | <u>670,089</u> | <u>-</u> | <u>119,790</u> | <u>767,678</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 55,726</u> | <u>\$ 183,671</u> | <u>\$ 681,629</u> | <u>\$ -</u> | <u>\$ 119,790</u> | <u>\$ 1,040,816</u> |

Nonmajor Capital Project Funds

| Hazard Mitigation | Pantego Sewer | Economic Development | CDBG Fund | Capital Reserve | Total Nonmajor Capital Project Funds | Total Nonmajor Governmental Funds |
|--------------------------|----------------------|-----------------------------|-------------------|------------------------|---|--|
| \$ - | \$ - | \$ - | \$ - | \$ 53,047 | \$ 53,047 | \$ 887,248 |
| 6,860 | - | 126,331 | 444,094 | - | 577,285 | 600,229 |
| - | - | - | - | - | - | 182,983 |
| - | - | - | - | - | - | 688 |
| <u>\$ 6,860</u> | <u>\$ -</u> | <u>\$ 126,331</u> | <u>\$ 444,094</u> | <u>\$ 53,047</u> | <u>\$ 630,332</u> | <u>\$ 1,671,148</u> |
| | | | | | | |
| \$ 9,670 | \$ - | \$ - | \$ - | \$ - | \$ 9,670 | \$ 23,287 |
| 200,943 | - | 46,911 | 444,094 | - | 691,948 | 768,486 |
| 210,613 | - | 46,911 | 444,094 | - | 701,618 | 791,773 |
| | | | | | | |
| - | - | - | - | - | - | 182,983 |
| | | | | | | |
| 6,860 | - | 126,331 | 444,094 | - | 577,285 | 600,917 |
| - | - | - | - | - | - | 820,584 |
| - | - | 79,420 | - | 53,047 | 132,467 | 132,467 |
| (210,613) | - | (126,331) | (444,094) | - | (781,038) | (857,576) |
| (203,753) | - | 79,420 | - | 53,047 | (71,286) | 696,392 |
| | | | | | | |
| <u>\$ 6,860</u> | <u>\$ -</u> | <u>\$ 126,331</u> | <u>\$ 444,094</u> | <u>\$ 53,047</u> | <u>\$ 630,332</u> | <u>\$ 1,671,148</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

| | Nonmajor Special Revenue Funds | | | | | Total Nonmajor Special Revenue Funds |
|--|---------------------------------------|--|--|-----------------------------------|---|---|
| | Economic Development | Fire and Rescue Tax Districts | Emergency Telephone System Fund | Industrial Recruitment | State and Federal Seizures | |
| Revenues: | | | | | | |
| Ad valorem taxes | \$ - | \$ 3,241,146 | \$ - | \$ - | \$ - | \$ 3,241,146 |
| Restricted intergovernmental | 237,121 | - | 211,232 | 202,500 | 18,231 | 669,084 |
| Other | 6,819 | - | - | - | 5,702 | 12,521 |
| Total revenues | <u>243,940</u> | <u>3,241,146</u> | <u>211,232</u> | <u>202,500</u> | <u>23,933</u> | <u>3,922,751</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Public safety | - | 3,316,996 | 196,963 | - | 11,456 | 3,525,415 |
| Economic and physical development | 281,605 | - | - | 270,000 | - | 551,605 |
| Total expenditures | <u>281,605</u> | <u>3,316,996</u> | <u>196,963</u> | <u>270,000</u> | <u>11,456</u> | <u>4,077,020</u> |
| Revenues over (under) expenditures | <u>(37,665)</u> | <u>(75,850)</u> | <u>14,269</u> | <u>(67,500)</u> | <u>12,477</u> | <u>(154,269)</u> |
| Other Financing Sources (Uses): | | | | | | |
| Transfers from other funds | - | - | - | 67,500 | - | 67,500 |
| Transfers to other funds | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>67,500</u> | <u>-</u> | <u>67,500</u> |
| Net change in fund balances | <u>(37,665)</u> | <u>(75,850)</u> | <u>14,269</u> | <u>-</u> | <u>12,477</u> | <u>(86,769)</u> |
| Fund Balances: | | | | | | |
| Beginning of year - July 1 | <u>91,314</u> | <u>-</u> | <u>655,820</u> | <u>-</u> | <u>107,313</u> | <u>854,447</u> |
| End of year - June 30 | <u>\$ 53,649</u> | <u>\$ (75,850)</u> | <u>\$ 670,089</u> | <u>\$ -</u> | <u>\$ 119,790</u> | <u>\$ 767,678</u> |

Nonmajor Capital Project Funds

| <u>Hazard Mitigation</u> | <u>Pantego Sewer</u> | <u>Economic Development</u> | <u>CDBG Fund</u> | <u>Capital Reserve</u> | <u>Total Nonmajor Capital Project Funds</u> | <u>Total Nonmajor Governmental Funds</u> |
|--------------------------|----------------------|-----------------------------|------------------|------------------------|---|--|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,241,146 |
| 425,801 | - | 750,000 | 370,000 | - | 1,545,801 | 2,214,885 |
| - | - | - | - | - | - | 12,521 |
| <u>425,801</u> | <u>-</u> | <u>750,000</u> | <u>370,000</u> | <u>-</u> | <u>1,545,801</u> | <u>5,468,552</u> |
| - | - | - | - | - | - | 3,525,415 |
| 629,554 | - | 750,000 | 452,892 | - | 1,832,446 | 2,384,051 |
| <u>629,554</u> | <u>-</u> | <u>750,000</u> | <u>452,892</u> | <u>-</u> | <u>1,832,446</u> | <u>5,909,466</u> |
| (203,753) | - | - | (82,892) | - | (286,645) | (440,914) |
| - | - | - | 82,892 | - | 82,892 | 150,392 |
| - | (13,753) | - | - | - | (13,753) | (13,753) |
| <u>-</u> | <u>(13,753)</u> | <u>-</u> | <u>82,892</u> | <u>-</u> | <u>69,139</u> | <u>136,639</u> |
| (203,753) | (13,753) | - | - | - | (217,506) | (304,275) |
| - | 13,753 | 79,420 | - | 53,047 | 146,220 | 1,000,667 |
| <u>\$ (203,753)</u> | <u>\$ -</u> | <u>\$ 79,420</u> | <u>\$ -</u> | <u>\$ 53,047</u> | <u>\$ (71,286)</u> | <u>\$ 696,392</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | 2014 | | | 2013 |
|--|----------------|------------------|--------------------------------|------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues: | | | | |
| Restricted intergovernmental | \$ 261,552 | \$ 237,121 | \$ (24,431) | \$ 258,415 |
| Other income | 8,450 | 6,819 | (1,631) | 6,311 |
| Total revenues | <u>270,002</u> | <u>243,940</u> | <u>(26,062)</u> | <u>264,726</u> |
| Expenditures: | | | | |
| Economic and physical development | <u>308,452</u> | <u>281,605</u> | <u>26,847</u> | <u>241,418</u> |
| Revenues over (under) expenditures | (38,450) | (37,665) | 785 | 23,308 |
| Other Financing Sources (Uses): | | | | |
| Fund balance appropriated | <u>38,450</u> | <u>-</u> | <u>(38,450)</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>(37,665)</u> | <u>\$ (37,665)</u> | 23,308 |
| Fund Balance: | | | | |
| Beginning of year - July 1 | | <u>91,314</u> | | <u>68,006</u> |
| End of year - June 30 | | <u>\$ 53,649</u> | | <u>\$ 91,314</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**FIRE AND RESCUE TAX DISTRICT FUNDS (ALL DISTRICTS)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>2014</u> | | | <u>2013</u> |
|--|---------------|---------------|--------------------------------|---------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues: | | | | |
| Ad valorem taxes | \$ 2,507,213 | \$ 3,241,146 | \$ 733,933 | \$ 2,407,559 |
| Expenditures: | | | | |
| Public safety expenditures | 2,628,533 | 3,316,996 | (688,463) | 2,475,052 |
| Revenues over (under) expenditures | (121,320) | (75,850) | 45,470 | (67,493) |
| Other Financing Sources (Uses): | | | | |
| Transfer from other funds | 121,320 | - | (121,320) | 66,285 |
| Net change in fund balance | \$ - | (75,850) | \$ (75,850) | (1,208) |
| Fund Balance: | | | | |
| Beginning of year - July 1 | | - | | 1,208 |
| End of year - June 30 | | \$ (75,850) | | \$ - |

BEAUFORT COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | 2014 | | | 2013 |
|--|----------------|-------------------|------------------------|-------------------|
| | Budget | Actual | Variance Over/Under | Actual |
| Revenues: | | | | |
| Restricted intergovernmental | \$ 211,232 | \$ 211,232 | \$ - | \$ 196,327 |
| Expenditures: | | | | |
| Public safety: | | | | |
| Implemental functions | 26,300 | 87,050 | (60,750) | 29,299 |
| Telephone | 185,600 | 25,441 | 160,159 | 71,466 |
| Software maintenance | 21,623 | 24,127 | (2,504) | 23,342 |
| Hardware maintenance | 64,360 | 58,905 | 5,455 | 39,090 |
| Training | 1,500 | 1,440 | 60 | 1,320 |
| Capital outlay | 133,364 | - | 133,364 | - |
| Total expenditures | <u>432,747</u> | <u>196,963</u> | <u>235,784</u> | <u>164,517</u> |
| Revenues over (under) expenditures | (221,515) | 14,269 | (235,784) | 31,810 |
| Other Financing Sources (Uses): | | | | |
| Fund balance appropriated | <u>221,515</u> | - | <u>(221,515)</u> | - |
| Net change in fund balance | <u>\$ -</u> | 14,269 | <u>\$ 14,269</u> | 31,810 |
| Fund Balance: | | | | |
| Beginning of year - July 1 | | <u>655,820</u> | | <u>624,010</u> |
| End of year - June 30 | | <u>\$ 670,089</u> | | <u>\$ 655,820</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**INDUSTRIAL RECRUITMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>2014</u> | | | <u>2013</u> |
|--|---------------|---------------|--------------------------------|---------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues: | | | | |
| Restricted intergovernmental | \$ 202,500 | \$ 202,500 | \$ - | \$ - |
| Expenditures: | | | | |
| Economic and physical development | 270,000 | 270,000 | - | 3,452 |
| Revenues over (under) expenditures | (67,500) | (67,500) | - | (3,452) |
| Other Financing Sources (Uses): | | | | |
| Transfers from other funds | 67,500 | 67,500 | - | 3,452 |
| Net change in fund balance | \$ - | - | \$ - | - |
| Fund Balance: | | | | |
| Beginning of year - July 1 | | - | | - |
| End of year - June 30 | | \$ - | | \$ - |

BEAUFORT COUNTY, NORTH CAROLINA

**STATE AND FEDERAL SEIZURES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | 2014 | | | 2013 |
|--|---------------|-------------------|--------------------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues: | | | | |
| Restricted intergovernmental | \$ 52,000 | \$ 18,231 | \$ (33,769) | \$ 24,173 |
| Miscellaneous | - | 5,702 | 5,702 | 9,006 |
| Total revenues | <u>52,000</u> | <u>23,933</u> | <u>(28,067)</u> | <u>33,179</u> |
| Expenditures: | | | | |
| Public safety expenditures | <u>52,000</u> | <u>11,456</u> | <u>40,544</u> | <u>61,094</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>12,477</u> | <u>12,477</u> | <u>(27,915)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers to other funds | (5,000) | - | 5,000 | - |
| Fund balance appropriated | <u>5,000</u> | <u>-</u> | <u>(5,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>12,477</u> | <u>\$ 12,477</u> | <u>(27,915)</u> |
| Fund Balance: | | | | |
| Beginning of year - July 1 | | <u>107,313</u> | | <u>135,228</u> |
| End of year - June 30 | | <u>\$ 119,790</u> | | <u>\$ 107,313</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**HAZARD MITIGATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

| | <u>Project Authorization</u> | <u>Actual</u> | | | <u>Variance Over/Under</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------------|--------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | <u>Total to Date</u> | |
| Revenues: | | | | | |
| Restricted intergovernmental - HMGP | \$ - | \$ 1,154,121 | \$ - | \$ 1,154,121 | \$ 1,154,121 |
| Restricted intergovernmental | 57,656 | 1,502,375 | - | 1,502,375 | 1,444,719 |
| Restricted intergovernmental - CDBG 08-C-1870 | 850,842 | 689,059 | - | 689,059 | (161,783) |
| Restricted intergovernmental - SRL-PJ-NC-2008-002 | 333,212 | 131,166 | - | 131,166 | (202,046) |
| Restricted intergovernmental - CDBG - 08-T-1906 | 75,000 | 74,823 | - | 74,823 | (177) |
| Restricted intergovernmental - CDBG- 10-C-2115 | 400,000 | 235,508 | 161,255 | 396,763 | (3,237) |
| Restricted intergovernmental - CDBG- 10-C-2136 | 500,000 | 481,629 | 7,955 | 489,584 | (10,416) |
| Restricted intergovernmental hazard mitigation - 1448-0084 | 1,160,178 | - | - | - | (1,160,178) |
| Restricted intergovernmental hazard mitigation - 1490-0013 | 124,435 | - | - | - | (124,435) |
| Restricted intergovernmental hazard mitigation - 1969-011 | 716,980 | - | 231,940 | 231,940 | (485,040) |
| Restricted intergovernmental hazard mitigation - 1969-012 | 93,600 | - | 4,676 | 4,676 | (88,924) |
| Restricted intergovernmental hazard mitigation - 4019-022 | 149,063 | - | 19,975 | 19,975 | (129,088) |
| Restricted intergovernmental - CDBG -05-I-1382 | 600,000 | - | - | - | (600,000) |
| Restricted intergovernmental - FMA-PJ-NC-2005-002 | 45,806 | - | - | - | (45,806) |
| Restricted intergovernmental - CDBG 07-C-1650 | 320,000 | - | - | - | (320,000) |
| Restricted intergovernmental - RFC-PJ-NC-2008-003 | 181,088 | - | - | - | (181,088) |
| Restricted intergovernmental - PDM-PL-04-NC | 46,064 | 17,268 | - | 17,268 | (28,796) |
| Restricted intergovernmental - SRL-PJ-04-NC-2010-002 | 264,380 | 264,379 | - | 264,379 | (1) |
| Other | - | 3,744 | - | 3,744 | 3,744 |
| Total revenues | <u>5,918,304</u> | <u>4,554,072</u> | <u>425,801</u> | <u>4,979,873</u> | <u>(938,431)</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Economic and physical development: | | | | | |
| CDBG 10-C-2115 2010 scattered site | 400,000 | 235,508 | 161,255 | 396,763 | 3,237 |
| CDBG 10-C-2136 ER Project | 500,000 | 481,629 | 7,955 | 489,584 | 10,416 |
| Economic and physical development | <u>5,022,040</u> | <u>3,953,102</u> | <u>460,344</u> | <u>4,413,446</u> | <u>608,594</u> |
| Total expenditures | <u>5,922,040</u> | <u>4,670,239</u> | <u>629,554</u> | <u>5,299,793</u> | <u>622,247</u> |
| Revenues over (under) expenditures | (3,736) | (116,167) | (203,753) | (319,920) | (316,184) |
| Other Financing Sources (Uses): | | | | | |
| Transfers from other funds | <u>3,736</u> | <u>116,167</u> | <u>-</u> | <u>116,167</u> | <u>112,431</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>(203,753)</u> | <u>\$ (203,753)</u> | <u>\$ (203,753)</u> |
| Fund Balance: | | | | | |
| Beginning of year - July 1 | | | <u>-</u> | | |
| End of year - June 30 | | | <u>\$ (203,753)</u> | | |

BEAUFORT COUNTY, NORTH CAROLINA

**CAPITAL PROJECT FUND - PANTEGO SEWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

| | <u>Project Authorization</u> | <u>Actual</u> | | | <u>Variance Over/Under</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------------|--------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | <u>Total to Date</u> | |
| Revenues: | | | | | |
| Grants | \$ 3,399,910 | \$ 747,271 | \$ - | \$ 747,271 | \$ (2,652,639) |
| Other income | <u>13,753</u> | <u>13,753</u> | <u>-</u> | <u>13,753</u> | <u>-</u> |
| Total revenues | <u>3,413,663</u> | <u>761,024</u> | <u>-</u> | <u>761,024</u> | <u>(2,652,639)</u> |
| Expenditures: | | | | | |
| Economic and physical development: | | | | | |
| Construction | <u>3,399,910</u> | <u>769,771</u> | <u>-</u> | <u>769,771</u> | <u>2,630,139</u> |
| Revenues over (under) expenditures | 13,753 | (8,747) | - | (8,747) | (22,500) |
| Other Financing Sources (Uses): | | | | | |
| Transfers in (out) | <u>(13,753)</u> | <u>22,500</u> | <u>(13,753)</u> | <u>8,747</u> | <u>22,500</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 13,753</u> | <u>(13,753)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Fund Balance: | | | | | |
| Beginning of year - July 1 | | | <u>13,753</u> | | |
| End of year - June 30 | | | <u>\$ -</u> | | |

BEAUFORT COUNTY, NORTH CAROLINA

**CAPITAL PROJECT FUND - ECONOMIC DEVELOPMENT - INDUSTRIAL READY BUILDING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

| | <u>Project Authorization</u> | <u>Actual</u> | | | <u>Variance Over/Under</u> |
|---|----------------------------------|------------------------|-------------------------|--------------------------|--------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | <u>Total to Date</u> | |
| Revenues: | | | | | |
| CDBG Grant - 12-E-2403 pronamics | \$ 750,000 | \$ 3,673 | \$ 750,000 | \$ 753,673 | \$ 3,673 |
| Sale of industrial ready building | - | 1,387,466 | - | 1,387,466 | 1,387,466 |
| Other | 24,100 | 24,100 | - | 24,100 | - |
| Interest income | - | 13,517 | - | 13,517 | 13,517 |
| Total revenues | <u>774,100</u> | <u>1,428,756</u> | <u>750,000</u> | <u>2,178,756</u> | <u>1,404,656</u> |
| Expenditures: | | | | | |
| Economic and physical development: | | | | | |
| Construction - CDBG 12-E-2403 pronamics | <u>5,747,029</u> | <u>2,770,036</u> | <u>750,000</u> | <u>3,520,036</u> | <u>2,226,993</u> |
| Total expenditures | <u>5,747,029</u> | <u>2,770,036</u> | <u>750,000</u> | <u>3,520,036</u> | <u>2,226,993</u> |
| Revenues over (under) expenditures | <u>(4,972,929)</u> | <u>(1,341,280)</u> | <u>-</u> | <u>(1,341,280)</u> | <u>3,631,649</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers from other funds | 2,295,656 | 51,474 | - | 51,474 | (2,244,182) |
| Transfers to other funds | (79,420) | - | - | - | 79,420 |
| Principal payoff on IRB I | - | (1,098,980) | - | (1,098,980) | (1,098,980) |
| Loan proceeds - IRB II | <u>2,756,693</u> | <u>2,468,206</u> | <u>-</u> | <u>2,468,206</u> | <u>(288,487)</u> |
| Total other financing sources (uses) | <u>4,972,929</u> | <u>1,420,700</u> | <u>-</u> | <u>1,420,700</u> | <u>(3,552,229)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 79,420</u> | <u>-</u> | <u>\$ 79,420</u> | <u>\$ 79,420</u> |
| Fund Balance: | | | | | |
| Beginning of year - July 1 | | | <u>79,420</u> | | |
| End of year - June 30 | | | <u>\$ 79,420</u> | | |

BEAUFORT COUNTY, NORTH CAROLINA

CDBG FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

| | Project Authorization | Actual | | | Variance Over/Under |
|--|--------------------------|------------------|-----------------|------------------|------------------------|
| | | Prior Years | Current Year | Total to Date | |
| Revenues: | | | | | |
| Restricted intergovernmental | \$ 1,962,635 | \$ 2,493,003 | \$ 370,000 | \$ 2,863,003 | \$ 900,368 |
| Other income | 128,317 | 141,085 | - | 141,085 | 12,768 |
| Total revenues | <u>2,090,952</u> | <u>2,634,088</u> | <u>370,000</u> | <u>3,004,088</u> | <u>913,136</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Economic and physical development | <u>2,630,077</u> | <u>3,063,304</u> | <u>452,892</u> | <u>3,516,196</u> | <u>(886,119)</u> |
| Revenues over (under) expenditures | <u>(539,125)</u> | <u>(429,216)</u> | <u>(82,892)</u> | <u>(512,108)</u> | <u>27,017</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers from other funds | 539,682 | 437,381 | 82,892 | 520,273 | (19,409) |
| Transfers to other funds | <u>(557)</u> | <u>(8,165)</u> | <u>-</u> | <u>(8,165)</u> | <u>(7,608)</u> |
| Total other financing sources (uses) | <u>539,125</u> | <u>429,216</u> | <u>82,892</u> | <u>512,108</u> | <u>(27,017)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> |
| Fund Balance: | | | | | |
| 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 BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2014****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>2014</u> | | | <u>2013</u> |
|----------------------------|---------------|------------------|--------------------------------|------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues: | | | | |
| Investment earnings | \$ - | \$ - | \$ - | \$ - |
| Net change in fund balance | <u>\$ -</u> | - | <u>\$ -</u> | - |
| Fund Balance: | | | | |
| Beginning of year - July 1 | | <u>53,047</u> | | <u>53,047</u> |
| End of year - June 30 | | <u>\$ 53,047</u> | | <u>\$ 53,047</u> |

BEAUFORT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - WATER DISTRICT I
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

| | 2014 | | | 2013 |
|-----------------------------------|----------------|----------------|------------------------|----------------|
| | Budget | Actual | Variance Over/Under | Actual |
| Revenues: | | | | |
| Operating revenues: | | | | |
| Water sales | \$ 690,502 | \$ 715,521 | \$ 25,019 | \$ 615,675 |
| Tap on fees | 16,500 | 14,542 | (1,958) | 13,495 |
| Miscellaneous | 8,500 | 27,677 | 19,177 | 22,666 |
| Total operating revenues | <u>715,502</u> | <u>757,740</u> | <u>42,238</u> | <u>651,836</u> |
| Expenditures: | | | | |
| Administration: | | | | |
| Supplies | 849 | 892 | (43) | 821 |
| Travel | 14,354 | 10,348 | 4,006 | 11,111 |
| Utilities | 13,031 | 11,643 | 1,388 | 11,127 |
| Other administration expenses | 4,882 | 12,191 | (7,309) | 3,586 |
| Total | <u>33,116</u> | <u>35,074</u> | <u>(1,958)</u> | <u>26,645</u> |
| Water treatment and distribution: | | | | |
| Salaries and employee benefits | 118,206 | 125,945 | (7,739) | 120,934 |
| Water purchase | 144,770 | 110,002 | 34,768 | 98,954 |
| Supplies | 987 | 580 | 407 | 264 |
| Maintenance | 81,449 | 58,970 | 22,479 | 74,854 |
| Other expenses | 28,486 | 24,437 | 4,049 | 19,238 |
| Total | <u>373,898</u> | <u>319,934</u> | <u>53,964</u> | <u>314,244</u> |
| Budgetary appropriations: | | | | |
| Capital outlay | 13,078 | - | 13,078 | - |
| Contingency | 104,787 | - | 104,787 | - |
| Interest and bond issuance cost | 190,623 | 190,263 | 360 | 259,591 |
| Total | <u>308,488</u> | <u>190,263</u> | <u>118,225</u> | <u>259,591</u> |
| Total expenditures | <u>715,502</u> | <u>545,271</u> | <u>170,231</u> | <u>600,480</u> |

BEAUFORT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - WATER DISTRICT I
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

| | 2014 | | | 2013 |
|--|--------|------------|------------------------|-------------|
| | Budget | Actual | Variance Over/Under | Actual |
| Revenues over (under) expenditures | - | 212,469 | 212,469 | 51,356 |
| Other Financing Sources (Uses): | | | | |
| Refunding bonds issued | - | - | - | 4,650,000 |
| Premium | - | - | - | 302,038 |
| Payment to bond holders | - | - | - | (4,847,300) |
| Total other financing sources (uses) | - | - | - | 104,738 |
| Revenues and other financing sources over (under) expenditures and other financing uses | \$ - | \$ 212,469 | \$ 212,469 | \$ 156,094 |
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis: | | | | |
| Revenues and other financing sources over (under) expenditures and other financing uses | | \$ 212,469 | | |
| Reconciling items: | | | | |
| Amortization of bond refunding charges | | (1,418) | | |
| Amortization of premium | | 11,787 | | |
| Change in OPEB liability | | (271) | | |
| Change in compensated absences | | (1,434) | | |
| Depreciation | | (196,973) | | |
| Change in net position | | \$ 24,160 | | |

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT II
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | 2014 | | | 2013 |
|-----------------------------------|----------------|----------------|------------------------|----------------|
| | Budget | Actual | Variance Over/Under | Actual |
| Revenues: | | | | |
| Operating revenues: | | | | |
| Water sales | \$ 859,600 | \$ 820,564 | \$ (39,036) | \$ 754,597 |
| Tap on fees | 15,900 | 12,200 | (3,700) | 13,447 |
| Miscellaneous | 9,200 | 29,042 | 19,842 | 27,409 |
| Total operating revenues | <u>884,700</u> | <u>861,806</u> | <u>(22,894)</u> | <u>795,453</u> |
| Expenditures: | | | | |
| Administration: | | | | |
| Supplies | 1,272 | 1,337 | (65) | 1,238 |
| Telephone | 5,672 | 5,021 | 651 | 5,219 |
| Travel | 21,505 | 15,503 | 6,002 | 16,687 |
| Utilities | 18,919 | 17,555 | 1,364 | 16,882 |
| Other administration expenses | 1,642 | 13,244 | (11,602) | 177 |
| Total | <u>49,010</u> | <u>52,660</u> | <u>(3,650)</u> | <u>40,203</u> |
| Water treatment and distribution: | | | | |
| Salaries and employee benefits | 177,086 | 190,666 | (13,580) | 183,284 |
| Water purchase | 197,172 | 172,260 | 24,912 | 154,959 |
| Supplies | 1,478 | 867 | 611 | 397 |
| Maintenance | 122,022 | 88,349 | 33,673 | 112,766 |
| Other expenses | 42,678 | 34,974 | 7,704 | 27,652 |
| Total | <u>540,436</u> | <u>487,116</u> | <u>53,320</u> | <u>479,058</u> |
| Budgetary appropriations: | | | | |
| Capital outlay | 19,593 | - | 19,593 | - |
| Interest and bond issuance cost | 138,150 | 138,150 | - | 267,941 |
| Total | <u>157,743</u> | <u>138,150</u> | <u>19,593</u> | <u>267,941</u> |
| Total expenditures | <u>747,189</u> | <u>677,926</u> | <u>69,263</u> | <u>787,202</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT II
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>2014</u> | | | <u>2013</u> |
|--|------------------|--------------------|--------------------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues over (under) expenditures | <u>137,511</u> | <u>183,880</u> | <u>46,369</u> | <u>8,251</u> |
| Other Financing Sources (Uses): | | | | |
| Bond proceeds | - | - | - | 3,255,000 |
| Refunding bonds issued | - | - | - | 452,502 |
| Premium | - | - | - | (3,552,000) |
| Transfer to other funds | <u>(137,511)</u> | <u>-</u> | <u>137,511</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(137,511)</u> | <u>-</u> | <u>137,511</u> | <u>155,502</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 183,880</u> | <u>\$ 183,880</u> | <u>\$ 163,753</u> |
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis: | | | | |
| Revenues and other financing sources over (under) expenditures and other financing uses | | \$ 183,880 | | |
| Reconciling items: | | | | |
| Change in OPEB liability | | (407) | | |
| Change in compensated absences | | (2,148) | | |
| Amortization of bond refunding charges | | (2,125) | | |
| Amortization of premium | | 16,759 | | |
| Depreciation | | <u>(295,097)</u> | | |
| Change in net position | | <u>\$ (99,138)</u> | | |

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT III
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | 2014 | | | 2013 |
|-----------------------------------|------------|------------|------------------------|------------|
| | Budget | Actual | Variance Over/Under | Actual |
| Revenues: | | | | |
| Operating revenues: | | | | |
| Water sales | \$ 948,371 | \$ 959,368 | \$ 10,997 | \$ 857,961 |
| Tap on fees | 23,200 | 16,000 | (7,200) | 19,145 |
| Miscellaneous | 12,400 | 25,139 | 12,739 | 28,930 |
| Total operating revenues | 983,971 | 1,000,507 | 16,536 | 906,036 |
| Expenditures: | | | | |
| Administration: | | | | |
| Supplies | 1,282 | 1,348 | (66) | 1,226 |
| Telephone | 5,718 | 5,061 | 657 | 5,188 |
| Travel | 21,676 | 15,627 | 6,049 | 16,698 |
| Utilities | 18,526 | 17,374 | 1,152 | 16,604 |
| Other administration expenses | 1,491 | 4,995 | (3,504) | 395 |
| Total | 48,693 | 44,405 | 4,288 | 40,111 |
| Water treatment and distribution: | | | | |
| Salaries and employee benefits | 178,500 | 190,208 | (11,708) | 180,486 |
| Water purchase | 214,047 | 168,632 | 45,415 | 151,695 |
| Supplies | 58,622 | 44,605 | 14,017 | 53,782 |
| Maintenance | 64,373 | 44,449 | 19,924 | 57,847 |
| Other expenses | 52,099 | 45,584 | 6,515 | 47,606 |
| Total | 567,641 | 493,478 | 74,163 | 491,416 |
| Budgetary appropriations: | | | | |
| Capital outlay | 12,323 | - | 12,323 | - |
| Interest and bond issuance cost | 172,934 | 308,749 | (135,815) | 255,295 |
| Debt principal | 29,300 | 24,300 | 5,000 | 29,300 |
| Total | 214,557 | 333,049 | (118,492) | 284,595 |
| Total expenditures | 830,891 | 870,932 | (40,041) | 816,122 |

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT III
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>2014</u> | | | <u>2013</u> |
|--|------------------|---------------------|--------------------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues over (under) expenditures | <u>153,080</u> | <u>129,575</u> | <u>(23,505)</u> | <u>89,914</u> |
| Other Financing Sources (Uses): | | | | |
| Refunding bonds issued | - | - | - | 3,995,000 |
| Premium | - | - | - | 456,111 |
| Payment to bond holders | - | - | - | (4,337,500) |
| Transfer to other funds | <u>(153,080)</u> | <u>-</u> | <u>153,080</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(153,080)</u> | <u>-</u> | <u>153,080</u> | <u>113,611</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 129,575</u> | <u>\$ 129,575</u> | <u>\$ 203,525</u> |
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis: | | | | |
| Revenues and other financing sources over (under) expenditures and other financing uses | | \$ 129,575 | | |
| Reconciling items: | | | | |
| Change in OPEB liability | | (410) | | |
| Change in compensated absences | | (2,166) | | |
| Amortization of bond refunding charges | | (2,141) | | |
| Amortization of premium | | 16,893 | | |
| Principal payments | | 24,300 | | |
| Depreciation | | <u>(297,450)</u> | | |
| Change in net position | | <u>\$ (131,399)</u> | | |

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT IV
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | 2014 | | | 2013 |
|-----------------------------------|------------------|------------------|------------------------|----------------|
| | Budget | Actual | Variance Over/Under | Actual |
| Revenues: | | | | |
| Operating revenues: | | | | |
| Water sales | \$ 1,032,600 | \$ 1,066,073 | \$ 33,473 | \$ 927,116 |
| Tap on fees | 39,905 | 16,775 | (23,130) | 19,412 |
| Miscellaneous | 16,500 | 19,041 | 2,541 | 22,461 |
| Total operating revenues | <u>1,089,005</u> | <u>1,101,889</u> | <u>12,884</u> | <u>968,989</u> |
| Expenditures: | | | | |
| Administration: | | | | |
| Supplies | 1,321 | 1,388 | (67) | 1,283 |
| Telephone | 5,888 | 5,212 | 676 | 5,410 |
| Travel | 22,323 | 16,093 | 6,230 | 17,307 |
| Utilities | 21,117 | 18,181 | 2,936 | 17,376 |
| Other administration expenses | 1,669 | 3,981 | (2,312) | 413 |
| Total | <u>52,318</u> | <u>44,855</u> | <u>7,463</u> | <u>41,789</u> |
| Water treatment and distribution: | | | | |
| Salaries and employee benefits | 183,822 | 196,106 | (12,284) | 188,793 |
| Water purchase | 220,264 | 175,960 | 44,304 | 158,288 |
| Supplies | 60,371 | 45,935 | 14,436 | 56,299 |
| Maintenance | 29,915 | 27,013 | 2,902 | 30,220 |
| Other expenses | 82,383 | 66,904 | 15,479 | 102,829 |
| Total | <u>576,755</u> | <u>511,918</u> | <u>64,837</u> | <u>536,429</u> |
| Budgetary appropriations: | | | | |
| Capital outlay | 20,338 | - | 20,338 | - |
| Interest and bond issuance cost | 274,450 | 137,225 | 137,225 | 308,585 |
| Total | <u>294,788</u> | <u>137,225</u> | <u>157,563</u> | <u>308,585</u> |
| Total expenditures | <u>923,861</u> | <u>693,998</u> | <u>229,863</u> | <u>886,803</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT IV
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>2014</u> | | | <u>2013</u> |
|--|------------------|-------------------|--------------------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues over (under) expenditures | <u>165,144</u> | <u>407,891</u> | <u>242,747</u> | <u>82,186</u> |
| Other Financing Sources (Uses): | | | | |
| Refunding bonds issued | - | - | - | 6,695,000 |
| Premium | - | - | - | 469,713 |
| Payment to bond holders | - | - | - | (7,079,500) |
| Transfer to other funds | <u>(165,144)</u> | <u>-</u> | <u>165,144</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(165,144)</u> | <u>-</u> | <u>165,144</u> | <u>85,213</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 407,891</u> | <u>\$ 407,891</u> | <u>\$ 167,399</u> |
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis: | | | | |
| Revenues and other financing sources over (under) expenditures and other financing uses | | \$ 407,891 | | |
| Reconciling items: | | | | |
| Change in OPEB liability | | (421) | | |
| Change in compensated absences | | (2,230) | | |
| Amortization of bond refunding charges | | (2,205) | | |
| Amortization of premium | | 17,397 | | |
| Depreciation | | <u>(306,322)</u> | | |
| Change in net position | | <u>\$ 114,110</u> | | |

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT V
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | 2014 | | Variance Over/Under | 2013 |
|-----------------------------------|------------|------------|------------------------|------------|
| | Budget | Actual | | Actual |
| Revenues: | | | | |
| Operating revenues: | | | | |
| Water sales | \$ 485,200 | \$ 473,837 | \$ (11,363) | \$ 425,643 |
| Tap on fees | 8,100 | 7,700 | (400) | 3,158 |
| Miscellaneous | 7,100 | 9,269 | 2,169 | 13,827 |
| Total operating revenues | 500,400 | 490,806 | (9,594) | 442,628 |
| Expenditures: | | | | |
| Administration: | | | | |
| Supplies | 571 | 600 | (29) | 562 |
| Telephone | 2,544 | 2,251 | 293 | 2,364 |
| Travel | 9,644 | 6,953 | 2,691 | 7,522 |
| Utilities | 6,908 | 7,970 | (1,062) | 7,617 |
| Other administration expenses | 661 | 1,719 | (1,058) | 180 |
| Total | 20,328 | 19,493 | 835 | 18,245 |
| Water treatment and distribution: | | | | |
| Salaries and employee benefits | 79,420 | 84,928 | (5,508) | 82,790 |
| Water purchase | 76,382 | 76,987 | (605) | 69,255 |
| Supplies | 26,082 | 19,845 | 6,237 | 24,701 |
| Maintenance | 28,641 | 19,776 | 8,865 | 26,536 |
| Other expenses | 19,877 | 21,294 | (1,417) | 51,518 |
| Total | 230,402 | 222,830 | 7,572 | 254,800 |
| Budgetary appropriations: | | | | |
| Capital outlay | 8,787 | - | 8,787 | - |
| Interest and bond issuance cost | 134,830 | 133,861 | 969 | 120,379 |
| Debt principal | 32,226 | 32,225 | 1 | 32,225 |
| Total | 175,843 | 166,086 | 9,757 | 152,604 |
| Total expenditures | 426,573 | 408,409 | 18,164 | 425,649 |

BEAUFORT COUNTY, NORTH CAROLINA

ENTERPRISE FUND - WATER DISTRICT V
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

| | <u>2014</u> | | <u>2013</u> | |
|--|-----------------|------------------|--------------------------------|------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues over (under) expenditures | <u>73,827</u> | <u>82,397</u> | <u>8,570</u> | <u>16,979</u> |
| Other Financing Sources (Uses): | | | | |
| Refunding bonds issued | - | - | - | 3,135,000 |
| Premium | - | - | - | 202,931 |
| Payment to bond holders | - | - | - | (3,328,500) |
| Transfer to other funds | (87,580) | - | 87,580 | - |
| Transfer from other funds | <u>13,753</u> | <u>13,753</u> | - | - |
| Total other financing sources (uses) | <u>(73,827)</u> | <u>13,753</u> | <u>87,580</u> | <u>9,431</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 96,150</u> | <u>\$ 96,150</u> | <u>\$ 26,410</u> |
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis: | | | | |
| Revenues and other financing sources over (under) expenditures and other financing uses | | \$ 96,150 | | |
| Reconciling items: | | | | |
| Change in OPEB liability | | (182) | | |
| Change in compensated absences | | (964) | | |
| Amortization of bond refunding charges | | (953) | | |
| Amortization of premium | | 7,516 | | |
| Principal payments | | 32,225 | | |
| Depreciation | | <u>(132,341)</u> | | |
| Change in net position | | <u>\$ 1,451</u> | | |

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT VI
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | 2014 | | | 2013 |
|-----------------------------------|------------------|------------------|------------------------|------------------|
| | Budget | Actual | Variance Over/Under | Actual |
| Revenues: | | | | |
| Operating revenues: | | | | |
| Water sales | \$ 1,099,200 | \$ 1,145,016 | \$ 45,816 | \$ 1,117,641 |
| Tap on fees | 45,780 | 17,400 | (28,380) | 19,744 |
| Miscellaneous | 18,420 | 31,823 | 13,403 | 36,311 |
| Total operating revenues | <u>1,163,400</u> | <u>1,194,239</u> | <u>30,839</u> | <u>1,173,696</u> |
| Expenditures: | | | | |
| Administration: | | | | |
| Supplies | 1,567 | 1,646 | (79) | 1,516 |
| Telephone | 6,988 | 6,185 | 803 | 6,401 |
| Travel | 26,492 | 19,099 | 7,393 | 20,506 |
| Utilities | 60,228 | 60,986 | (758) | 60,186 |
| Other administration expenses | 37,661 | 36,094 | 1,567 | 29,441 |
| Total | <u>132,936</u> | <u>124,010</u> | <u>8,926</u> | <u>118,050</u> |
| Water treatment and distribution: | | | | |
| Salaries and employee benefits | 218,153 | 232,621 | (14,468) | 223,152 |
| Water purchase | 35,526 | 21,768 | 13,758 | 19,582 |
| Supplies | 71,645 | 54,513 | 17,132 | 66,519 |
| Maintenance | 85,216 | 65,871 | 19,345 | 74,161 |
| Other expenses | 12,217 | 131,104 | (118,887) | 83,302 |
| Total | <u>422,757</u> | <u>505,877</u> | <u>(83,120)</u> | <u>466,716</u> |
| Budgetary appropriations: | | | | |
| Capital outlay | 24,136 | - | 24,136 | - |
| Interest and bond issuance cost | 379,731 | 379,731 | - | 499,497 |
| Total | <u>403,867</u> | <u>379,731</u> | <u>24,136</u> | <u>499,497</u> |
| Total expenditures | <u>959,560</u> | <u>1,009,618</u> | <u>(50,058)</u> | <u>1,084,263</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT VI
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>2014</u> | | | <u>2013</u> |
|--|------------------|---------------------|--------------------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues over (under) expenditures | <u>203,840</u> | <u>184,621</u> | <u>(19,219)</u> | <u>89,433</u> |
| Other Financing Sources (Uses): | | | | |
| Refunding bonds issued | - | - | - | 9,555,000 |
| Premium | - | - | - | 557,438 |
| Payment to bond holders | - | - | - | (9,922,000) |
| Transfer to other funds | <u>(203,840)</u> | <u>-</u> | <u>203,840</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(203,840)</u> | <u>-</u> | <u>203,840</u> | <u>190,438</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 184,621</u> | <u>\$ 184,621</u> | <u>\$ 279,871</u> |
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis: | | | | |
| Revenues and other financing sources over (under) expenditures and other financing uses | | \$ 184,621 | | |
| Reconciling items: | | | | |
| Change in OPEB liability | | (502) | | |
| Change in compensated absences | | (2,646) | | |
| Amortization of bond refunding charges | | (2,617) | | |
| Amortization of premium | | 20,646 | | |
| Depreciation | | <u>(363,530)</u> | | |
| Change in net position | | <u>\$ (164,028)</u> | | |

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT VII
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | 2014 | | | 2013 |
|-----------------------------------|----------------|----------------|------------------------|----------------|
| | Budget | Actual | Variance Over/Under | Actual |
| Revenues: | | | | |
| Operating revenues: | | | | |
| Water sales | \$ 664,200 | \$ 628,080 | \$ (36,120) | \$ 617,225 |
| Tap on fees | 14,400 | 5,000 | (9,400) | 5,888 |
| Miscellaneous | 8,200 | 22,502 | 14,302 | 22,072 |
| Total operating revenues | <u>686,800</u> | <u>655,582</u> | <u>(31,218)</u> | <u>645,185</u> |
| Expenditures: | | | | |
| Administration: | | | | |
| Supplies | 943 | 1,001 | (58) | 906 |
| Telephone | 4,204 | 3,721 | 483 | 3,824 |
| Travel | 15,937 | 11,489 | 4,448 | 12,306 |
| Utilities | 35,372 | 35,755 | (383) | 37,734 |
| Other administration expenses | 22,657 | 21,353 | 1,304 | 48,603 |
| Total | <u>79,113</u> | <u>73,319</u> | <u>5,794</u> | <u>103,373</u> |
| Water treatment and distribution: | | | | |
| Salaries and employee benefits | 131,242 | 139,926 | (8,684) | 133,114 |
| Supplies | 43,101 | 32,793 | 10,308 | 39,680 |
| Maintenance | 51,265 | 39,628 | 11,637 | 44,083 |
| Other expenses | 7,350 | 9,537 | (2,187) | 5,925 |
| Total | <u>232,958</u> | <u>221,884</u> | <u>11,074</u> | <u>222,802</u> |
| Budgetary appropriations: | | | | |
| Capital outlay | 14,520 | - | 14,520 | - |
| Interest and bond issuance cost | 194,175 | 194,175 | - | 203,388 |
| Total | <u>208,695</u> | <u>194,175</u> | <u>14,520</u> | <u>203,388</u> |
| Total expenditures | <u>520,766</u> | <u>489,378</u> | <u>31,388</u> | <u>529,563</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - WATER DISTRICT VII
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>2014</u> | | | <u>2013</u> |
|--|------------------|--------------------|--------------------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues over (under) expenditures | <u>166,034</u> | <u>166,204</u> | <u>170</u> | <u>115,622</u> |
| Other Financing Sources (Uses): | | | | |
| Refunding bonds issued | - | - | - | 4,720,000 |
| Premium | - | - | - | 335,351 |
| Payment to bond holders | - | - | - | (5,010,000) |
| Transfer to other funds | <u>(166,034)</u> | <u>-</u> | <u>166,034</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(166,034)</u> | <u>-</u> | <u>166,034</u> | <u>45,351</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 166,204</u> | <u>\$ 166,204</u> | <u>\$ 160,973</u> |
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis: | | | | |
| Revenues and other financing sources over (under) expenditures and other financing uses | | \$ 166,204 | | |
| Reconciling items: | | | | |
| Change in OPEB liability | | (301) | | |
| Change in compensated absences | | (1,592) | | |
| Amortization of bond refunding charges | | (1,574) | | |
| Amortization of premium | | 12,420 | | |
| Depreciation | | <u>(218,698)</u> | | |
| Change in net position | | <u>\$ (43,541)</u> | | |

BEAUFORT COUNTY, NORTH CAROLINA

WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT 1

NORTHSIDE TO SOUTHSIDE CONNECTIVITY PROJECT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Project Authorization</u> | <u>Actual</u> | | <u>Total to Date</u> | <u>Variance Over/Under</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------------|--------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | | |
| Revenues: | | | | | |
| Restricted intergovernmental: | | | | | |
| Other | \$ 3,340,000 | \$ 28,450 | \$ - | \$ 28,450 | \$ (3,311,550) |
| Expenditures: | | | | | |
| Engineering | 366,802 | - | - | - | 366,802 |
| Construction | 5,261,616 | 1,300 | 6,315 | 7,615 | 5,254,001 |
| Land purchase | 120,700 | 27,150 | - | 27,150 | 93,550 |
| Interest | 150,000 | - | - | - | 150,000 |
| Other | 140,882 | - | - | - | 140,882 |
| Total expenditures | <u>6,040,000</u> | <u>28,450</u> | <u>6,315</u> | <u>34,765</u> | <u>6,005,235</u> |
| Revenues over (under) expenditures | <u>(2,700,000)</u> | <u>-</u> | <u>(6,315)</u> | <u>(6,315)</u> | <u>2,693,685</u> |
| Other Financing Sources (Uses): | | | | | |
| Long-term debt issued | 500,000 | - | - | - | (500,000) |
| Transfer from/to other funds | <u>2,200,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,200,000)</u> |
| Total other financing sources (uses) | <u>2,700,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,700,000)</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (6,315)</u> | <u>\$ (6,315)</u> | <u>\$ (6,315)</u> |

BEAUFORT COUNTY, NORTH CAROLINA

WATER DISTRICT CAPITAL PROJECT FUND - WATER DISTRICT VI - CHOCOWINITY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

| | Project Authorization | Actual | | | Variance Over/Under |
|--|--------------------------|---------------------|-------------------|---------------------|------------------------|
| | | Prior Years | Current Year | Total to Date | |
| Revenues: | | | | | |
| Restricted intergovernmental: | | | | | |
| Federal and State grants | \$ 9,381,577 | \$ 9,381,577 | \$ - | \$ 9,381,577 | \$ - |
| Other | 3,377,980 | 141,226 | - | 141,226 | (3,236,754) |
| Total revenues | <u>12,759,557</u> | <u>9,522,803</u> | <u>-</u> | <u>9,522,803</u> | <u>(3,236,754)</u> |
| Expenditures: | | | | | |
| Engineering | 1,019,209 | 1,029,615 | - | 1,029,615 | (10,406) |
| Construction | 21,519,616 | 16,663,900 | 1,993 | 16,665,893 | 4,853,723 |
| Land purchase | 250,957 | 193,600 | - | 193,600 | 57,357 |
| Inspection | 739,695 | 717,756 | - | 717,756 | 21,939 |
| Interest | 963,000 | 1,787,899 | - | 1,787,899 | (824,899) |
| Other | - | 1,165 | - | 1,165 | (1,165) |
| Total expenditures | <u>24,492,477</u> | <u>20,393,935</u> | <u>1,993</u> | <u>20,395,928</u> | <u>4,096,549</u> |
| Revenues over (under) expenditures | <u>(11,732,920)</u> | <u>(10,871,132)</u> | <u>(1,993)</u> | <u>(10,873,125)</u> | <u>859,795</u> |
| Other Financing Sources (Uses): | | | | | |
| Long-term debt issued | 11,200,000 | 10,700,000 | - | 10,700,000 | (500,000) |
| Transfer from/to other funds | <u>532,920</u> | <u>171,132</u> | <u>-</u> | <u>171,132</u> | <u>(361,788)</u> |
| Total other financing sources (uses) | <u>11,732,920</u> | <u>10,871,132</u> | <u>-</u> | <u>10,871,132</u> | <u>(861,788)</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,993)</u> | <u>\$ (1,993)</u> | <u>\$ (1,993)</u> |

BEAUFORT COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Balance</u> <u>June 30, 2013</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2014</u> |
|---|--|------------------|-------------------|--|
| Social Services Trust Fund: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 69,160 | \$ 565,037 | \$ 576,593 | \$ 57,604 |
| Liabilities: | | | | |
| Accounts payable | \$ 69,160 | \$ 565,037 | \$ 576,593 | \$ 57,604 |
| Sheriff Accounts: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 12,077 | \$ 142,808 | \$ 139,078 | \$ 15,807 |
| Liabilities: | | | | |
| Accounts payable | \$ 12,077 | \$ 142,808 | \$ 139,078 | \$ 15,807 |
| Beaufort County Home Foundation: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 62,591 | \$ 60 | \$ 5 | \$ 62,646 |
| Liabilities: | | | | |
| Accounts payable | \$ 62,591 | \$ 60 | \$ 5 | \$ 62,646 |
| Tax Collections Fund: | | | | |
| Assets: | | | | |
| Taxes receivable | \$ 877,926 | \$ 5,665,644 | \$ 5,901,953 | \$ 641,617 |
| Liabilities: | | | | |
| Intergovernmental payable | \$ 877,926 | \$ 5,665,644 | \$ 5,901,953 | \$ 641,617 |
| Drainage Assessments: | | | | |
| Assets: | | | | |
| Taxes receivable | \$ - | \$ 80,901 | \$ 79,909 | \$ 992 |
| Assessments receivable | - | 51,955 | - | 51,955 |
| Total assets | \$ - | \$ 132,856 | \$ 79,909 | \$ 52,947 |
| Liabilities: | | | | |
| Intergovernmental payable | \$ - | \$ 132,856 | \$ 79,909 | \$ 52,947 |

BEAUFORT COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Balance</u> <u>June 30, 2013</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2014</u> |
|----------------------------------|--|---------------------|---------------------|--|
| 4-H : | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 15,877 | \$ 18,151 | \$ 19,569 | \$ 14,459 |
| Liabilities: | | | | |
| Accounts payable | \$ 15,877 | \$ 18,151 | \$ 19,569 | \$ 14,459 |
| Cooperative Extension: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 33,509 | \$ 17,053 | \$ 22,946 | \$ 27,616 |
| Liabilities: | | | | |
| Accounts payable | \$ 33,509 | \$ 17,053 | \$ 22,946 | \$ 27,616 |
| Total - All Agency Funds: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 193,214 | \$ 743,109 | \$ 758,191 | \$ 178,132 |
| Taxes receivable | 877,926 | 5,746,545 | 5,981,862 | 642,609 |
| Assessments receivable | - | 51,955 | - | 51,955 |
| Total assets | <u>\$ 1,071,140</u> | <u>\$ 6,541,609</u> | <u>\$ 6,740,053</u> | <u>\$ 872,696</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 1,071,140 | \$ 6,541,609 | \$ 6,740,053 | \$ 872,696 |
| Total liabilities | <u>\$ 1,071,140</u> | <u>\$ 6,541,609</u> | <u>\$ 6,740,053</u> | <u>\$ 872,696</u> |

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Other Schedules

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

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BEAUFORT COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2014

| <u>Fiscal Year</u> | <u>Balance July 1, 2013</u> | <u>Additions</u> | <u>Collections and Credits</u> | <u>Balance June 30, 2014</u> |
|---|---------------------------------|----------------------|------------------------------------|----------------------------------|
| 2013-2014 | \$ - | \$ 31,885,404 | \$ 30,924,780 | \$ 960,624 |
| 2012-2013 | 1,597,051 | - | 1,222,225 | 374,826 |
| 2011-2012 | 514,785 | - | 280,787 | 233,998 |
| 2010-2011 | 289,661 | - | 134,073 | 155,588 |
| 2009-2010 | 204,483 | - | 62,967 | 141,516 |
| 2008-2009 | 146,912 | - | 25,067 | 121,845 |
| 2007-2008 | 142,494 | - | 15,279 | 127,215 |
| 2006-2007 | 127,827 | - | 14,355 | 113,472 |
| 2005-2006 | 112,991 | - | 10,155 | 102,836 |
| 2004-2005 | 102,196 | - | 8,260 | 93,936 |
| 2003-2004 | 111,067 | - | 111,067 | - |
| Total | <u>\$ 3,349,467</u> | <u>\$ 31,885,404</u> | <u>\$ 32,809,015</u> | 2,425,856 |
| Less: Allowance for uncollectible accounts: | | | | |
| General Fund | | | | <u>(645,919)</u> |
| Ad valorem taxes receivable, net: | | | | |
| General Fund | | | | <u>\$ 1,779,937</u> |
| Reconciliation with Revenues: | | | | |
| Ad valorem taxes - General Fund | | | | \$ 32,866,024 |
| Reconciling Items: | | | | |
| Penalties and interest | | | | (522,979) |
| Releases/adjustments | | | | 111,067 |
| Miscellaneous | | | | <u>354,903</u> |
| Total collections and credits | | | | <u>\$ 32,809,015</u> |
| Secondary Market Disclosures: | | | | |
| Assessed valuation: | | | | |
| Assessment ratio | | | | 100% |
| Real property | | | | \$ 4,578,255,199 |
| Personal property | | | | 1,346,915,960 |
| Public service companies | | | | <u>89,646,061</u> |
| Total assessed valuation | | | | <u>\$ 6,014,817,220</u> |
| Tax rate per \$100 | | | | 0.53 |
| Levy (includes discoveries, releases, and abatements) | | | | <u>\$ 31,885,404</u> |

BEAUFORT COUNTY NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2014

| | County-Wide | | Total Levy | | |
|---|--------------------|------|---------------|--|---------------------------|
| | Property Valuation | Rate | Total Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original Levy: | | | | | |
| Property taxed at current year's rate | \$ 6,012,395,472 | 0.53 | \$ 31,865,696 | \$ 29,166,627 | \$ 2,699,069 |
| Discoveries: | | | | | |
| Current year's taxes | 12,899,106 | 0.53 | 62,847 | 62,847 | - |
| Penalties | - | | 12,391 | 12,391 | - |
| Total | 12,899,106 | | 75,238 | 75,238 | - |
| Abatements: | | | | | |
| Current year's taxes | (10,477,358) | 0.53 | (55,530) | (39,293) | (16,237) |
| Total property valuation | \$ 6,014,817,220 | | | | |
| Net Levy | | | 31,885,404 | 29,202,572 | 2,682,832 |
| Uncollected taxes June 30, 2014 | | | 960,624 | 841,838 | 118,786 |
| Current Year's Taxes Collected | | | \$ 30,924,780 | \$ 28,360,734 | \$ 2,564,046 |
| Current Levy Collection Percentage | | | <u>96.99%</u> | <u>97.12%</u> | <u>95.57%</u> |

BEAUFORT COUNTY, NORTH CAROLINA

**TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2014**

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>Valuation</u> | <u>Percentage of Total Assessed Valuation</u> |
|--------------------------------|----------------------------------|------------------|---|
| PCS Phosphate Company, Inc. | Phosphate Mining/Acid Production | \$ 1,067,023,587 | 17.74% |
| Purified Acid Partnership | Acid Production | 109,957,649 | 1.83% |
| Weyerhaeuser Company | Tree Farm Operation | 109,897,753 | 1.83% |
| Tideland Electric Membership | Utilities | 28,182,598 | 0.47% |
| Stanadyne Automotive Corp. | Automotive Diesel Components | 20,303,478 | 0.34% |
| Gregory Poole Leasing LLC | Rental Provider | 19,131,095 | 0.32% |
| Progress Energy | Utilities | 15,831,396 | 0.26% |
| Carolina Telephone & Telegraph | Utilities | 14,399,978 | 0.24% |
| Alabama Carbon | Agricultural | 13,953,496 | 0.23% |
| Flanders Filters Inc. | Manufacturing | 12,096,937 | 0.20% |

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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*

Independent Auditor's Report

To the Board of Commissioners
Beaufort County
Washington, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 27, 2015. The financial statements of the Beaufort County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001, 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, 2014-007, and 2014-008 to be material weaknesses.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2014-009, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beaufort County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Schedule of Findings and Questioned Costs as items 2014-005 and 2014-006.

We noted certain matters that we reported to management of Beaufort County in a separate letter dated February 27, 2015.

Beaufort County's Responses to Findings

Beaufort County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Beaufort County's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 27, 2015

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

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Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; And Report On The Schedule Of Expenditures Of Federal And State Awards Required By OMB Circular A-133; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Beaufort County
Washington, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Beaufort County, North Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Beaufort County's major Federal programs for the year ended June 30, 2014. Beaufort County's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Beaufort County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Beaufort County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Beaufort County's compliance.

Opinion on Each Major Federal Program

In our opinion, Beaufort County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Beaufort County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Beaufort County's internal control over compliance with the types of requirements that could have a direct and material effect on a major Federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Beaufort County's internal control over compliance.

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 27, 2015

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

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Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; And Report On The Schedule of Expenditures Of Federal and State Awards Required By OMB Circular A-133; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Beaufort County
Washington, North Carolina

Report on Compliance for Each Major State Program

We have audited Beaufort County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Beaufort County's major State programs for the year ended June 30, 2014. Beaufort County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Beaufort County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Beaufort County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of Beaufort County's compliance.

Opinion on Each Major State Program

In our opinion, Beaufort County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Beaufort County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Beaufort County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Beaufort County's internal control over compliance.

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 27, 2015

BEAUFORT COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(s) identified that are not considered to be material weaknesses? Yes

Non-compliance material to financial statements noted? Yes

Federal Awards

Internal control over major Federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with U.S Office of Management and Budget, Circular A-133, *Audits of States, Local Governments, Non Profit Organizations*, Section .510(a)? No

Identification of major Federal programs:

| <u>Federal Program/Cluster Name</u> | <u>CFDA#</u> |
|-------------------------------------|------------------------|
| Medicaid Cluster | 93.778, 93.775, 93.777 |
| TANF Cluster | 93.558, 93.714 |
| Adoption Assistance | 93.659 |

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Auditor’s Results (continued)

Dollar threshold used to distinguish between
 Type A and Type B Programs \$1,746,412

Auditee qualified as low-risk auditee? No

State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

Medicaid Cluster
 Public School Building Capital Fund – Lottery Proceeds
 SC/SA Domiciliary Care
 Public Beach and Coastal Waterfront Access Program

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

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

Finding 2014-001

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

Condition: Financial reporting under the accounting standards promulgated by the Financial Accounting Standards Board and the Governmental Accounting Standards Board (GAAP) requires a level of technical expertise not possessed by the County's personnel with regards to drafting full accrual, full disclosure GAAP financial statements.

Context: The external auditor prepared a draft of the basic financial statements, all required note disclosures, and all supplemental schedules.

Cause: The cost of acquiring the technical expertise to comply with the financial reporting requirements discussed above is cost prohibitive.

Effect: Errors in financial reporting could occur.

Recommendation: The cost of acquiring the technical expertise to comply with the financial reporting requirements discussed above appears prohibitive. Therefore, the County should exercise due care in reviewing the financial statements drafted by the external auditor as the County is responsible for the accuracy of the audited financial statements.

Name of Contact Person: Mark Newsome, Finance Director

Management's Response/Corrective Action: We are aware of this weakness, and we acknowledge our responsibility for the preparation and accuracy of the County's financial statements. However, certain factors may require that we continue to outsource financial statement preparation, and in such event, we will ensure that due care is taken in the review and approval of all financial statements produced by or for Beaufort County.

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2. Findings Related to the Audit of the Basic Financial Statements (continued)

Finding 2014-002

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

Condition: Due to the limited number of personnel in the County's office, there are inherent limitations to segregation of duties among County personnel.

Context: While documenting internal controls relating to the general ledger and journal entries, we noted that various accounting personnel have the ability to initiate and post journal entries in the financial accounting system without a secondary review.

Cause: There is a lack of internal controls over the journal entry process.

Effect: Adjustments could be made without oversight.

Recommendation: Access to the books and records of the County should be separated from access to the assets of the County as much as possible. Internal controls over journal entries should be added to ensure proper segregation of duties.

Name of Contact Person: Mark Newsome, Finance Director

Management's Response/Corrective Action: We are aware of the weakness, and we will add internal controls sufficient to ensure proper segregation of duties over journal entries.

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2. Findings Related to the Audit of the Basic Financial Statements (continued)

Finding 2014-003

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

Condition: Due to the limited number of personnel in the County's office and turnover of key positions in the current year, there are inherent limitations to segregation of duties among County personnel.

Context: During the current year, we noted turnover of key positions and limited personnel were left to perform functions previously performed by key employees.

Cause: There are a limited number of personnel for certain functions and there was turnover of key positions in the current year.

Effect: Adjustments could be made without oversight. Supervision and review was not occurring on a consistent basis.

Recommendation: Access to the books and records of the County should be separated from access to the assets of the County as much as possible. Alternative controls should be used to compensate for any lack of segregation of duties.

Name of Contact Person: Mark Newsome, Finance Director

Management's Response/Corrective Action: We are aware of the weakness. Key positions have been filled and future additions are planned, and we will continue to ensure that Beaufort County Government is adequately staffed, ensuring proper supervision and consistent review.

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2. Findings Related to the Audit of the Basic Financial Statements (continued)

Finding 2014-004

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

Condition: A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that Beaufort County's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

Context: Significant audit adjustments were required to report Beaufort County's financial statements in accordance with Generally Accepted Accounting Principles.

Cause: Year-end adjustments include adjustments required for drafting full accrual, full disclosure GAAP financial statements, which requires a level of technical expertise not possessed by Beaufort County's personnel.

Effect: Material misstatements of the financial statements could result.

Recommendation: Management should examine the adjustments required as a result of our audit and assess the cost versus benefit of improving the internal control system to prevent the adjustments in the future. Management should acknowledge inherent limitations in the internal control system caused by limited resources, and modify their oversight function accordingly.

Name of Contact Person: Mark Newsome, Finance Director

Management's Response/Corrective Action: We are aware that audit adjustments are often necessary. To reduce the frequency of such adjustments, we will strengthen controls when possible, and bolster our financial reporting review process, seeking to compensate for potential resource limitations.

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2. Findings Related to the Audit of the Basic Financial Statements (continued)

Finding 2014-005

Criteria: Management should have a control system in place to reduce the likelihood that violations of General Statutes occur and go undetected.

Condition: Several funds were operating in a deficit. A detailed note of the deficit fund balances, or net positions, is found in the notes to the financial statements.

Context: Lack of budgetary control.

Cause: Management is not ensuring compliance with the budget policy.

Effect: The County was in violation of the North Carolina General Statutes.

Recommendation: Management and the Board should review the budget reports to ensure compliance in future years.

Name of Contact Person: Mark Newsome, Finance Director

Management's Response/Corrective Action: We agree, and we will make adjustments as necessary to cover deficit balances.

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2. Findings Related to the Audit of the Basic Financial Statements (continued)

Finding 2014-006

Criteria: General Statutes require that all money received and expended by a local government should be included in the budget ordinance. The Statutes require that funds be appropriated before incurring the obligation for funds and that amounts be pre-audited prior to disbursements being made. These requirements imply that the County has a responsibility to design a system to monitor its compliance with the budget ordinance and the General Statutes pertaining to local government finance.

Condition: In the current year, there were violations of NC General Statute 159-8(a) with regard to expenditures exceeding appropriations and, therefore, a failure in the pre-audit requirement. A detailed note on the excess of expenditures over appropriations is found in the notes to the financial statements.

Context: Lack of budgetary control.

Cause: Management is not ensuring compliance with the budget policy.

Effect: Expenditures exceed budget.

Recommendation: Management and the Board should review the budget reports to ensure compliance in future years.

Name of Contact Person: Mark Newsome, Finance Director

Management's Response/Corrective Action: We agree, and we will closely monitor budget reports to ensure future compliance.

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2. Findings Related to the Audit of the Basic Financial Statements (continued)

Finding 2014-007

Criteria: Management should have a system in place to ensure the timeliness of financial reporting.

Condition: Effective financial reporting requires timely access to information for management and other users of the financial statements.

Context: The County's annual financial statements are not available in a timely manner for internal use and are materially past due to outside reporting agencies.

Cause: Turnover in key positions in the Finance and Administration Departments caused delays in preparing information for the annual audit and preparation of the financial statements.

Effect: The County's management and other users of the financial statements do not have timely information for decision-making and monitoring of the County's financial position and adherence to laws, regulations, and other requirements.

Recommendation: The County should evaluate the allocation of internal resources dedicated to financial reporting to ensure adequate resources are available for year-end close and annual financial reporting purposes. Management should consult with outside accountants or auditors if additional assistance is required in order to prepare for the annual audit, determine appropriate accounting for complex transactions, or prepare the financial statements.

Name of Contact Person: Mark Newsome, Finance Director

Management's Response/Corrective Action: We are aware of the circumstances that led to late completion of the annual audit and the issuance of the County's financial statements for the fiscal year ended June 30, 2014. In the future, we will dedicate adequate resources to ensure timely completion of the audit and financial statements.

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2. Findings Related to the Audit of the Basic Financial Statements (continued)

Finding 2014-008

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

Condition: Effective financial reporting requires timely account reconciliation.

Context: Turnover in key positions in the Finance Department caused delays in account reconciliations.

Cause: Turnover in key positions in the Finance Department caused delays in reconciling account information in a timely manner.

Effect: Errors in financial reporting could occur and not be detected.

Recommendation: The County should evaluate the allocation of internal resources dedicated to account reconciliation to ensure adequate resources are available to ensure timely reconciliation of account information.

Name of Contact Person: Mark Newsome, Finance Director

Management's Response/Corrective Action: We agree and we will dedicate adequate resources to prepare timely reconciliations.

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

2. Findings Related to the Audit of the Basic Financial Statements (continued)

Finding 2014-009

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

Condition: While testing controls over the submission of OPEB information to the actuary, three exceptions were noted related to birth date information and one exception was noted related to hire date information where the information per personnel records did not agree with the list of personnel information submitted to the actuary. Beaufort County does not have a control in place for a secondary review of comparing information submitted to the actuary for OPEB to personnel records.

Context: While performing audit procedures, we noted the condition described above.

Cause: There is a lack of internal controls over the process of submission of OPEB information to the actuary.

Effect: Errors in financial reporting could occur.

Recommendation: Beaufort County should have an additional control in place for a secondary review of comparing information submitted to the actuary for OPEB to personnel records.

Name of Contact Person: Mark Newsome, Finance Director

Management's Response/Corrective Action: We are aware of this weakness and we will ensure secondary review of information submitted to the actuary.

BEAUFORT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

3. Federal Award Findings and Questioned Costs

None reported

4. State Award Findings and Questioned Costs

None reported

BEAUFORT COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

None reported.

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Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2014

| <u>Grantor/Pass-Through :</u> | Federal CFDA Number | Fed. (Direct & Pass-through) Expenditures | State Expenditures |
|---|------------------------------------|--|-------------------------------|
| Grantor/Program Title: | | | |
| Federal Awards: | | | |
| <u>U.S. Department of Agriculture</u> | | | |
| <u>Food and Nutrition Service</u> | | | |
| Passed-Through the N.C. Department of Health and Human Services: | | | |
| Division of Social Services: | | | |
| Administration: | | | |
| Supplemental Nutrition Assistance Program Cluster: | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | | | |
| Administration | 10.561 | \$ 539,865 | \$ - |
| Fraud Administration | 10.561 | 44,956 | - |
| Total Supplemental Nutrition Assistance Program Cluster | | 584,821 | - |
| <u>Passed-Through the NC Department of Health and Human Services:</u> | | | |
| <u>Division of Public Health</u> | | | |
| Administration: | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) | | | |
| | 10.557 | 349,190 | - |
| Direct Benefit Payments: | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | | | |
| | 10.557 | 1,242,330 | - |
| Child Nutrition Cluster : | | | |
| Summer Food Service Program for Children | | | |
| | 10.559 | 97 | - |
| Total U.S. Department of Agriculture | | 2,176,438 | - |
| <u>U.S. Dept. of Justice</u> | | | |
| <u>Bureau of Justice Assistance</u> | | | |
| Direct Program: | | | |
| ARRA - Public Safety Partnerships and Community Policing Grants | | | |
| | 16.710 | 55,089 | - |
| State Criminal Alien Assistance Program | | | |
| | 16.606 | 3,209 | - |
| Bulletproof Vest Partnership program | | | |
| | 16.607 | 2,226 | - |
| JAG Program Cluster: | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | | | |
| | 16.738 | 47,395 | - |
| Total U.S. Department of Justice | | 107,919 | - |
| <u>U.S. Department of Homeland Security</u> | | | |
| Passed-Through N.C. Department of Public Safety: | | | |
| Division of Emergency Management: | | | |
| Federal Emergency Management Agency: | | | |
| Public Assistance Grants | | | |
| | 97.036 | 347,306 | - |
| Emergency Management Performance Grant | | | |
| | 97.042 | 59,983 | - |
| Hazardous Mitigation Grant | | | |
| | 97.039 | 256,591 | - |
| Total U.S. Department of Homeland Security | | 663,880 | - |

Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2014

| <u>Grantor/Pass-Through :</u> | <u>Federal CFDA Number</u> | <u>Fed. (Direct & Pass-through) Expenditures</u> | <u>State Expenditures</u> |
|--|------------------------------------|--|-------------------------------|
| <u>U.S. Department of Education</u> | | | |
| Passed-Through NC Department of Health and Human Services | | | |
| Division of Public Health: | | | |
| Race to the Top – Early Learning Challenge | 84.412 | 31,859 | - |
| Total U.S. Department of Education | | <u>31,859</u> | <u>-</u> |
| <u>U.S. Department of Health and Human Services</u> | | | |
| <u>Administration on Aging</u> | | | |
| <u>Division of Aging and Adult Services</u> | | | |
| Passed-Through Mid-East Commission Council of Governments: | | | |
| Aging Cluster: | | | |
| Access Title III-B | 93.044 | 64,349 | 3,785 |
| Congregate Nutrition: | | | |
| Title III-C1 | 93.045 | 62,251 | 3,662 |
| Home Delivered Meals: | | | |
| Title III-C2 | 93.045 | 60,117 | 3,536 |
| Total Aging Cluster | | <u>186,717</u> | <u>10,983</u> |
| Social Services Block Grant | 93.667 | 13,221 | 378 |
| NSIP Supplement | 10.570 | 17,213 | - |
| Passed-Through the N.C. Department of Health and Human Services: | | | |
| TANF Cluster: | | | |
| Division of Social Services: | | | |
| Work First Administration | 93.558 | 163,990 | - |
| Work First Service | 93.558 | 603,782 | - |
| TANF Direct Benefit Payments | 93.558 | 328,088 | (86) |
| Division of Public Health: | | | |
| Temporary Assistance for Needy Families | 93.558 | 5,753 | - |
| Total TANF Cluster | | <u>1,101,613</u> | <u>(86)</u> |
| Division of Social Services: | | | |
| AFDC Payments and Penalties - Direct Benefit Payments | 93.560 | (304) | (83) |
| IV-D Offset Fees Federal | 93.563 | 2,258 | - |
| IV-D Administration | 93.563 | 536,844 | - |
| IV-D Offset Fees ESC | 93.563 | 174 | - |
| Low-Income Home Energy Assistance Block Grant: | | | |
| Administration | 93.568 | 59,525 | - |
| Crisis Intervention Payments | 93.568 | 215,291 | - |
| Energy Assistance | 93.568 | 340,400 | - |
| Permanency Planning - Families for Kids | 93.645 | 54,873 | - |
| CPS TANF to SSBG | 93.667 | 17,009 | - |
| In-Home Services | 93.667 | (4,180) | - |
| SSBG Other Services and Training | 93.667 | 199,235 | 7,182 |
| Independent Living Grant | 93.674 | 15,518 | 3,880 |
| Family Preservation | 93.556 | 23,564 | - |
| Total Division of Social Services | | <u>1,460,207</u> | <u>10,979</u> |

Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2014

| <u>Grantor/Pass-Through :</u> | <u>Federal CFDA Number</u> | <u>Fed. (Direct & Pass-through) Expenditures</u> | <u>State Expenditures</u> |
|--|------------------------------------|--|-------------------------------|
| Foster Care and Adoption Cluster: (Note 2) | | | |
| Foster Care Administration: | | | |
| Title IV-E Foster Care - CPS | 93.658 | 19,698 | 36,316 |
| Title IV-E Foster Care TRN | 93.658 | 4,552 | - |
| Title IV-E Foster Care/ Off TRN | 93.658 | 150,855 | - |
| Foster Care - Direct Benefits Payments: | | | |
| IV-E Admin County | 93.658 | 34,829 | 17,415 |
| IV-E Family Foster Max | 93.658 | 10 | - |
| IV-E Foster Care | 93.658 | 84,592 | 22,048 |
| IV-E Max Level III | 93.658 | 926 | - |
| Adoption Assistance - Administration: | | | |
| IV-E Adoption/Off TRN | 93.659 | 3,645 | - |
| IV-E Optional Adopt TRN 5 | 93.659 | 868 | - |
| Adoption Assistance - Direct Benefit Payments | 93.659 | 481,480 | 126,176 |
| Total Foster Care and Adoption Cluster | | 781,455 | 201,955 |
| <u>Division of Child Development</u> | | | |
| <u>Subsidized Child Care Cluster: (See Note 2)</u> | | | |
| <u>Child Care Development Fund Cluster</u> | | | |
| Division of Social Services: | | | |
| Child Care Development Fund - Administration | 93.596 | 80,826 | - |
| Division of Child Development: | | | |
| Child Care and Development Fund - Discretionary | 93.575 | 562,622 | - |
| Child Care and Development Fund - Mandatory | 93.596 | 427,423 | - |
| Child Care and Development Fund - Match | 93.596 | 309,180 | 125,261 |
| Total Child Care Development Fund Cluster: | | 1,380,051 | 125,261 |
| Temporary Assistance for Needy Families (TANF) | 93.558 | 319,844 | - |
| Foster Care Title IV-E | 93.658 | 15,789 | 8,248 |
| Smart Start | N/A | - | 592 |
| State Appropriations | N/A | - | 214,759 |
| TANF - MOE | N/A | - | 155,626 |
| Total Subsidized Child Care Cluster | | 1,715,684 | 504,486 |
| <u>Centers for Medicare and Medicaid Services</u> | | | |
| Passed-Through the N.C. Department of Health and Human Services: | | | |
| Medicaid Cluster: | | | |
| Division of Medical Assistance: | | | |
| Direct Benefit Payment: | | | |
| Medical Assistance Program | 93.778 | 47,207,021 | 26,229,635 |
| Division of Social Services: | | | |
| Administration: | | | |
| Adult Care Home Case Management | 93.778 | 7,461 | 3,769 |
| MA Expansion | 93.778 | 13,549 | 13,549 |
| Medical Assistance Administration | 93.778 | 630,026 | - |
| Medical Transportation Administration | 93.778 | 76,550 | - |
| Medical Transportation Service | 93.778 | 6,777 | 3,527 |
| State County Special Assistance | 93.778 | 24,171 | - |
| Total Medicaid Cluster | | 47,965,555 | 26,250,480 |

Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2014

| <u>Grantor/Pass-Through :</u> | <u>Federal CFDA Number</u> | <u>Fed. (Direct & Pass-through) Expenditures</u> | <u>State Expenditures</u> |
|---|------------------------------------|--|-------------------------------|
| State Children's Health Insurance Program - N.C. Health Choice | | | |
| Administration | 93.767 | 17,461 | 1,549 |
| Direct Benefit Payments | 93.767 | 873,234 | 275,443 |
| Total Centers for Medicare and Medicaid Services | | <u>48,856,250</u> | <u>26,527,472</u> |
| <u>Division of Public Health:</u> | | | |
| <u>Health Resources and Service Administration</u> | | | |
| Passed through N.C. Department of Health and Human Services: | | | |
| Division of Public Health | | | |
| Public Health Emergency Preparedness | 93.069 | 34,719 | - |
| Immunization Grant | 93.268 | 14,202 | - |
| Family Planning Services | 93.217 | 41,741 | - |
| Preventative Health and Health Service Block Grant | 93.991 | 10,783 | - |
| PPHF 2012: Breast and Cervical Cancer Screening Opportunities for States, Tribes, and Territories solely financed by 2012 Prevention and Public Health Funds | 93.744 | 643 | - |
| Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs | 93.919 | 17,107 | 5,100 |
| Maternal and Child Health Services Block Grant | 93.994 | <u>62,875</u> | <u>299,095</u> |
| Total Division of Public Health: | | <u>182,070</u> | <u>304,195</u> |
| Total U.S. Department of Health and Human Services | | <u>54,314,430</u> | <u>27,560,362</u> |
| <u>Dept. of Housing and Urban Development (HUD)</u> | | | |
| CDBG- State-Administered CDBG Cluster: | | | |
| CDBG Grant-10-C-2115 | 14.228 | 161,255 | - |
| CDBG Grant-10-C-2136 | 14.228 | 7,955 | - |
| CDBG Grant-12-E-2403 | 14.228 | <u>750,000</u> | - |
| Total State-Administered CDBG Cluster | | <u>919,210</u> | - |
| Total U.S. Department of Housing and Urban Development | | <u>919,210</u> | - |
| Total Federal Awards | | <u>58,213,736</u> | <u>27,560,362</u> |
| State Awards: | | | |
| <u>N.C. Department of Health and Human Services</u> | | | |
| Division of Aging and Adult Services: | | | |
| Passed-Through Mid-East Commission Council of Governments: | | | |
| In-Home Services - State Funds | | - | 260,326 |
| Caregiver Match | | - | 66,144 |
| Home Delivered Meals - State Funds | | - | <u>16,864</u> |
| Total Division of Aging and Adult Services | | - | 343,334 |
| Division of Social Services: | | | |
| Energy Assistance | | - | 3,564 |
| AFDC Incent/Program | | - | 499 |
| Direct Benefit Payments: | | | |
| CWS Adoption Subsidy | | - | 164,370 |
| Foster Care At-Risk Maximum | | - | 3,689 |
| SC/SA Domiciliary Care | | - | 611,743 |
| SFHF Maximization | | - | 3,337 |
| State Foster Home | | - | 43,244 |

Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2014

| <u>Grantor/Pass-Through :</u> | <u>Federal CFDA Number</u> | <u>Fed. (Direct & Pass-through) Expenditures</u> | <u>State Expenditures</u> |
|---|------------------------------------|--|-------------------------------|
| Division of Public Health: | | | |
| Food and Lodging Fees | | - | 9,826 |
| Environmental Health | | - | 4,000 |
| General Aid to Counties | | - | 84,025 |
| General Communicable Disease Control | | - | 2,684 |
| Mosquito - Public Health Pesticide | | - | 5,106 |
| Risk Reduction/Health Promotion | | - | 6,285 |
| Maternal Health (HMHC) | | - | 15,465 |
| Women's Health Service Fund | | - | 4,302 |
| HIV/STD Non-Traditional Test Site | | - | 40,000 |
| Tuberculosis | | - | 23,945 |
| TB Medical Service | | - | 1,776 |
| Total N.C. Department of Health and Human Services | | - | 1,371,194 |
| <u>N.C. Department of Public Safety</u> | | | |
| Criminal Justice Partnership Program | | - | 43,665 |
| Governor's Crime Commission | | - | 55,457 |
| Juvenile Crime Prevention | | - | 159,761 |
| Total N.C. Department of Public Safety | | - | 258,883 |
| <u>N.C. Department of Transportation:</u> | | | |
| Rural Operating Assistance Program (ROAP): | | | |
| Elderly and Disabled Transportation Assistance Program (EDTAP) | | - | 66,012 |
| ROAP Work First Transitional - Employment Transportation | | - | 17,621 |
| ROAP Rural General Public Program | | - | 81,219 |
| Total N.C. Department of Transportation | | - | 164,852 |
| <u>N.C. Department of Public Instruction:</u> | | | |
| Public School Building Capital Fund - Lottery proceeds | | - | 468,937 |
| Total N.C. Department of Public Instruction | | - | 468,937 |
| <u>N.C. Department of Environment and Natural Resources:</u> | | | |
| Public Beach and Coastal Waterfront Access Program - Wright's Creek Access | | - | 370,000 |
| Total N.C. Department of Environment and Natural Resources | | - | 370,000 |
| <u>N.C. Department Administration:</u> | | | |
| Veterans Service Grant | | - | 1,452 |
| Total N.C. Department of Administration | | - | 1,452 |
| <u>N.C. Department of Commerce:</u> | | | |
| One N.C. Fund - Industrial Recruitment | | - | 135,000 |
| Total N.C. Department of Commerce | | - | 135,000 |
| <u>N.C. Department of Agriculture:</u> | | | |
| Soil and Water Grant | | - | 28,889 |
| Total N.C. Department of Agriculture | | - | 28,889 |
| Total State Awards | | - | 2,799,207 |
| Total Federal and State Awards | | \$ 58,213,736 | \$ 30,359,569 |

Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2014

| Grantor/Pass-Through : | Federal CFDA Number | Fed. (Direct & Pass-through) Expenditures | State Expenditures |
|-------------------------------|------------------------------------|--|-------------------------------|
|-------------------------------|------------------------------------|--|-------------------------------|

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

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of Beaufort County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organization*, and the State Single Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered Federal awards to the County and are included on this schedule.

2. The following are clustered by N.C. 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:

| Program Title | Pass-Through Grantor's Number | State Expenditures |
|--|--|-------------------------------|
| Public School Building Capital Fund - Lottery Proceeds | XXXX | \$ 468,937 |