

**BEAUFORT COUNTY, NORTH CAROLINA**  
**FINANCIAL STATEMENTS**  
**June 30, 2003**

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Independent Auditor's Report

To the Board of County Commissioners  
Beaufort County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Beaufort County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Beaufort County Hospital Association, Beaufort County ABC Board, or Warren Field Commission. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Beaufort County Hospital Association, Beaufort County ABC Board, or Warren Field Commission is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina as of June 30, 2003, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement Number 34 during the year ended June 30, 2003.

Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance, and the schedule of funding progress for the Beaufort County Hospital Plan are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2003 on our consideration of Beaufort County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Beaufort County, North Carolina. The combining and individual nonmajor fund 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, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Thompson, Price, Scott, Adams & Co., P.A.*  
Thompson, Price, Scott, Adams & Co., P.A.  
December 1, 2003

## 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, 2003. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

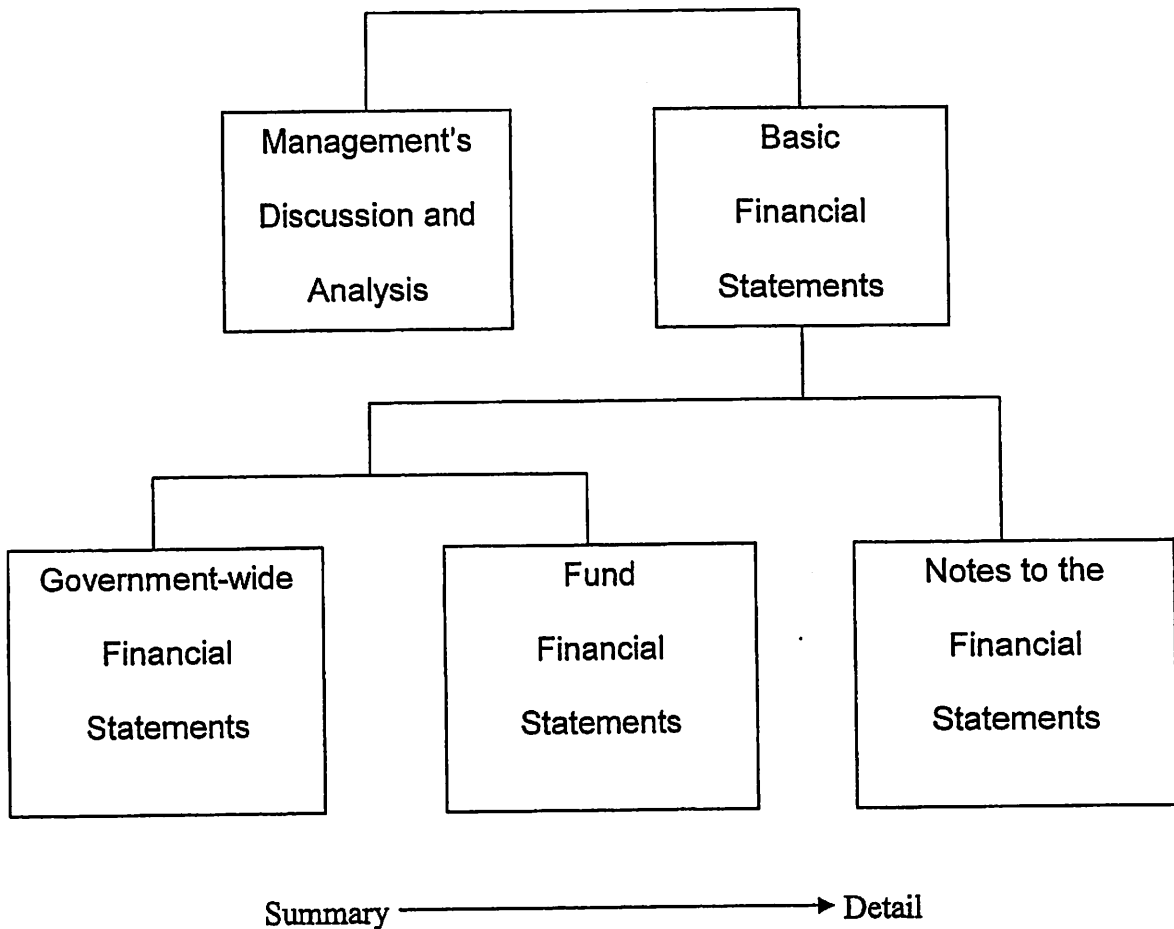
- The assets of Beaufort County exceeded its liabilities at the close of the fiscal year by \$26,938,429 (*net assets*).
- The government's total net assets increased by \$7,833,016, primarily due to increased net assets in the General Fund.
- As of the close of the current fiscal year, Beaufort County's governmental funds reported combined ending fund balances of \$ 13,245,797, an increase of \$3,250,182 in comparison with the prior year. Approximately 70 percent of this total amount, or \$9,153,285, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$8,339,491, or 22 percent of total general fund expenditures for the fiscal year.
- Beaufort County's total debt increased by \$10,734,800 during the current fiscal year. The key factors in this increase were the \$10,700,000 in bond anticipation notes issued to fund Water and Sewer District capital needs.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

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

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

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

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

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

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

## Fund Financial Statements

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

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

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

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

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

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

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

### **Government-Wide Financial Analysis**

The government-wide financial statements for the fiscal year ended June 30, 2003, are the beginning of a new era in financial reporting for Beaufort County, and many other units of government across the United States. Prior to this year, Beaufort County maintained their governmental, proprietary, and fiduciary fund groups as separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of Beaufort County. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Government Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in Beaufort County's financial reports as well as those of many other units of government. While Beaufort County was required to implement these changes for the fiscal year ended June 30, 2003, other units were required to implement Statement 34 in 2002, and any remaining governments will be implementing in 2004.

Because of the new reporting model, comparative data for all facets of this report are not available. When comparative numbers are accessible, they have been included, such as with net assets. Future years' reports will have more comparative data that will allow more opportunities for comparative analysis.

## Beaufort County's Net Assets

**Figure 2**

### BEAUFORT COUNTY'S NET ASSETS

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Current and other assets	\$ 21,267,780	\$ 10,676,903	\$ 31,944,683
Capital assets	4,401,413	52,349,733	56,751,146
Total assets	<u>\$ 25,669,193</u>	<u>\$ 63,026,636</u>	<u>\$ 88,695,829</u>
Long-term liabilities outstanding	\$ 12,301,974	\$ 44,349,091	\$ 56,651,065
Other liabilities	3,779,015	1,327,320	5,106,335
Total liabilities	<u>16,080,989</u>	<u>45,676,411</u>	<u>61,757,400</u>
Net assets:			
Invested in capital assets, net of related debt	2,941,170	16,992,349	19,933,519
Restricted	810,706	-	810,706
Unrestricted	5,836,328	764,333	6,600,661
Total net assets	<u>\$ 9,588,204</u>	<u>\$ 17,756,682</u>	<u>\$ 27,344,886</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Beaufort County exceeded liabilities by \$26,938,429 as of June 30, 2003. The County's net assets increased by \$7,833,016 for the fiscal year ended June 30, 2003. One of the largest portions reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Beaufort County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Beaufort County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Beaufort County's net assets (< 3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,600,661 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 93.17%.
- Increased charges for services revenue due to growth in the County.

**Figure 3**  
**BEAUFORT COUNTY'S CHANGES IN NET ASSETS**

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 4,657,792	\$ 3,353,601	\$ 8,011,393
Operating grants and contributions	12,348,189	199,545	12,547,734
Capital grants and contributions	-	2,420,021	2,420,021
General revenues:			
Property taxes	23,173,730	-	23,173,730
Other taxes	7,312,714	-	7,312,714
Grants and contributions not restricted to specific programs	1,758,323	-	1,758,323
Other	(46,601)	14,739	(31,862)
Total revenues	<u>49,204,147</u>	<u>5,987,906</u>	<u>55,192,053</u>
<b>Expenses:</b>			
General government	3,564,125	-	3,564,125
Public safety	5,699,253	-	5,699,253
Economic and physical development	5,702,869	-	5,702,869
Human services	14,690,720	-	14,690,720
Cultural and recreation	193,585	-	193,585
Education	10,485,585	-	10,485,585
Interest on long-term debt	685,211	-	685,211
Environmental Protection	2,850,747	-	2,850,747
Water and sewer	-	3,486,942	3,486,942
Total expenses	<u>43,872,095</u>	<u>3,486,942</u>	<u>47,359,037</u>
Increase in net assets before transfers and special items	-	-	7,833,016
Transfers	5,332,052	2,500,964	7,833,016
Increase in net assets	5,332,052	2,500,964	7,833,016
Net assets, July 1	<u>4,256,152</u>	<u>15,255,718</u>	<u>19,511,870</u>
Net assets, June 30	<u>\$ 9,588,204</u>	<u>\$ 17,756,682</u>	<u>\$ 27,344,886</u>

**Governmental activities.** Governmental activities increased the County's net assets by \$5,332,052, thereby accounting for 68% of the total growth in the net assets of Beaufort County. Key elements of this increase are as follows:

- Solid cost cutting strategies
- Maintenance of the County's high tax collection rate of 93.17%

**Business-type activities:** Business-type activities increased Beaufort County's net assets by \$2,500,964, accounting for 32 % of the total growth in the government's net assets. Key elements of this increase are as follows:

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

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

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

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

The general fund is the chief operating fund of Beaufort County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$8,339,491, while total fund balance reached \$12,431,242. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22 percent of total General Fund expenditures, while total fund balance represents 32 percent of that same amount.

At June 30, 2003, the governmental funds of Beaufort County reported a combined fund balance of \$13,245,797, a \$3,250,182 increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increase revenues by only \$1,384,673.

**Proprietary Funds.** Beaufort County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer District equaled \$764,333. The total growth in net assets was \$2,500,964. Other factors concerning the finances of this fund has already been addressed in the discussion of Beaufort County's business-type activities.

### **Capital Asset and Debt Administration**

**Capital assets.** Beaufort County's capital assets for its governmental and business – type activities as of June 30, 2003, totals \$56,751,146 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchased new land
- Purchased new vehicles for the County
- Addition of construction in progress on Water Districts

**BEAUFORT COUNTY'S CAPITAL ASSETS**  
(net of depreciation)

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Land	\$ 1,525,454	\$ 75,961	\$ 1,601,415
Buildings and system	2,495,959	11,438,801	13,934,760
Improvements other than buildings	-	-	-
Equipment and vehicles	380,000	135,578	515,578
Infrastructure	-	-	-
Construction in progress	-	40,699,393	40,699,393
<b>Total</b>	<b>\$ 4,401,413</b>	<b>\$ 52,349,733</b>	<b>\$ 56,751,146</b>

**Figure 4**

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

**Long-term Debt.** As of June 30, 2003, Beaufort County had total bonded debt outstanding of \$46,934,300 all of which is debt backed by the full faith and credit of the County.

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

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
General obligation bonds	\$ 3,365,000	\$ 43,569,300	\$ 46,934,300

**Figure 5**

Beaufort County's total debt increased by \$10,734,800 during the past fiscal year, primarily due to the \$10,700,000 bond anticipation notes issued for water and sewer improvements capital needs.

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 \$248,973,648. The County has no in bonds authorized but un-issued at June 30, 2003.

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

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

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

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

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

Budgeted expenditures in the General Fund are expected to remain constant

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

### **Requests for Information**

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

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

Beaufort County, North Carolina  
Statement of Net Assets  
June 30, 2003

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Warren Field Commission	Beaufort County Hospital Inc.	Beaufort County ABC Board
<b>ASSETS</b>						
Cash and cash equivalents	\$ 12,479,019	\$ 966,423	\$ 13,445,442	\$ 59,073	\$ 307,982	\$ 381,513
Receivables (net)	8,788,761	741,287	9,530,048	22,430	9,148,077	-
Due from other governments	-	-	-	-	-	-
Other assets	-	-	-	-	1,360,458	-
Inventories	-	-	-	-	1,864,400	320,959
Prepaid items	-	-	-	-	68,915	835
Restricted cash and cash equivalents	-	8,969,193	8,969,193	218,588	-	133
Capital assets:						
Land, improvements, and construction in progress	1,525,454	40,782,526	42,307,980	-	1,931,525	-
Other capital assets, net of depreciation	2,875,959	11,567,207	14,443,166	1,381,491	17,826,692	313,517
Total capital assets	4,401,413	52,349,733	56,751,146	1,381,491	19,758,217	313,517
Total assets	25,669,193	63,026,636	88,695,829	1,681,582	32,508,049	1,016,957
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	2,609,529	496,614	3,106,143	16,860	5,972,484	230,496
Unearned revenue	1,169,486	-	1,169,486	218,588	504,729	-
Accrued interest payable	-	-	-	-	105,759	-
Customer deposits	-	73,499	73,499	-	-	-
Due to primary government	-	-	-	-	-	-
Liabilities to be paid from restricted assets	-	350,750	350,750	-	-	-
Long-term liabilities:						
Due within one year	1,877,506	509,025	2,386,531	-	981,259	-
Due in more than one year	10,424,468	43,840,066	54,264,534	-	7,263,050	-
Total liabilities	16,080,989	45,269,954	61,350,943	235,448	14,827,281	230,496
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	2,941,170	16,992,349	19,933,519	1,381,491	-	-
Restricted for:						
General government	783,524	-	783,524	-	-	-
Register of Deeds	27,182	-	27,182	-	-	-
Other purposes	-	-	-	218,588	-	-
Unrestricted (deficit)	5,836,328	764,333	6,600,661	(153,945)	17,680,768	786,461
Total net assets	\$ 9,588,204	\$ 17,756,682	\$ 27,344,886	\$ 1,446,134	\$ 17,680,768	\$ 786,461

Beaufort County, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2003

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 3,564,125	\$ 547,561	\$ 68,845	\$ -
Public safety	5,699,253	608,959	492,794	-
Cultural and recreation	193,585	-	-	-
Economic and physical development	5,702,869	452,664	4,259,376	-
Human services	14,690,720	1,360,619	6,685,110	-
Education	10,485,585	-	-	-
Environmental protection	2,850,747	1,687,989	842,064	-
Interest on long-term debt	685,211	-	-	-
Total governmental activities	43,872,095	4,657,792	12,348,189	-
<b>Business-type activities:</b>				
Water and Sewer	3,486,942	3,353,601	199,545	2,420,021
Total business-type activities	3,486,942	3,353,601	199,545	2,420,021
	\$ 47,359,037	\$ 8,011,393	\$ 12,547,734	\$ 2,420,021
<b>Component units:</b>				
Hospital	\$ 44,266,205	\$ 44,108,425	\$ 136,313	\$ -
Warren Field Commission	346,973	76,560	311	267,707
ABC Board	2,347,344	2,388,345	-	-
Total component units	\$ 46,960,522	\$ 46,573,330	\$ 136,624	\$ 267,707

General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Grants and contributions not restricted to specific programs

Investment earnings, unrestricted

Miscellaneous, unrestricted

Transfers

Total general revenues, special items, and transfers

Change in net assets

Net assets-beginning

Net assets-ending

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

**Net (Expense) Revenue and Changes in Net Assets**

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Warren Field Commission	Beaufort County Hospital Inc.	Beaufort County ABC Board
\$ (2,947,719)	\$ -	\$ (2,947,719)	\$ -	\$ -	\$ -
(4,597,500)	-	(4,597,500)	-	-	-
(193,585)	-	(193,585)	-	-	-
(990,829)	-	(990,829)	-	-	-
(6,644,991)	-	(6,644,991)	-	-	-
(10,485,585)	-	(10,485,585)	-	-	-
(320,694)	-	(320,694)	-	-	-
(685,211)	-	(685,211)	-	-	-
<u>(26,866,114)</u>	<u>-</u>	<u>(26,866,114)</u>			
-	2,486,225	2,486,225			
-	2,486,225	2,486,225			
<u>\$ (26,866,114)</u>	<u>\$ 2,486,225</u>	<u>\$ (24,379,889)</u>			
			-	(21,467)	-
			(2,395)	-	-
			-	-	41,001
			<u>(2,395)</u>	<u>(21,467)</u>	<u>41,001</u>
23,173,730	-	23,173,730	-	-	-
7,288,863	-	7,288,863	-	-	-
23,851	-	23,851	-	-	-
1,758,323	-	1,758,323	-	-	-
-	14,739	14,739	2,300	11,162	3,581
63,756	-	63,756	-	37,283	-
(110,357)	-	(110,357)	-	-	(43,932)
<u>32,198,166</u>	<u>14,739</u>	<u>32,212,905</u>	<u>2,300</u>	<u>48,445</u>	<u>(40,351)</u>
5,332,052	2,500,964	7,833,016	(95)	26,978	650
4,256,152	15,255,718	19,511,870	1,446,229	17,653,790	785,811
<u>\$ 9,588,204</u>	<u>\$ 17,756,682</u>	<u>\$ 27,344,886</u>	<u>\$ 1,446,134</u>	<u>\$ 17,680,768</u>	<u>\$ 786,461</u>

**Beaufort County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2003**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,492,903	\$ 986,116	\$ 12,479,019
Receivables, net	6,981,372	286,358	7,267,730
Due from other governments	-	-	-
Due from component unit	-	-	-
Installment obligation receivable	1,169,486	-	1,169,486
<b>Total assets</b>	<b>\$ 19,643,761</b>	<b>\$ 1,272,474</b>	<b>\$ 20,916,235</b>

**LIABILITIES AND FUND BALANCES**

**Liabilities:**

Accounts payable and accrued liabilities	2,342,706	266,822	2,609,527
Miscellaneous liabilities	-	-	-
Contract retainage	-	-	-
Unearned revenue	-	-	-
Deferred revenue	4,869,814	191,097	5,060,911
<b>Total liabilities</b>	<b>7,212,519</b>	<b>457,919</b>	<b>7,670,438</b>

**Fund balances:**

<b>Reserved for:</b>			
Inventories	-	-	-
State statute	3,281,045	761	3,281,806
Shelter	783,524	-	783,524
Register of Deeds	27,182	-	27,182
Unreserved	8,339,491	-	8,339,491
<b>Unreserved, reported in nonmajor:</b>			
Special revenue funds	-	820,637	820,637
Capital projects funds	-	(6,843)	(6,843)
<b>Total fund balances</b>	<b>12,431,242</b>	<b>814,555</b>	<b>13,245,797</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,643,761</b>	<b>\$ 1,272,474</b>	

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

Accrued interest receivable less amount claimed as unearned	351,543
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,401,413
Liabilities for earned but deferred revenues in fund statements.	3,891,425

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 4).

(12,301,974)

Net assets of governmental activities \$ 9,588,204

\$ 9,588,204

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

**Beaufort County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2003**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 21,197,872	\$ 1,333,256	\$ 22,531,128
Local option sales taxes	7,288,863	-	7,288,863
Other taxes and licenses	214,525	-	214,525
Unrestricted intergovernmental	150,336	-	150,336
Restricted intergovernmental	9,091,206	4,324,549	13,415,755
Permits and fees	441,250	-	441,250
Sales and services	3,659,723	-	3,659,723
Investment earnings	85,817	21,980	107,797
Miscellaneous	862,525	-	862,525
Total revenues	<u>42,992,118</u>	<u>5,679,785</u>	<u>48,671,903</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	3,330,689	-	3,330,689
Public safety	4,370,064	1,175,212	5,545,276
Economic and physical development	1,107,031	4,698,224	5,805,255
Human services	14,648,105	-	14,648,105
Cultural and recreational	193,585	-	193,585
Environmental protection	2,862,108	-	2,862,108
<b>Intergovernmental:</b>			
Education	10,485,316	269	10,485,585
<b>Debt service:</b>			
Principal	1,865,907	-	1,865,907
Interest	685,211	-	685,211
Total expenditures	<u>39,548,016</u>	<u>5,873,705</u>	<u>45,421,721</u>
Excess (deficiency) of revenues over expenditures	<u>3,444,102</u>	<u>(193,920)</u>	<u>3,250,182</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Capital lease obligations issued	-	-	-
Installment purchase obligations issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Sale of capital assets	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3,444,102	(193,920)	3,250,182
Fund balances-beginning	8,987,140	1,008,475	9,995,615
Fund balances-ending	<u>\$ 12,431,242</u>	<u>\$ 814,555</u>	<u>\$ 13,245,797</u>

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

**Beaufort County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2003**

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

Net changes in fund balances - total governmental funds	\$	3,250,182
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period</p>		
		(390,633)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
		642,601
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		1,865,907
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		<u>(36,005)</u>
Total changes in net assets of governmental activities	\$	<u>5,332,052</u>

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

**Beaufort County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 20,710,364	\$ 20,710,364	\$ 21,197,872	\$ 487,508
Local option sales tax	6,800,000	6,820,467	7,288,863	468,396
Other taxes and licenses	208,671	208,671	214,525	5,854
Unrestricted intergovernmental	1,703,000	1,631,000	150,336	(1,480,664)
Restricted intergovernmental	8,087,208	9,368,639	9,091,206	(277,433)
Permits and fees	326,244	333,347	441,250	107,903
Sales and services	4,158,933	4,306,605	3,659,723	(646,882)
Investment earnings	160,000	160,000	85,817	(74,183)
Miscellaneous	93,182	93,182	862,525	769,343
Total revenues	<u>42,247,602</u>	<u>43,632,275</u>	<u>42,992,118</u>	<u>(640,157)</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	3,426,562	3,498,164	3,330,689	167,475
Public safety	4,504,413	4,640,157	4,370,064	270,093
Economic and physical development	709,869	1,252,250	996,674	255,576
Human services	15,678,175	16,150,963	14,648,105	1,502,858
Environmental protection	3,537,595	3,537,595	2,862,108	675,487
Cultural and recreational	191,677	193,677	193,585	92
<b>Intergovernmental:</b>				
Education	10,485,316	10,609,711	10,485,316	124,395
<b>Debt service:</b>				
Principal retirement	1,866,035	1,865,907	1,865,907	-
Interest and other charges	682,537	685,211	685,211	-
Total expenditures	<u>41,082,179</u>	<u>42,433,635</u>	<u>39,437,659</u>	<u>2,995,976</u>
Revenues over (under) expenditures	1,165,423	1,198,640	3,554,459	2,355,819
<b>Other financing sources (uses):</b>				
Transfers to other funds				
Operating Transfers (to)/from Component Units	(11,834)	(110,357)	(110,357)	-
Fund Balance Appropriated	<u>(1,153,589)</u>	<u>(1,088,283)</u>	<u>-</u>	<u>1,088,283</u>
Total other financing sources (uses)	<u>(1,165,423)</u>	<u>(1,198,640)</u>	<u>(110,357)</u>	<u>1,088,283</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	3,444,102	<u>\$ 3,444,102</u>
<b>Fund balances:</b>				
Beginning of year, July 1			8,987,140	
End of year, June 30			<u>\$ 12,431,242</u>	

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

**Beaufort County, North Carolina**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2003**

	<u>Water Districts</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 966,423
Receivables, net	741,287
Total current assets	1,707,710
Noncurrent assets:	
Restricted cash and cash equivalents	8,969,193
Capital assets:	
Land, improvements, and construction in progress	40,782,526
Other capital assets, net of depreciation	11,567,207
Total capital assets	52,349,733
Total noncurrent assets	61,318,926
Total assets	\$ 63,026,636
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 496,614
Customer deposits	73,499
Due to primary government	-
General obligation bonds payable	11,209,025
Total current liabilities	11,779,138
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Accounts payable	350,750
Compensated absences	22,514
General obligation bonds payable	33,117,552
Total noncurrent liabilities	33,490,816
Total liabilities	45,269,954
<b>NET ASSETS</b>	
Invested in capital assets, net of related	16,992,349
Unrestricted	764,333
Total net assets	\$ 17,756,682

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

Beaufort County, North Carolina  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2003

	<u>Water Districts</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 3,061,529
Water and sewer taps	199,545
Other Operating Revenues	<u>292,072</u>
Total operating revenues	<u>3,553,146</u>
<b>OPERATING EXPENSES</b>	
Administration	256,399
Water treatment	88,825
Water distribution	1,135,295
Depreciation	<u>267,340</u>
Total operating expenses	<u>1,747,859</u>
Operating income (loss)	<u>1,805,287</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest and investment revenue	14,739
Interest on Long-term Debt	<u>(1,739,083)</u>
Total nonoperating revenue (expenses)	<u>(1,724,344)</u>
Income (loss) before contributions and transfers	80,943
Transfers from other funds	-
Capital contributions	<u>2,420,021</u>
Change in net assets	<u>2,500,964</u>
Total net assets - beginning	<u>15,255,718</u>
Total net assets - ending	<u>\$ 17,756,682</u>

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

**Beaufort County, North Carolina**  
**Statement of Cash Flows**  
**Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2003**

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	<u>Water Districts</u>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 3,426,063
Cash Paid for Goods and Services and Employees	(1,425,642)
Other Operating Revenue	-
Net Cash Used by Operating Activities	<u>2,000,421</u>
 <b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and Construction of Capital Assets	(5,253,648)
Principal Paid on Bond and Equipment Contracts	(404,025)
Interest Paid on Bonds and Equipment Contracts	(1,739,083)
Grants Received	2,420,021
Proceeds from Capital Leases, Bonds and Notes	<u>10,700,000</u>
Net Cash Used by Capital and Related Financing Activities	<u>5,723,265</u>
 <b>Cash Flows from Investing Activities:</b>	
Interest on Investments	<u>14,739</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,738,425
Cash and Cash Equivalents, July 1	<u>2,197,191</u>
Cash and Cash Equivalents, June 30	<u>\$ 9,935,616</u>

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

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Water  
Districts

**Reconciliation of Operating Income to Net Cash Provided by Operating Activities**

Operating Income	\$ <u>1,805,287</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	267,340
Changes in Assets and Liabilities:	
(Increase) Decrease	
in Receivables and other assets	(127,083)
in Due from other funds	-
Increase (Decrease)	
in Accounts Payable and Accrued Liabilities	36,396
in Accrued Vacation Payable	3,687
in Customer Deposits	<u>14,794</u>
Total Adjustments	<u>195,134</u>
Net cash provided by operating activities	\$ <u><u>2,000,421</u></u>

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

Beaufort County, North Carolina  
 Agency Funds  
 Combining Balance Sheets  
 June 30, 2003  
 (With Comparative Totals for the Fiscal Year Ended June 30, 2002)

	Social Services	County Home	Inmate Account	Totals	
				June 30, 2003	June 30, 2002
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Investments	\$ 33,493	\$ 4,403	\$ 7,720	\$ 45,616	\$ 66,693
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<u>33,493</u>	<u>4,403</u>	<u>7,720</u>	<u>45,616</u>	<u>66,693</u>
<b>Liabilities and Fund Balances</b>					
Miscellaneous liabilities	<u>33,493</u>	<u>4,403</u>	<u>7,720</u>	<u>45,616</u>	<u>66,693</u>
Fund Balance	-	-	-	-	-
<b>Total Liabilities and Fund Balances</b>	<u>\$ 33,493</u>	<u>\$ 4,403</u>	<u>\$ 7,720</u>	<u>\$ 45,616</u>	<u>\$ 66,693</u>

**BEAUFORT COUNTY, NORTH CAROLINA**  
For the Fiscal Year Ended June 30, 2003

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

<b>Component Unit</b>	<b>Reporting Method</b>	<b>Criteria for Inclusion</b>	<b>Separate Financial Statements</b>
Beaufort County Water Districts I-VII	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District	None issued
Beaufort County Hospital	Discrete	The Hospital is a public hospital operated by a not-for-profit corporation which has leased the hospital facilities from the County for a period of 99 years. The County appoints the board of trustees for the Hospital. The County has also issued general obligation debt on behalf of the hospital.	Beaufort County Hospital 628 East 12th Street Washington, NC 27889
Beaufort County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County	Beaufort County ABC Board P.O. Box 552 Washington, NC 27889
Warren Field Airport Commission	Discrete	The Commission was empowered to operate, maintain, and improve Warren Field for the City and the County. The Commission is governed by a five member board; three from the County and two from the City.	Warren Field Airport Commission P.O. Box 610 Airport Road Washington, NC 27889

**B. Basis of Presentation, Measurement Focus -- Basis of Accounting**

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

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

## Notes to the financial statements

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

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

The County reports the following major governmental fund:

**General Fund:** This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The County reports the following major enterprise funds:

**Beaufort County Water Districts I-VII Funds:** These funds are used to account for the operations of the water districts within the County.

The County reports the following fund types:

**Agency Funds:** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains three Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the County Home Fund which accounts for monies deposited with the County Home for patient expenditures; and the Inmate Fund which accounts for monies deposited with the Sheriff's Office.

### Measurement Focus, Basis of Accounting

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

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

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

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

## Notes to the financial statements

**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 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Beaufort County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2002 to February 2003 apply to the fiscal year ended June 30, 2003. Uncollected taxes, which are billed during this period, are shown as a receivable on these financial statements. For those motor vehicles, which are renewed and billed under the annual system, taxes are due on May 1 of each year and the uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date, upon which the interest begins to accrue passed prior June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2003 because they are intended to finance the County's operations during the 2004 fiscal year.

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

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

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

The County has implemented GASB Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments* and related standard. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

### C. Budgetary Data

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

## Notes to the financial statements

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

#### 1. Deposits and Investments

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

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

The County, the Hospital, the ABC Board, and the Airport's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

#### 2. Cash and Cash Equivalents

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

#### 3. Restricted Assets

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

#### 4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2002. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

#### 5. Allowance for Doubtful Accounts

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

#### 6. Inventories and Prepaid Items

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

Notes to the financial statements

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

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

7. Capital Assets

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

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

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

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

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

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

Buildings	10-25 years
Cleaning & Excavation	25 years
Lighting	10-25 years
Fuel Tanks & Pumps	5-10 years
Equipment	5-10 years

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

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

8. Long-term Obligations

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

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

## Notes to the financial statements

### 9. Compensated Absences

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

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

### 10. Net Assets/Fund Balances

#### Net Assets

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

#### Fund Balances

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

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

The governmental fund types classify fund balances as follows:

#### Reserved

Reserved for Shelter – Portion of fund balance not available for appropriation because it represents the amount contributed towards construction of an animal shelter.

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

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

#### Unreserved

Designated for Subsequent Year's Expenditures - Portion of total fund balance available for appropriation, which has been designated for the adopted 2003-2004 budget ordinance.

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

Notes to the financial statements

E. Reconciliation of Government-wide and Fund Financial Statements

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

The government fund balance sheet included a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$3,657,593 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 14,795,013
Less accumulated depreciation	<u>(10,393,600)</u>
Net capital assets	4,401,413
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	351,543
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	3,891,425
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment	(11,573,654)
Compensated absences	(538,977)
Accrued landfill charges payable	<u>(189,343)</u>
Total adjustment	\$ (3,657,593)

Notes to the financial statements

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

The governmental fund statement of revenues, expenditures, and changes in fund balances included a reconciliation between net changes in fund balance-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$2,081,870 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures in the fund statements but capitalized as assets in the statement of activities	\$ 227,900
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(618,533)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statement	1,865,907
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(36,005)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/02	(3,301,149)
Recording of tax receipts deferred in the fund statement as of 6/30/03	3,891,424
Increase in accrued taxes receivable for year ended 6/30/03	52,326
<b>Total adjustment</b>	<b>\$ <u>2,081,870</u></b>

**II. Stewardship, Compliance, and Accountability**

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

**Noncompliance with North Carolina General Statutes**

The County's repurchase agreement is not in accordance with State law. State law [G.S. 159-30(c)(12)] requires that the security be delivered to the County or its safekeeping agent other than the provider of the repurchase agreement and the security must be in the County's name. The underlying security is held by the financial institution providing the transaction and is not in the County's name. The County will establish a custodial agreement with a separate financial institution that will hold the security in the County's name.

**B. Deficit Fund Balance or Net Assets of Individual Funds**

None.

**C. Excess of Expenditures over Appropriations**

None.

## Notes to the financial statements

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

#### A. Assets

##### 1. Deposits

All of the County's, the Hospital's, the ABC Board's and the Airport's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, the Hospital's, the Airport's or the ABC Board's agents in these units names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the Hospital, the Airport and the ABC Board, these deposits are considered to be held by their agents in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County the Hospital, the Airport or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Hospital, the Airport or the ABC Board under the Pooling Method, the potential exists for the 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.

At June 30, 2003, the County's deposits had a carrying amount of \$14,568,686 and a bank balance of \$16,054,625. Of the bank balance, \$200,000 was covered by federal depository insurance, the remaining \$15,854,625 was covered by collateral and held under the Pooling Method.

At September 30, 2002, the Hospital's deposits had a carrying amount of \$394,162 and a bank balance of \$306,696. Of the bank balance, \$100,000 was covered by federal depository insurance, the remaining \$206,696 was covered by collateral held under the Pooling Method.

At June 30, 2003, the carry amount of deposits for Beaufort County ABC Board was \$287,921 and the bank balance was \$362,512. Of the bank balance, \$123,897 was covered by federal depository insurance and \$238,615 was collateralized under the Pooling Method.

At June 30, 2003, the Airport's deposits had a carrying amount of \$277,661 and a bank balance of \$281,456 with \$100,000 of the amount being covered by federal depository insurance, and \$181,456 collateralized under the Pooling Method.

##### 2. Investments

The County's, the Hospital's, the ABC Board's, and the Airport's investments are categorized to give an indication of the level of custodial risk assumed by each of these entities at year-end. In the following tables, Column A includes investments that are insured or registered or for which the securities are held by the County, the Hospital, the ABC Board, or the Airport, or their agents in the entity's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's, the Hospital's, the ABC Board's, or the Airport's name. The County's investments in the Deferred Compensation Agency Fund are held by third-party custodians who take delivery of the investments on behalf of the County. The County's, the Hospital's, the ABC Board's, and the Airport's investments in the North Carolina Capital Management Trust are exempt from risk categorization because the County, the Hospital, the ABC Board, and the Airport, do not own any identifiable securities in these mutual funds.

Notes to the financial statements

At June 30, 2003, the County's investment balances were as follows:

Categories	A	B	Reported Value	Fair Value
Repurchase Agreements	\$ -	\$ 29,260	\$ 29,260	\$ 29,260
Common Stock	3,764	-	3,764	9,000
Total	<u>\$ 3,764</u>	<u>\$ 29,260</u>		
NC Capital Management Trust:				
Cash Portfolio			7,812,925	7,812,925
Total Investment			<u>\$ 7,845,949</u>	<u>\$ 7,851,185</u>

The County's repurchase agreements are eligible because they do meet the requirements of State law [G.S. 159-30(c) (12)].

The underlying security is held by the financial institution providing the transaction and is not in the County's name.

At June 30, 2003, the ABC Board had no money in the above type investments.

At September 30, 2002, the Beaufort County Hospital's had no money in the above type investments.

At June 30, 2003, Warren Field Commission had no money in the above type investments.

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

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

Year Levied	Tax	Interest	Total
2000	\$ 365,575	\$ 88,824	\$ 454,399
2001	387,055	57,091	444,146
2002	691,355	39,753	731,108
Total	<u>\$ 1,443,985</u>	<u>\$ 185,668</u>	<u>\$ 1,629,653</u>

Notes to the financial statements

4. Receivables - Allowances for Doubtful Accounts

Receivables at the government-wide level at June 30, 2003, were as follows:

	Accounts	Taxes & Related Accrued Interest	Fees	Due From Other Governments	Other	Total
<b>Governmental Activities:</b>						
General	\$ 2,539,101	\$ 4,242,969	\$ 31,222	\$ 120,286	\$ 1,169,486	\$ 8,103,064
Other Governmental	94,500	191,097	-	-	-	285,597
Total Receivables	2,633,601	4,434,066	31,222	120,286	1,169,486	8,388,661
Allowance for Doubt Accounts	(10,100)	(390,000)	-	-	-	(400,100)
<b>Total Governmental Activities</b>	<b>\$ 2,643,701</b>	<b>\$ 4,824,066</b>	<b>\$ 31,222</b>	<b>\$ 120,286</b>	<b>\$ 1,169,486</b>	<b>\$ 8,788,761</b>
<b>Business-Type Activities</b>						
Water Districts	\$ 741,287	\$ -	\$ -	\$ -	\$ -	\$ -
Total Receivables	741,287	-	-	-	-	741,287
Allowance for Doubtfull Accounts	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>\$ 741,287</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 741,287</b>

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

Description	Amount
Sales Tax Refund	\$ 120,286
Total	\$ 120,286

Notes to the financial statements

5. Capital Assets

Capital asset activity for the year ended June 30, 2003, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,525,454	\$ -	\$ -	\$ 1,525,454
Construction in progress	-	-	-	-
<b>Total capital assets not being depreciated</b>	<b>1,525,454</b>	<b>-</b>	<b>-</b>	<b>1,525,454</b>
<b>Capital assets being depreciated:</b>				
Buildings	9,434,171	-	-	9,434,171
Equipment and Vehicles	3,695,896	227,900	(88,408)	3,835,388
<b>Total capital assets being depreciated</b>	<b>13,130,067</b>	<b>227,900</b>	<b>(88,408)</b>	<b>13,269,559</b>
<b>Less accumulated depreciation for:</b>				
Buildings	6,746,701	191,511	-	6,938,212
Equipment and Vehicles	3,028,366	427,022	-	3,455,388
<b>Total accumulated depreciation</b>	<b>9,775,067</b>	<b>\$ 618,533</b>	<b>\$ -</b>	<b>10,393,600</b>
<b>Total capital assets being depreciated, net</b>	<b>3,355,000</b>			<b>2,875,959</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 4,880,454</b>			<b>\$ 4,401,413</b>

**Primary Government**

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

General government	\$ 242,533
Public safety	294,061
Enviromental protection	6,607
Economic and physical development	3,780
Human services	71,552
<b>Total depreciation expense</b>	<b>\$ 618,533</b>

Notes to the financial statements

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Beaufort County Water District I-VII</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 2,000	\$ 73,961	\$ -	\$ 75,961
Construction in progress	35,279,926	5,419,467	-	40,699,393
<b>Total capital assets not being depreciated</b>	<b>35,281,926</b>	<b>5,493,428</b>	<b>-</b>	<b>40,775,354</b>
<b>Capital assets being depreciated:</b>				
Plant and distribution	12,939,230	-	-	12,939,230
Furniture & maintenance equipment	188,749	15,477	-	204,226
Vehicles	62,695	51,030	-	113,725
<b>Total capital assets being depreciated</b>	<b>13,190,674</b>	<b>66,507</b>	<b>-</b>	<b>13,257,181</b>
<b>Less accumulated depreciation for:</b>				
Plant and distribution	1,266,984	233,445	-	1,500,429
Furniture & maintenance equipment	106,655	19,514	-	126,169
Vehicles	41,824	14,380	-	56,204
<b>Total accumulated depreciation</b>	<b>1,415,463</b>	<b>\$ 267,339</b>	<b>\$ -</b>	<b>1,682,802</b>
<b>Total capital assets being depreciated, net</b>	<b>11,775,211</b>			<b>11,574,379</b>
<b>Beaufort County Water District I-VII capital assets, net</b>	<b>47,057,137</b>			<b>52,349,733</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 47,324,476</b>			<b>\$ 52,349,733</b>

**Construction commitments**

The government has active construction projects as of June 30, 2003. The projects include the water district projects. At June 30, 2003, the government's had commitments with several contractors.

**Discretely presented component units**

Activity for the ABC Board for the year ended June 30, 2003, was as follows:

	Useful Life	Cost	Accumulated Depreciation	Net
Land and Improvements	-	\$ 147,594	\$ -	\$ 147,594
Buildings	25 yrs	470,053	325,426	144,627
Furniture and Equipment	5-10 yrs	258,988	245,460	13,528
Motor Vehicles	4 yrs	15,277	7,509	7,768
<b>Total</b>		<b>\$ 891,912</b>	<b>\$ 578,395</b>	<b>\$ 313,517</b>

Notes to the financial statements

Activity for the Warren Airport Commission for the year ended June 30, 2003, was as follows:

	Beginnings		Decreases and		Ending Balances
	Balances	Increases	Adjustments	Transfers	
<b>Business-type activities:</b>					
<b>Capital assets not being depreciated:</b>					
Land and easement	\$ 497,227	\$ 78,005	\$ -	\$ 2,000	\$ 577,232
Construction in progress	51,667	29,545	-	(2,000)	79,212
<b>Total capital assets not being depreciated</b>	<b>548,894</b>	<b>107,550</b>	<b>-</b>	<b>-</b>	<b>656,444</b>
<b>Capital assets being depreciated:</b>					
Buildings	465,858	-	-	(17,429)	448,429
Parking lot and road	-	20,260	-	17,429	37,689
Clearing and excavation	2,730	-	-	-	2,730
Lighting, taxiways and runways	2,675,031	-	-	-	2,675,031
Fuel tanks and pumps	57,212	-	-	-	57,212
Equipment	447,602	-	-	-	447,602
<b>Total capital assets being depreciated</b>	<b>3,648,433</b>	<b>20,260</b>	<b>-</b>	<b>-</b>	<b>3,668,693</b>
<b>Less accumulated depreciation for:</b>					
Buildings	371,581	11,871	(17,429)	-	366,023
Parking lot and road	-	-	17,429	-	17,429
Clearing and excavation	1,989	109	-	-	2,098
Lighting, taxiways and runways	2,205,852	39,370	-	-	2,245,222
Fuel tanks and pumps	46,273	1,368	-	-	47,641
Equipment	231,964	33,269	-	-	265,233
<b>Total accumulated depreciation</b>	<b>2,857,659</b>	<b>\$ 85,987</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,943,646</b>
<b>Total capital assets being depreciated, net</b>	<b>790,774</b>				<b>725,047</b>
<b>Commission capital assets, net</b>	<b>\$ 1,339,668</b>				<b>\$ 1,381,491</b>

Activity for the Beaufort County Hospital for the year ended September 30, 2002, was as follows:

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

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2003, were as follows :

	Salaries and			
	Vendors	Benefits	Others	Total
<b>Governmental Activities:</b>				
General	\$ 1,339,122	\$ 110,151	\$ 1,016,855	\$ 2,466,128
Other Governmental	143,401	-	-	143,401
<b>Total-governmental activities</b>	<b>\$ 1,482,523</b>	<b>\$ 110,151</b>	<b>\$ 1,016,855</b>	<b>\$ 2,609,529</b>
<b>Business-type Activities</b>				
Water and Sewer Districts	\$ 90,157	\$ -	\$ 406,457	\$ 496,614
<b>Total - business-type activities</b>	<b>\$ 90,157</b>	<b>\$ -</b>	<b>\$ 406,457</b>	<b>\$ 496,614</b>

Notes to the financial statements

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.93% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.02% of annual covered payroll. The contribution requirements of members and of Beaufort County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2003, 2002, and 2001 were \$435,819, \$431,232 and \$420,790, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2003 was \$12,742. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2002, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	1
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	-
Active Plan Members	<u>43</u>
Total	<u>44</u>

(2) Summary of Significant Accounting Policies

Basis of Accounting - Financial statement for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

Notes to the financial statements

(3) Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2002 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.9% to 9.8% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2002 was 28 years.

3 Year Trend Information				
For Year Ended	Annual Pension Cost	Percentage of APC	Net Pension	
	(APC)	Contributed	Obligation	
2001	\$ 22,406	94.88%	\$ 66,326	
2002	\$ 32,178	47.58%	\$ 82,172	
2003	\$ 33,541	0.00%	\$ 116,734	

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officers 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, 2003 were \$268,594, which consisted of \$106,646 from the County and \$161,948 from the law enforcement officers.

d. Register of Deeds' Supplemental Pension Fund

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

Funding Policy - On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the Fiscal year ended June 30, 2003, the County's required and actual contributions were \$16,103.

## Notes to the financial statements

### e. Other Post employment Benefits-Beaufort County

According to a County resolution, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the County. The County pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. The County obtains health care coverage through private insurers.

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$20,000. 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. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2003, the County made contributions to the State for death benefits of \$435,819. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 4.93% and 4.78% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

### f. Beaufort County Hospital Pension Plan

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

### g. Warren Field Airport Commission

The Airport does not belong to any pension or retirement plan.

### 3. Closure and Postclosure Care Cost-Beaufort County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care cost will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$189,343 reported as landfill postclosure care liability at June 30, 2003 represents a cumulative amount reported to date. These amounts are based on what it would cost to perform all postclosure 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.

Notes to the financial statements

4. Deferred/ Unearned Revenues

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

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Taxes receivable, net (Governmental)	\$ 3,891,425	\$ -
Installment Obligation Receivable	1,169,486	1,169,486
Total	<u>\$ 5,060,911</u>	<u>\$ 1,169,486</u>

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto and professional liability coverage of \$2 million per occurrence, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property coverage, and single occurrence losses of \$350,000 for workers' compensation.

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

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

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

The Warren Filed Airport Commission is exposed to various risks of loss' related torts; theft of, damage to, and destruction to assets; errors and omissions; and natural disasters. The Airport carries commercial insurance for risks of loss. There have been no significant reductions in insurance coverage in any of the past three fiscal years.

6. Contingent Liabilities

At June 30, 2003, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

Notes to the financial statements

7. Long-term Obligations

a. Capital Leases

The Hospital has leased equipment used for professional and administrative services. Amortization of equipment acquired under capital leases is included in depreciation and amortization expense. The following classes of equipment have been accounted for as capital leases and the original costs are classified separately in the balance sheet.

Description	2002
Information systems	\$ 197,379
Laboratory	176,460
Radiology	2,043,316
CCU	214,390
Telephone system	136,638
Obstetric	101,716
Patient rooms	49,800
	<u>2,919,699</u>
Less allowance for depreciation	<u>1,906,955</u>
Total	<u>\$ 1,012,744</u>

At September 30, 2002, the future minimum payments under the Hospital's capital leases consist of the following:

Year Ending June 30	Minimum Payment	Principal Payments
2003	\$ 309,169	\$ 203,370
2004	309,169	229,585
2005	309,169	259,241
2006	276,027	254,387
Total minimum lease payments	1,203,534	946,583
Less: amount representing interest	256,951	-
Present value of the minimum lease payments	<u>\$ 946,583</u>	<u>\$ 946,583</u>

b. Installment Purchase

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

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

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

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

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

Notes to the financial statements

On January 12, 2000, the County of Beaufort secured financing for the Hospital's Expansion and Renovation Project, in the amount of \$5,000,000. On June 29, 2001, the County of Beaufort entered into an additional loan for \$1,500,000, also for the Hospital's Expansion and Renovation Project. The Hospital will repay the County for the debt incurred on the Hospital's behalf in 60 quarterly installments of \$120,393 including interest at 5.18% annually. The first payment was made in July 2000. The Hospital will also repay the County for the second loan in 60 quarterly installments of \$36,001 including interest at 5.13% annually. As of September 30, 2002, the Hospital had drawn down on these loans by incurring project expenditures of \$6,537,283. The County of Beaufort had contributed the remaining \$37,283 to cover the costs in excess of the loans.

For Beaufort County, the future minimum payments as of June 30, 2003 include interest of \$2,405,844 in the Governmental Activities and \$239,106 for the Business Type Activities is as follows:

Year Ending June 30,	Business Type Activities	Governmental Activities	Total
2004	\$ 89,470	\$ 1,267,565	\$ 1,357,035
2005	87,046	1,260,571	1,347,617
2006	84,530	951,147	1,035,677
2007	82,091	943,930	1,026,021
2008	79,662	936,710	1,016,372
Next 5 Years	356,140	3,941,954	4,298,094
Thereafter	217,444	1,312,621	1,530,065
Total	\$ 996,383	\$ 10,614,498	\$ 11,610,881

c. Notes Payable

The Hospital issued an installment note payable to Nations Bank, N.A. on February 15, 1999. This note is payable in monthly installments of \$2,516.35 including interest at 4.75% annually. This note is secured by real estate located near the Hospital. The proceeds of this note were used for operating cash flow.

The Hospital issued an installment note payable to Nations Bank, N.A. on February 15, 1999. This note is payable in monthly installments of \$2,985.43 including interest at 6.75% annually. This note is secured by real estate located adjacent the Hospital. The proceeds of this note were used for operating cash flow.

The Hospital issued an installment note payable to Nations Bank, N.A. on January 25, 1996. This note is payable in monthly installments of \$2,691.61 plus interest at 5.25% annually, and one final payment of \$91,195 due January 24, 2001. This note is secured by real estate located in the Town of Aurora. The proceeds of this note were used to purchase the Aurora Medical Center building and surrounding 5.09 acres, Town of Aurora, North Carolina.

The Hospital issued an installment note payable to Nations Bank, N.A. on July 28, 1998. This note is payable in monthly installments of \$7,269.08 including interest at 4.10% annually. This note is secured by real estate located adjacent to the Hospital. The proceeds of this note were used to purchase approximately 16.4 acres of unimproved real estate adjacent to the Hospital.

First Citizens Bank and Trust

The Hospital entered into an installment purchase contract with First Citizens Bank and Trust Company, on December 8, 1999. The contract requires 60 monthly installments of \$7,480 including interest at 4.79% annually. This contract enabled the Hospital to purchase a multipurpose x-ray machine that also serves as the securities for this agreement.

Wachovia Leasing Corporation

The Hospital entered into an installment purchase contract with Wachovia Leasing Corporation on June 21, 2000. The contract requires 59 monthly installments of \$4,839 including interest at 5.64% annually. This contract enabled the Hospital to purchase a 450D EPS System that also serves as the security for this agreement.

Notes to the financial statements

County of Beaufort

On January 12, 2000, the County of Beaufort secured financing for the Hospital's Expansion and Renovation Project, in the amount of \$5,000,000. The Hospital will repay the County for the debt incurred on the Hospital's behalf in 60 quarterly installments of \$120,393 including interest at 5.18% annually. The first payment was made in July 2000. As of September 30, 2002, the Hospital had drawn down on this debt by incurring project expenditures of \$5,342,198. The County of Beaufort held the remaining debt proceeds in an interest-bearing account.

Aggregate maturities of these notes payable in each of the next five years ended September 30 follows:

2003	584,582
2004	614,089
2005	543,236
2006	523,606
2007	-
Thereafter	-
<b>Total Payable</b>	<b>2,265,513</b>
Less Current Maturities	
<b>Long Term Portion</b>	<b>\$ 2,265,513</b>

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2003:

	Balance 07/01/02	Additions	Retirements	Balance 6/30/2003
<b>Governmental Activities:</b>				
General Obligation Bonds	\$ 4,400,000	\$ -	\$ (1,035,000)	\$ 3,365,000
Installment Purchases	9,039,561	-	(830,907)	8,208,654
Compensated Absences	502,972	36,005	-	538,977
Landfill Postclosure Care	189,343	-	-	189,343
<b>Total</b>	<b>\$ 14,131,876</b>	<b>\$ 36,005</b>	<b>\$ (1,865,907)</b>	<b>\$ 12,301,974</b>
	Balance 07/01/02	Additions	Retirements	Balance 6/30/2003
<b>Business Type Activities:</b>				
General Obligation Bonds	\$ 33,174,800	\$ 10,700,000	\$ (305,500)	\$ 43,569,300
Installment Purchases	855,802	-	(98,525)	757,277
<b>Total</b>	<b>\$ 34,030,602</b>	<b>\$ 10,700,000</b>	<b>\$ (404,025)</b>	<b>\$ 44,326,577</b>

At June 30, 2003, Beaufort County had a legal debt margin of \$248,973,648.

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

Notes to the financial statements

The County's general obligation bonds payable at June 30, 2003 are comprised of the following individual issues:

Serviced by the County's General Fund

\$200,000 1991 Community College Serial bonds, due on May 1 in installments ranging from \$50,000 to \$200,000, through May 2009; interest ranging from 6.4% to 6.5% \$ 1,000,000

\$9,405,000 1998 Refunding bonds, due on February 1 in installments ranging from \$1,095,000 to \$565,000 through February 2006; interest ranging from 4.0% to 4.4% \$ 2,365,000

Total \$ 3,365,000

Serviced by Water District I:

\$3,138,000 2001A Water Serial Bond due in annual installments; beginning in 2004; from \$33,000 to \$118,000 through June 1, 2041; interest at 4.875% \$ 3,138,000

\$2,329,300 2001B Water Serial Bond due in annual installments; beginning in 2004; from \$24,500 to \$98,000 through June 1, 2041; interest at 4.875% \$ 2,329,300

Serviced by Water District II Long Acre West:

\$4,226,000 1998 Water Serial Bond due in annual installments; beginning in 1998; from \$39,500 to \$158,000 through June 1, 2034; interest at 6.125% \$ 3,898,000

\$434,000 1998 Water Serial Bond due in annual installments, beginning in 1998; from \$4,500 to \$18,000 through June 1, 2034; interest at 6.125% \$ 400,500

Serviced by Water District III Long Acre East:

\$3,728,000 1998 Serial Bonds due in annual installments; beginning in 1998; from \$35,000 to \$140,000 through June 1, 2034; interest at 6.125% \$ 3,440,000

\$381,000 1991 Serial Bonds due in annual installments; beginning in 1998; from \$4,000 to \$16,000 through June 1, 2034; interest at 5.625% \$ 352,000

\$1,304,000 1998 Water Serial Bonds due in annual installments; beginning in 1999; from \$13,500 to \$54,000 through June 1, 2036; with interest only for 1998 & 1999; interest at 5.625% \$ 1,230,000

\$197,000 1998 Water Serial Bonds due in annual installments; beginning in 1999; from \$2,500 to \$10,000 through June 1, 2036; with interest only for 1998 & 1999; interest at 5.375% \$ 184,500

Notes to the financial statements

Serviced by Water District IV Bath:

\$3,042,000 1999 Water Serial Bonds due in annual installments; beginning in 1999; from \$33,000 to \$132,000 through June 1, 2038; with interest only for 1999 & 2000; interest at 4.75 % \$ 2,974,500

\$4,491,000 1998A Water Serial Bond due in annual installments; beginning in 1999; from \$48,500 to \$194,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 4,339,500

\$909,000 1998B Water Serial Bond due in annual installments; beginning in 1999; from \$11,000 to \$40,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 876,000

Serviced by Water District V Pantego:

\$3,223,000 1998A Water Serial Bond due in annual installments; beginning in 1999; from \$35,000 to \$140,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 3,155,500

\$777,000 1998B Water Serial Bond due in annual installments; beginning in 1999; from \$9,000 to \$36,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 750,000

Serviced by Water District VII Richland:

\$2,692,000 Series A 1999 Water Bonds due in annual installments; beginning in 1999; from \$28,500 to \$114,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 2,603,000

\$3,308,000 Series B 1999 Water Bonds due in annual installments; beginning in 1999; from \$35,000 to \$140,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 3,198,500

Bond Anticipation Notes

\$10,700,000 Water Improvement Notes issued in April 2003 at 1.6%. The notes will be repaid with a bond issue expected to be sold in the next fiscal year. \$ 10,700,000

Total \$ 43,569,300

Notes to the financial statements

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 1,010,000	\$ 168,150	\$ 11,123,500	\$ 1,685,350
2005	990,000	122,520	442,500	1,663,551
2006	765,000	76,860	464,500	1,642,576
2007	200,000	39,000	489,500	1,616,931
2008	400,000	39,000	514,500	1,592,797
2009-2013	-	-	2,977,000	7,535,707
Thereafter	-	-	27,557,800	20,161,400
<b>Total</b>	<b>\$ 3,365,000</b>	<b>\$ 445,530</b>	<b>\$ 43,569,300</b>	<b>\$ 35,898,312</b>

IV. Joint Ventures

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

None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2003. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$111,000 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library offices, at 158 N Market Street, Washington, NC 27889.

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

The County has an ongoing financial responsibility for the community college because of the statutory responsibility to provide funding for the community college's facilities. The County contributed \$1,164,263 and \$372,00 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2003. In addition, the County made debt service payments of \$100,000 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2003. Complete financial statements for the community college may be obtained from the community college's administrative offices at Highway 264 East, Washington, NC 27889.

The County, in conjunction with four other counties, participates in the Tideland Mental Health Center. The County Commissioners appoint four members to the twenty-member board of the Center. In addition, one County Commissioner also serves on the Center's board. The Center, a multi-county public mental health authority, is a separate and distinct subdivision charged by State law with the responsibility of providing services for drug and mental health prevention, treatment and rehabilitation services. The County contributed \$172,000 to the Center during fiscal year ended June 30, 2003. Complete financial statements for the Center can be obtained from the Center's administrative offices at 1308 Highland Drive, Washington, NC 27889.

V. Jointly Governed Organization

The County, in conjunction with four other counties and thirty-nine municipalities, established the Mid-East Commission. The participating governments established the Commission to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$10,248 to the Council during the fiscal year ended June 30, 2003.

Notes to the financial statements

**VI. Benefit Payments Issued by the State**

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

	<u>Federal</u>	<u>State</u>
Food Stamp Program	\$ 4,519,258	\$ -
TANF Aid to Families with Dependent Children	772,549	-
Medicial Assistance Program	35,426,968	18,134,348
Special Supplemental Food Program for Women, Infants and Children	978,804	-
Energy Assistance Payment	163,459	-
CWS Adopt Subsidy & Vendor	14,401	3,591
IV-E Adopt Subsidy & Vendor	187,815	56,871
Special Assistance-Aged & Disabled	-	506,627
IV-E Foster Home	388,327	50,611
State Foster Home	-	72,873
Community Based Alternative	-	158,373

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

**1. Federal and State Assisted Programs**

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

**VIII. Major Taxpayer**

Beaufort County had property tax revenue from one taxpayer in 2003 of approximately \$3,077,376, which accounted for approximately 16% of net property tax levied.

**Required Supplemental Financial Data**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
31-Dec-91	-	68,172	68,172	0.0%	515,292	13.23%
31-Dec-92	-	72,119	72,119	0.0%	553,888	13.02%
31-Dec-93	-	87,049	87,049	0.0%	737,811	11.80%
31-Dec-94	-	90,208	90,208	0.0%	794,597	11.35%
31-Dec-95	-	113,791	113,791	0.0%	844,751	13.47%
31-Dec-96	-	126,204	126,204	0.0%	865,459	14.58%
31-Dec-97	-	114,269	114,269	0.0%	955,671	11.96%
31-Dec-98	-	167,493	167,493	0.0%	998,974	16.77%
31-Dec-99	-	151,963	151,963	0.0%	1,207,616	12.58%
31-Dec-00	-	227,746	227,746	0.0%	1,211,699	18.80%
31-Dec-01	-	221,078	221,078	0.0%	1,318,945	16.76%
31-Dec-02	-	197,573	197,573	0.0%	1,319,836	14.97%

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

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Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Net Pension Obligation End of Year
2001	22,406	94.88%	66,326
2002	32,178	50.76%	82,172
2003	33,541	0.00%	116,734

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**Notes to the Required Schedules:**

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

Valuation Date	December 31, 2002
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	28 Years
Asset Valuation Method	Market Value
<b>Actuarial Assumptions:</b>	
Investment Rate of Return	7.25%
Projected Salary Increases	5.9%-9.8%
Includes Inflation at	3.75%
Cost of Living Adjustments	N/A

**Combining and Individual Fund Statements and Schedules**

Beaufort County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Current Year Taxes	\$	\$ 19,988,499	\$
Prior Year Taxes		935,158	
Penalties and Interest		274,215	
Total	<u>20,710,364</u>	<u>21,197,872</u>	<u>487,508</u>
<b>Local Option Sales Taxes:</b>			
Article 39 One Percent		2,915,341	
Article 40 One - Half of One Percent		1,825,027	
Article 42 One - Half of One Percent		1,809,484	
Article 44 One - Half of One Percent		739,011	
Total	<u>6,820,467</u>	<u>7,288,863</u>	<u>468,396</u>
<b>Other Taxes and Licenses:</b>			
Documentary stamps		132,134	
Scrap tire disposal tax		41,629	
White goods disposal tax		16,911	
Privilege tax		9,319	
Rental vehicles receipt tax		14,532	
Total	<u>208,671</u>	<u>214,525</u>	<u>5,854</u>
<b>Unrestricted Intergovernmental:</b>			
Beer and wine tax		133,330	
Other		7,070	
Sales and gas tax refunds		9,936	
Total	<u>1,631,000</u>	<u>150,336</u>	<u>(1,480,664)</u>
<b>Restricted Intergovernmental:</b>			
State and Federal Grants		7,663,700	
Loan reimbursements		1,371,516	
FEMA disaster funds		18,879	
ABC Tax		37,111	
Total	<u>9,368,639</u>	<u>9,091,206</u>	<u>(277,433)</u>
<b>Permits and Fees:</b>			
Building Permits and Inspection Fees		118,902	
Register of Deeds		309,620	
Other		12,728	
Total	<u>333,347</u>	<u>441,250</u>	<u>107,903</u>

Beaufort County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes In Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Sales and Services:</b>			
Rent and Concessions		150,115	
Rescue squad		80,158	
Prisoners' reimbursements		85,865	
Court costs		60,978	
Environmental Health Fees		60,773	
IV-D Deputy travel		42,062	
Patient fees - Nursing home & Health Dept.		1,226,752	
School resource officer		105,000	
Animal control fees		6,488	
Candidate fees		641	
Sheriff's fees		14,690	
Lanfill fees/charges		1,687,989	
Collection fees		74,457	
Cable fees		63,756	
Total	4,306,605	3,659,723	(646,882)
Investment Earnings	160,000	85,817	(74,183)
<b>Miscellaneous:</b>			
Sale of Assets/Insurance Claims		25,094	
Donations		803,624	
Miscellaneous		33,807	
Total	93,182	862,525	769,343
<b>TOTAL REVENUES</b>	<b>43,632,275</b>	<b>42,992,118</b>	<b>(640,157)</b>
<b>Expenditures:</b>			
<b>General Government:</b>			
Governing body		94,861	
County manager		628,821	
Elections		168,433	
Finance		214,751	
Tax assessor		481,742	
Legal		30,537	
Register of deeds		318,194	
Public buildings		747,564	
Court facilities		188,161	
Tax collector		262,521	
Land records		195,104	
Total general government	3,498,164	3,330,689	167,475

Beaufort County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Public Safety:</b>			
Sheriff		2,274,843	
Jail		992,357	
Criminal justice partnership		46,235	
Emergency communications		322,423	
Emergency management		92,588	
Fire protection		85,111	
Inspections		233,024	
Ambulance/Rescue service		161,070	
Animal control		133,913	
Medical examiner		28,500	
Total	<u>4,640,157</u>	<u>4,370,064</u>	<u>270,093</u>
<b>Economic and physical development:</b>			
Economic development		660,782	
Agricultural extension		207,897	
Soil/water conservation		127,995	
Total	<u>1,252,250</u>	<u>996,674</u>	<u>255,576</u>
<b>Human services:</b>			
Administration - general		204,414	
Aids control		41,567	
TB program		35,216	
Immunization		165,798	
Health promotion		144,506	
Child health		164,850	
Maternal health		336,554	
WIC - Administration		198,942	
Environmental health		455,749	
Family planning		332,199	
Other health programs		23,401	
Total human services	<u>2,314,956</u>	<u>2,103,196</u>	<u>211,760</u>
<b>Mental Health:</b>			
General appropriation		172,000	
Alcohol rehab		17,000	
Total	<u>216,361</u>	<u>189,000</u>	<u>27,361</u>
Beaufort County Develop Center	<u>50,000</u>	<u>50,000</u>	<u>-</u>
NC Elderly handicapped transportation	<u>19,639</u>	<u>19,639</u>	<u>-</u>

Beaufort County, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Social services:</b>			
Administration		3,518,184	
State In-Home Aging Services		447,970	
Day care		2,102,649	
Medical assistance		3,141,313	
Energy assistance		194,106	
Other assistance		538	
County provided services		1,482	
Transportation		24,699	
Child support enforcement		635,817	
Aid to the blind program		10,731	
Special assistance		506,627	
Foster care		294,036	
Work first program		81,698	
<b>Total</b>	<u>12,105,794</u>	<u>10,959,850</u>	<u>1,145,944</u>
<b>Other human services</b>			
County home		1,110,092	
Veterans services		32,628	
Youth services		183,700	
<b>Total</b>	<u>1,444,213</u>	<u>1,326,420</u>	<u>117,793</u>
<b>Total Social Services</b>	<u>13,550,007</u>	<u>12,286,270</u>	<u>1,263,737</u>
<b>Total Human Services</b>	<u>16,150,963</u>	<u>14,648,105</u>	<u>1,502,858</u>
<b>Cultural and Recreational:</b>			
Recreation		44,885	
Library and museum		123,200	
Special Appropriations		25,500	
<b>Total Cultural and Recreational</b>	<u>193,677</u>	<u>193,585</u>	<u>92</u>
<b>Environmental protection:</b>			
Solid waste		2,862,108	675,487
<b>Education:</b>			
<b>Public Schools:</b>			
Current Expense		7,914,533	
Capital Outlay		1,034,520	
<b>Community Colleges:</b>			
Current Expense		1,164,263	
Capital Outlay		372,000	
<b>Total Education</b>	<u>10,609,711</u>	<u>10,485,316</u>	<u>124,395</u>
<b>Debt Service:</b>			
Principal Retirement		1,865,907	
Interest and Fees		685,211	
<b>Total Debt Service</b>	<u>2,551,118</u>	<u>2,551,118</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>42,433,635</u>	<u>39,437,659</u>	<u>2,995,976</u>

Beaufort County, North Carolina  
 General Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues over Expenditures	1,198,640	3,554,459	2,355,819
Other financing sources (uses):			
Proceeds From Capital Leases	-	-	-
Fund Balance Appropriated	(1,088,283)	-	1,088,283
Operating Transfers (to)/from Other Funds:			
Capital Projects	-	-	-
Capital Projects	-	-	-
Capital Projects	-	-	-
Water Districts	-	-	-
Special revenue fund - Capital Reserve	-	-	-
Operating Transfers (to)/from Component Units			
Beaufort County ABC Board	-	-	-
Warren Field Airport Commission	(110,357)	(110,357)	-
Total Other Financing Sources (Uses)	(1,198,640)	(110,357)	1,088,283
Revenues and other financing sources over expenditures and other financing uses	\$ -	3,444,102	\$ 3,444,102
Fund balances:			
Beginning of year, July 1		8,987,140	
End of year, June 30		\$ 12,431,242	

Budgeted Revs  
43,632,275

Actual Revs  
42,992,118

Budgeted Exps  
42,433,635

Actual Exps  
39,437,659

**Combining Balance Sheets Nonmajor Governmental Funds**

Beaufort County, North Carolina  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2003  
 (With Comparative Totals for June 30, 2002)

	<u>Revaluation</u>	<u>Economic Development</u>	<u>Washington Administrative Unit</u>	<u>Fire Tax Districts</u>	<u>Arbitrage Reserve</u>	<u>E911 Service</u>
<b>Assets:</b>						
Cash and Cash Equivalents	\$ 11,701	\$ 9,495	\$ -	\$ -	\$ 152,749	\$ 325,281
Accounts Receivable	-	328	-	-	-	433
Taxes Receivable (Net)	-	-	11,596	179,501	-	-
Due from other funds	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 11,701</b>	<b>\$ 9,823</b>	<b>\$ 11,596</b>	<b>\$ 179,501</b>	<b>\$ 152,749</b>	<b>\$ 325,714</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable and Accrued Liabilities	\$ -	\$ 1,154	\$ -	\$ -	\$ -	\$ 794
Deferred Revenue	-	-	11,596	179,501	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>1,154</b>	<b>11,596</b>	<b>179,501</b>	<b>-</b>	<b>794</b>
<b>Fund Balances:</b>						
Reserved by State Statute	-	328	-	-	-	433
Undesignated	11,701	8,341	-	-	152,749	324,487
<b>Total Fund Balances</b>	<b>11,701</b>	<b>8,669</b>	<b>-</b>	<b>-</b>	<b>152,749</b>	<b>324,920</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,701</b>	<b>\$ 9,823</b>	<b>\$ 11,596</b>	<b>\$ 179,501</b>	<b>\$ 152,749</b>	<b>\$ 325,714</b>

<u>NC Housing Finance Agency</u>	<u>Hazardous Mitigation</u>	<u>Disaster Relief Initiative</u>	<u>NC Disaster Relief Initiative</u>	<u>Capital Reserve</u>	<u>CDBG Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>Fountain Power Boats Water/Sewer</u>	<u>NC Crisis Housing</u>
\$ 26,161	\$ 27,271	\$ -	\$ -	\$ 316,880	\$ -	\$ 869,538	\$ -	\$ 21,402
-	-	94,500	-	-	-	95,261	-	-
-	-	-	-	-	-	191,097	-	-
<u>\$ 26,161</u>	<u>\$ 27,271</u>	<u>\$ 94,500</u>	<u>\$ -</u>	<u>\$ 316,880</u>	<u>\$ -</u>	<u>\$ 1,155,896</u>	<u>\$ -</u>	<u>\$ 21,402</u>
\$ -	\$ 51,031	\$ 25,564	\$ 3,799	\$ -	\$ 61,059	\$ 143,401	\$ -	\$ 78,027
-	-	-	-	-	-	191,097	-	-
<u>-</u>	<u>51,031</u>	<u>25,564</u>	<u>3,799</u>	<u>-</u>	<u>61,059</u>	<u>334,498</u>	<u>-</u>	<u>78,027</u>
-	-	-	-	-	-	761	-	-
<u>26,161</u>	<u>(23,760)</u>	<u>68,936</u>	<u>(3,799)</u>	<u>316,880</u>	<u>(61,059)</u>	<u>820,637</u>	<u>-</u>	<u>(56,625)</u>
<u>26,161</u>	<u>(23,760)</u>	<u>68,936</u>	<u>(3,799)</u>	<u>316,880</u>	<u>(61,059)</u>	<u>821,398</u>	<u>-</u>	<u>(56,625)</u>
<u>\$ 26,161</u>	<u>\$ 27,271</u>	<u>\$ 94,500</u>	<u>\$ -</u>	<u>\$ 316,880</u>	<u>\$ -</u>	<u>\$ 1,155,896</u>	<u>\$ -</u>	<u>\$ 21,402</u>

<u>HMGP Buyout</u>	<u>HMGP Bonnie</u>	<u>Hospital Renovations</u>	<u>Delta City Sewer</u>	<u>Total Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 8,564	\$ 29,260	\$ 57,352	\$ 116,578	\$ 986,116
-	-	-	-	-	95,261
-	-	-	-	-	191,097
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 8,564</u>	<u>\$ 29,260</u>	<u>\$ 57,352</u>	<u>\$ 116,578</u>	<u>\$ 1,272,474</u>
\$ -	\$ -	\$ 45,394	\$ -	\$ 123,421	\$ 266,822
-	-	-	-	-	191,097
-	-	45,394	-	123,421	457,919
-	-	-	-	-	761
-	8,564	(16,134)	57,352	(6,843)	813,794
-	8,564	(16,134)	57,352	(6,843)	814,555
<u>\$ -</u>	<u>\$ 8,564</u>	<u>\$ 29,260</u>	<u>\$ 57,352</u>	<u>\$ 116,578</u>	<u>\$ 1,272,474</u>

Beaufort County, North Carolina  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2003  
 (With Comparative Totals for the Fiscal Year Ended June 30, 2002)

	Revaluation	Economic Development	Washington Administrative Unit	Fire Tax Districts	Arbitrage Reserve	E911 Service
<b>Revenues:</b>						
Ad Valorem Taxes	\$ -	\$ -	\$ 269	\$ 1,014,877	\$ -	\$ 318,110
Investment Earnings	-	641	-	-	1,985	-
Sales Tax Revenue	-	-	-	-	-	-
Restricted Intergovernmental	-	217,510	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>218,151</u>	<u>269</u>	<u>1,014,877</u>	<u>1,985</u>	<u>318,110</u>
<b>Expenditures:</b>						
Current:						
Public Safety	-	-	-	1,014,877	-	160,335
Education	-	-	269	-	-	-
Debt Service	-	-	-	-	-	-
Economic and Physical Development	-	252,096	-	-	-	-
Total Expenditures	<u>-</u>	<u>252,096</u>	<u>269</u>	<u>1,014,877</u>	<u>-</u>	<u>160,335</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(33,945)</u>	<u>-</u>	<u>-</u>	<u>1,985</u>	<u>157,775</u>
<b>Other Financing Sources:</b>						
Transfers In	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-
From Primary Government	-	-	-	-	-	-
Proceeds from Installment Loan	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>-</u>	<u>(33,945)</u>	<u>-</u>	<u>-</u>	<u>1,985</u>	<u>157,775</u>
<b>Fund balances:</b>						
Beginning of Year, July 1	<u>11,701</u>	<u>42,614</u>	<u>-</u>	<u>-</u>	<u>150,764</u>	<u>167,145</u>
End of year, June 30	<u>\$ 11,701</u>	<u>\$ 8,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,749</u>	<u>\$ 324,920</u>

<u>NC Housing Finance Agency</u>	<u>Hazardous Mitigation</u>	<u>Disaster Relief Initiative</u>	<u>NC Disaster Relief Initiative</u>	<u>Capital Reserve</u>	<u>CDBG Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,333,256
-	-	-	-	4,471	-	7,097
-	-	-	-	-	-	-
1,550	65,173	125,476	-	-	445,156	854,865
-	-	-	-	-	-	-
<u>1,550</u>	<u>65,173</u>	<u>125,476</u>	<u>-</u>	<u>4,471</u>	<u>445,156</u>	<u>2,195,218</u>
-	-	-	-	-	-	1,175,212
-	-	-	-	-	-	269
-	-	-	-	-	-	-
3,493	86,204	-	-	-	504,155	845,948
<u>3,493</u>	<u>86,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,155</u>	<u>2,021,429</u>
-	-	-	-	-	-	-
<u>(1,943)</u>	<u>(21,031)</u>	<u>125,476</u>	<u>-</u>	<u>4,471</u>	<u>(58,999)</u>	<u>173,789</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,943)	(21,031)	125,476	-	4,471	(58,999)	173,789
-	-	-	-	-	-	-
28,104	(2,729)	(56,540)	(3,799)	312,409	(2,060)	647,609
<u>26,161</u>	<u>(23,760)</u>	<u>68,936</u>	<u>(3,799)</u>	<u>316,880</u>	<u>(61,059)</u>	<u>821,398</u>

Fountain Power Boats Water/Sewer	NC Crisis Housing	HMGP Buyout	HMGP Bonnie	Hospital Renovations	Delta City Sewer	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,333,256
-	-	-	-	14,883	-	14,883	21,980
-	2,730,684	40,702	209,629	-	488,669	3,469,684	4,324,549
-	2,730,684	40,702	209,629	14,883	488,669	3,484,567	5,679,785
-	-	-	-	-	-	-	1,175,212
-	-	-	-	-	-	-	269
-	2,701,300	40,702	213,663	491,932	404,679	3,852,276	4,698,224
-	2,701,300	40,702	213,663	491,932	404,679	3,852,276	5,873,705
-	29,384	-	(4,034)	(477,049)	83,990	(367,709)	(193,920)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	29,384	-	(4,034)	(477,049)	83,990	(367,709)	(193,920)
-	(86,009)	-	12,598	460,915	(26,638)	360,866	1,008,475
\$ -	\$ (56,625)	\$ -	\$ 8,564	\$ (16,134)	\$ 57,352	\$ (6,843)	\$ 814,555

Beaufort County, North Carolina  
**Revaluation Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2003**  
**With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002**

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues</b>				
Miscellaneous	\$	-	\$	-
Investment Earnings		-		-
<b>Total Revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Total Economic & Physical Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers from General Fund	-	-	-	-
Proceeds from Lease Purchase	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance Appropriated</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1		<u>11,701</u>		<u>11,701</u>
End of Year, June 30		<u>\$ 11,701</u>		<u>\$ 11,701</u>

Beaufort County, North Carolina  
Economic Development  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2003  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues</b>				
Restricted Intergovernmental	\$	\$ 217,510	\$	\$ 214,764
Investment Earnings		641		1,185
Other income				636
<b>Total revenues</b>	<u>266,506</u>	<u>218,151</u>	<u>(48,355)</u>	<u>216,585</u>
<b>Expenditures:</b>				
Economic and Physical development		252,096		1,351,513
<b>Total Expenditures</b>	<u>266,506</u>	<u>252,096</u>	<u>14,410</u>	<u>1,351,513</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(33,945)</u>	<u>(33,945)</u>	<u>(1,134,928)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Installment Loan				1,100,000
Operating Transfers in	-	-		-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,100,000</u>
<b>Revenues and Other Financing Sources Over (Under) Uses</b>	<u>-</u>	<u>(33,945)</u>	<u>(33,945)</u>	<u>(34,928)</u>
<b>Fund Balance Appropriated</b>		<u>-</u>		<u>-</u>
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	<u>\$ -</u>	<u>(33,945)</u>	<u>\$ (33,945)</u>	<u>(34,928)</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1		<u>42,614</u>		<u>77,542</u>
End of Year, June 30		<u>\$ 8,669</u>		<u>\$ 42,614</u>

Beaufort County, North Carolina  
 Washington Administrative Unit  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2003  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues</b>				
Ad valorem taxes	\$	\$ 87	\$ 87	\$ 269
<b>Expenditures:</b>				
Education - School current expense		87		269
Total Expenditures		87	(87)	269
Revenues Over (Under) Expenditures	-	-	-	-
<b>Other Financing Sources (Uses):</b>				
Operating Transfers from General Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Revenues and Other Financing Sources Over (Under) Uses	-	-	-	-
Fund Balance Appropriated	-	-	-	-
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$	-	\$	-
<b>Fund Balance:</b>				
Beginning of Year, July 1		-		-
End of Year, June 30		\$		\$

Beaufort County, North Carolina  
 Fire District Funds (All Fire Districts)  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2003  
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Total Revenues	\$ 1,016,718	1,014,877	\$ (1,841)	1,032,075
<b>Expenditures:</b>				
Public safety:				
Total Expenditures	1,016,718	1,014,877	1,841	1,032,075
Revenues Over (Under) Expenditures	-	-	-	-
<b>Other Financing Sources (Uses):</b>				
Proceeds from Installment Loan	-	-	-	-
Transfer to General Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Revenues and Other Financing Sources Over (Under) Uses	-	-	-	-
Fund Balance Appropriated	-	-	-	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	-	\$ -	-
<b>Fund Balance:</b>				
Beginning of Year, July 1		-		-
End of Year, June 30		\$ -		\$ -

Beaufort County, North Carolina  
**Arbitrage Reserve**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
 For the Fiscal Year Ended June 30, 2003  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues</b>				
Investment Earnings	\$ -	\$ 1,985	\$ 1,985	\$ 3,514
<b>Expenditures</b>	-	-	-	
<b>Revenues Over (Under) Expenditures</b>	-	1,985	1,985	3,514
<b>Other Financing Sources (Uses):</b>				
Operating Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
<b>Revenues and Other Financing Sources Over (Under) Uses</b>	-	1,985	1,985	3,514
<b>Fund Balance Appropriated</b>	-	-	-	-
<b>Revenues, Other Sources and Appropriated Transfer in(out)</b>	-	-	-	-
<b>Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ -	1,985	\$ 1,985	3,514
<b>Fund Balance:</b>				
Beginning of Year, July 1		150,764		147,250
End of Year, June 30		\$ 152,749		\$ 150,764

Beaufort County, North Carolina  
**E911 Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2003  
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues:</b>				
Emergency Telephone System Charges		\$ 318,110		\$ 321,712
<b>Total Revenues</b>	\$ 250,000	318,110	\$ 68,110	321,712
<b>Expenditures:</b>				
<b>Public safety:</b>				
E 911 Service		154,168		185,589
Capital Outlay		6,167		160,158
<b>Total Expenditures</b>	250,000	160,335	89,665	345,747
<b>Revenues Over (Under) Expenditures</b>	-	157,775	157,775	(24,035)
<b>Other Financing Sources (Uses):</b>				
Proceeds from Lease Purchase	-	-	-	-
Transfer to General Fund	-	-	-	-
Transfer from General Fund	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	-	157,775	157,775	(24,035)
<b>Fund Balance Appropriated</b>		-	-	-
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ -	157,775	\$ 157,775	(24,035)
<b>Fund Balance:</b>				
Beginning of Year, July 1		167,145		191,180
<b>End of Year, June 30</b>		\$ 324,920		\$ 167,145

Beaufort County, North Carolina  
 NC Housing Finance Agency  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and For the Fiscal Year Ended June 30, 2003

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental Emergency Management Grant	\$ 500,000	\$ 454,037	\$ 1,550	\$ 455,587	\$ (44,413)
Total Revenues	<u>500,000</u>	<u>454,037</u>	<u>1,550</u>	<u>455,587</u>	<u>(44,413)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development	515,000	440,933	3,493	444,426	70,574
Revenues over expenditures	(15,000)	13,104	(1,943)	11,161	26,161
<b>Other Financing Sources (Uses):</b>					
Operating Transfer from General Fund	15,000	15,000	-	15,000	-
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Revenues, Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 28,104	(1,943)	\$ 26,161	\$ 26,161
<b>Fund balances:</b>					
Beginning of year, July 1			28,104		
End of year, June 30			<u>\$ 26,161</u>		

Beaufort County, North Carolina  
**Hazardous Mitigation**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and For the Fiscal Year Ended June 30, 2003

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental					
Emergency management & State grant	4,412,844	4,458,185	65,173	4,523,358	110,514
<b>Total Revenues</b>	<u>4,412,844</u>	<u>4,458,185</u>	<u>65,173</u>	<u>4,523,358</u>	<u>110,514</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	4,412,844	4,460,914	86,204	4,547,118	(134,274)
Revenues over expenditures	-	(2,729)	(21,031)	(23,760)	(23,760)
<b>Other Financing Sources (Uses):</b>					
Residual Equity Transfer from General Fund	-	-	-	-	-
<b>Total Other Financing     Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues, Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ -</u>	<u>\$ (2,729)</u>	(21,031)	<u>\$ (23,760)</u>	<u>\$ (23,760)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			(2,729)		
End of year, June 30			<u>\$ (23,760)</u>		

Beaufort County, North Carolina  
**Disaster Relief Initiative Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and For the Fiscal Year Ended June 30, 2003

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,621,128	\$ 1,493,210	\$ 125,476	\$ 1,618,686	\$ (2,442)
Interest Income	-	-	-	-	-
<b>Total Revenues</b>	<u>1,621,128</u>	<u>1,493,210</u>	<u>125,476</u>	<u>1,618,686</u>	<u>(2,442)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	1,201,128	1,139,750	-	1,139,750	61,378
Revenues over expenditures	420,000	353,460	125,476	478,936	58,936
<b>Other Financing Sources (Uses):</b>					
Transfers to other funds	(420,000)	(410,000)	-	(410,000)	(10,000)
<b>Total Other Financing     Sources (Uses)</b>	<u>(420,000)</u>	<u>(410,000)</u>	<u>-</u>	<u>(410,000)</u>	<u>(10,000)</u>
<b>Revenues, Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ -</u>	<u>\$ (56,540)</u>	125,476	<u>\$ 68,936</u>	<u>\$ 68,936</u>
<b>Fund balances:</b>					
Beginning of year, July 1			(56,540)		
End of year, June 30			<u>\$ 68,936</u>		

Beaufort County, North Carolina  
 NC Disaster Relief Initiative Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and For the Fiscal Year Ended June 30, 2003

	Project Author - ization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 850,000	\$ 603,456	\$ -	\$ 603,456	\$ (246,544)
Interest Income	-	-	-	-	-
<b>Total Revenues</b>	<u>850,000</u>	<u>603,456</u>	<u>-</u>	<u>603,456</u>	<u>(246,544)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	850,000	847,255	-	847,255	2,745
Revenues over expenditures	-	(243,799)	-	(243,799)	(243,799)
<b>Other Financing Sources (Uses):</b>					
<b>Transfers to</b>					
other funds	-	240,000	-	240,000	(240,000)
<b>Total Other Financing     Sources (Uses)</b>	<u>-</u>	<u>240,000</u>	<u>-</u>	<u>240,000</u>	<u>(240,000)</u>
Revenues, Other Sources Over (Under) Expenditures and Other Uses	\$ <u>-</u>	\$ <u>(3,799)</u>	-	\$ <u>(3,799)</u>	\$ <u>(3,799)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>(3,799)</u>		
End of year, June 30			\$ <u>(3,799)</u>		

Beaufort County, North Carolina  
**Capital Reserve Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2003**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
Revenues				
Investment Earnings	\$ -	\$ 4,471	\$ 4,471	\$ 7,765
Expenditures	98,523	-	98,523	-
Revenues Over (Under) Expenditures	(98,523)	4,471	102,994	7,765
Other Financing Sources (Uses):				
Operating Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Revenues and Other Financing Sources Over (Under) Uses	(98,523)	4,471	102,994	7,765
Fund Balance Appropriated	98,523	-	(98,523)	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	4,471	\$ 4,471	7,765
Fund Balance:				
Beginning of Year, July 1		312,409		304,644
End of Year, June 30		\$ 316,880		\$ 312,409

Beaufort County, North Carolina  
**CDBG Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and For the Fiscal Year Ended June 30, 2003

	Project Author - ization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,100,000	\$ 17,345	\$ 445,156	\$ 462,501	\$ (637,499)
Interest Income	-	-	-	-	-
<b>Total Revenues</b>	<u>1,100,000</u>	<u>17,345</u>	<u>445,156</u>	<u>462,501</u>	<u>(637,499)</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Economic and physical development:	1,190,000	27,914	504,155	532,069	657,931
Revenues over expenditures	(90,000)	(10,569)	(58,999)	(69,568)	20,432
<b>Other Financing Sources (Uses):</b>					
Local contribution	90,000	8,509	-	8,509	81,491
<b>Total Other Financing     Sources (Uses)</b>	<u>90,000</u>	<u>8,509</u>	<u>-</u>	<u>8,509</u>	<u>81,491</u>
<b>Revenues, Other Sources Over (Under) Expenditures and Other Uses</b>	\$ <u>-</u>	\$ <u>(2,060)</u>	(58,999)	\$ <u>(61,059)</u>	\$ <u>(61,059)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>(2,060)</u>		
End of year, June 30			\$ <u>(61,059)</u>		

Beaufort County, North Carolina  
**Capital Project Fund - Fountain Power Boats Water/Sewer**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2003**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Economic Development grant	\$ 925,000	\$ 397,844	\$ -	\$ 397,844	\$ (527,156)
CDBG Grant	432,512	431,648	-	431,648	(864)
<b>Total Revenues</b>	<u>1,357,512</u>	<u>829,492</u>	<u>-</u>	<u>829,492</u>	<u>(528,020)</u>
<b>Expenditures</b>					
Administration	42,800	39,781	-	39,781	3,019
Construction	1,314,712	789,711	-	789,711	525,001
<b>Total Expenditures</b>	<u>1,357,512</u>	<u>829,492</u>	<u>-</u>	<u>829,492</u>	<u>528,020</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources:</b>					
Operating transfers in (out)	-	-	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

Beaufort County, North Carolina  
 Capital Project Fund - NC Crisis Housing  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
NC Crisis Housing	\$ 8,370,422	\$ 4,685,934	\$ 2,730,684	\$ 7,416,618	\$ (953,804)
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>8,370,422</u>	<u>4,685,934</u>	<u>2,730,684</u>	<u>7,416,618</u>	<u>(953,804)</u>
<b>Expenditures</b>					
<b>Economic &amp; Physical Development:</b>					
Administration	799,000	218,304	385,821	604,125	194,875
Rehabilitation	3,086,430	1,060,291	1,304,083	2,364,374	722,056
Replacement	4,104,570	3,221,438	979,802	4,201,240	(96,670)
Relocation	277,211	219,806	2,884	222,690	54,521
Other	103,211	52,104	28,710	80,814	22,397
<b>Total Expenditures</b>	<u>8,370,422</u>	<u>4,771,943</u>	<u>2,701,300</u>	<u>7,473,243</u>	<u>897,179</u>
Revenues Over (Under) Expenditures	-	(86,009)	29,384	(56,625)	(56,625)
<b>Other financing sources:</b>					
Transfer to General Fund	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (86,009)</u>	29,384	<u>\$ (56,625)</u>	<u>\$ (56,625)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>(86,009)</u>		
End of year, June 30			<u>\$ (56,625)</u>		

Beaufort County, North Carolina  
 Capital Project Fund - HMGP Buyout  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Grant funds	\$ 337,844	\$ 181,817	\$ 40,702	\$ 222,519	\$ (115,325)
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>337,844</u>	<u>181,817</u>	<u>40,702</u>	<u>222,519</u>	<u>(115,325)</u>
<b>Expenditures</b>					
<b>Economic &amp; Physical Development:</b>					
Administration	16,088	13,763	-	13,763	2,325
Support	11,100	3,458	-	3,458	7,642
Acquisition	310,656	164,596	40,702	205,298	105,358
<b>Total Expenditures</b>	<u>337,844</u>	<u>181,817</u>	<u>40,702</u>	<u>222,519</u>	<u>115,325</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources:</b>					
Transfer to General Fund	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

Beaufort County, North Carolina  
 Capital Project Fund - HMGP Bonnie  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Favorable (Unfavorable)
<b>Revenues</b>					
Grant funds	\$ 1,392,222	\$ 1,173,163	\$ 209,629	\$ 1,382,792	\$ (9,430)
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>1,392,222</u>	<u>1,173,163</u>	<u>209,629</u>	<u>1,382,792</u>	<u>(9,430)</u>
<b>Expenditures</b>					
<b>Economic &amp; Physical Development:</b>					
Administration	24,279	20,422	3,246	23,668	611
Survey/Easments	111,078	50,081	17,298	67,379	43,699
Relocation	18,150	8,750	1,700	10,450	7,700
Construction	1,238,715	1,081,312	191,419	1,272,731	(34,016)
<b>Total Expenditures</b>	<u>1,392,222</u>	<u>1,160,565</u>	<u>213,663</u>	<u>1,374,228</u>	<u>17,994</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>12,598</u>	<u>(4,034)</u>	<u>8,564</u>	<u>8,564</u>
<b>Other financing sources:</b>					
Transfer to General Fund	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-	-
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,034)</u>	<u>\$ 8,564</u>	<u>\$ 8,564</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>12,598</u>		
End of year, June 30			<u>\$ 8,564</u>		

Beaufort County, North Carolina  
**Capital Project Fund - Hospital Renovations**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Grant funds	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	19,714	-	19,714	19,714
Investment Income	210,000	230,658	14,883	245,541	35,541
<b>Total Revenues</b>	<u>210,000</u>	<u>250,372</u>	<u>14,883</u>	<u>265,255</u>	<u>55,255</u>
<b>Expenditures</b>					
<b>Economic &amp; Physical Development:</b>					
Construction	6,540,000	6,455,316	491,932	6,947,248	(407,248)
Contingency	170,000	-	-	-	170,000
<b>Total Expenditures</b>	<u>6,710,000</u>	<u>6,455,316</u>	<u>491,932</u>	<u>6,947,248</u>	<u>(237,248)</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(6,500,000)</u>	<u>(6,204,944)</u>	<u>(477,049)</u>	<u>(6,681,993)</u>	<u>(181,993)</u>
<b>Other financing sources:</b>					
Transfer in	1,500,000	165,859	-	165,859	(1,334,141)
Proceeds from long term debt	5,000,000	6,500,000	-	6,500,000	1,500,000
<b>Total Other Financing Sources (Uses)</b>	<u>6,500,000</u>	<u>6,665,859</u>	<u>-</u>	<u>6,665,859</u>	<u>165,859</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ 460,915</u>	<u>(477,049)</u>	<u>\$ (16,134)</u>	<u>\$ (16,134)</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>460,915</u>		
End of year, June 30			<u>\$ (16,134)</u>		

Beaufort County, North Carolina  
 Capital Project Fund - Delta City Sewer  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
Grant funds	\$ 1,719,365	\$ 739,680	\$ 488,669	\$ 1,228,349	\$ (491,016)
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>1,719,365</u>	<u>739,680</u>	<u>488,669</u>	<u>1,228,349</u>	<u>(491,016)</u>
<b>Expenditures</b>					
Economic & Physical Development:					
Construction	1,920,365	967,318	404,679	1,371,997	548,368
Contingency	-	-	-	-	-
<b>Total Expenditures</b>	<u>1,920,365</u>	<u>967,318</u>	<u>404,679</u>	<u>1,371,997</u>	<u>548,368</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(201,000)</u>	<u>(227,638)</u>	<u>83,990</u>	<u>(143,648)</u>	<u>57,352</u>
<b>Other financing sources:</b>					
Local contribution	201,000	201,000	-	201,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>201,000</u>	<u>201,000</u>	<u>-</u>	<u>201,000</u>	<u>-</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ (26,638)</u>	<u>83,990</u>	<u>\$ 57,352</u>	<u>\$ 57,352</u>
<b>Fund balances:</b>					
Beginning of year, July 1			<u>(26,638)</u>		
End of year, June 30			<u>\$ 57,352</u>		

Enterprise Funds

Beaufort County, North Carolina  
Enterprise Fund  
Combining Balance Sheets  
June 30, 2003  
(With Comparative Totals for June 30, 2002)

	Water District I	Water District II	Water District III	Water District IV
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Investments	\$ 243,683	\$ 286,173	\$ 66,848	\$ 176,472
Accounts Receivable (Net)	97,154	228,414	144,008	126,152
Due from other Water Districts	-	-	-	-
Due from General fund	-	-	-	-
<b>Total Current Assets</b>	<u>340,837</u>	<u>514,587</u>	<u>210,856</u>	<u>302,624</u>
<b>Restricted assets:</b>				
Cash	205,014	124,007	-	348,599
<b>Capital Assets (Net)</b>	<u>7,953,166</u>	<u>4,008,486</u>	<u>5,645,713</u>	<u>12,955,060</u>
<b>Total Assets</b>	<u>\$ 8,499,017</u>	<u>\$ 4,647,080</u>	<u>\$ 5,856,569</u>	<u>\$ 13,606,283</u>
<b>Liabilities and Fund Equities</b>				
<b>Current Liabilities:</b>				
Accounts Payable & Accrued Expenses	\$ 7,771	\$ 11,691	\$ 210,812	\$ 11,691
Accounts payable from restricted assets	-	-	12,589	-
Due to other Water Districts	-	-	-	-
Due to General Fund	-	-	-	-
Customer Deposits	8,825	19,124	14,175	14,850
Notes payable	-	-	24,300	-
Bond\Long-term Debt - Current Maturities	57,500	64,500	76,500	102,500
<b>Total Current Liabilities</b>	<u>74,096</u>	<u>95,315</u>	<u>338,376</u>	<u>129,041</u>
<b>Other Liabilities:</b>				
Compensated Absences Payable	3,627	3,577	4,052	4,278
Notes payable	-	-	473,597	-
Bonds\Long-term Debt - Noncurrent	5,409,800	4,234,000	4,948,000	8,087,500
<b>Total Other Liabilities</b>	<u>5,413,427</u>	<u>4,237,577</u>	<u>5,425,649</u>	<u>8,091,778</u>
<b>Total Liabilities</b>	<u>5,487,523</u>	<u>4,332,892</u>	<u>5,764,025</u>	<u>8,220,819</u>
<b>Net Assets:</b>				
Invested in Capital Assets, net of related debt	2,690,880	(166,007)	123,316	5,113,659
Unrestricted	320,614	480,195	(30,772)	271,805
<b>Total Fund Equities</b>	<u>3,011,494</u>	<u>314,188</u>	<u>92,544</u>	<u>5,385,464</u>
<b>Total Liabilities and Fund Equities</b>	<u>\$ 8,499,017</u>	<u>\$ 4,647,080</u>	<u>\$ 5,856,569</u>	<u>\$ 13,606,283</u>

<u>Water District V</u>	<u>Water District VI</u>	<u>Water District VII</u>	<u>Totals</u>
\$ 134,486	\$ 58,761	\$ -	\$ 966,423
75,883	10,050	59,626	741,287
-	-	-	-
-	-	-	-
<u>210,369</u>	<u>68,811</u>	<u>59,626</u>	<u>1,707,710</u>
-	8,161,113	130,460	8,969,193
<u>9,137,760</u>	<u>4,533,799</u>	<u>8,115,749</u>	<u>52,349,733</u>
<u>\$ 9,348,129</u>	<u>\$ 12,763,723</u>	<u>\$ 8,305,835</u>	<u>\$ 63,026,636</u>
\$ 6,671	\$ 2,510	\$ 245,468	\$ 496,614
34,202	303,959	-	350,750
-	-	-	-
-	-	-	-
5,625	2,650	8,250	73,499
32,225	-	-	56,525
<u>50,000</u>	<u>10,700,000</u>	<u>101,500</u>	<u>11,152,500</u>
<u>128,723</u>	<u>11,009,119</u>	<u>355,218</u>	<u>12,129,888</u>
2,477	901	3,602	22,514
451,155	-	-	924,752
<u>3,813,500</u>	<u>-</u>	<u>5,700,000</u>	<u>32,192,800</u>
<u>4,267,132</u>	<u>901</u>	<u>5,703,602</u>	<u>33,140,066</u>
<u>4,395,855</u>	<u>11,010,020</u>	<u>6,058,820</u>	<u>45,269,954</u>
4,790,880	1,994,912	2,444,709	16,992,349
161,394	(241,209)	(197,694)	764,333
<u>4,952,274</u>	<u>1,753,703</u>	<u>2,247,015</u>	<u>17,756,682</u>
<u>\$ 9,348,129</u>	<u>\$ 12,763,723</u>	<u>\$ 8,305,835</u>	<u>\$ 63,026,636</u>

Beaufort County, North Carolina  
**Enterprise Fund**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Retained Earnings**  
For The Fiscal Year Ended June 30, 2003  
(With Comparative Totals for the Fiscal Year Ended June 30, 2002)

	Water District I	Water District II	Water District III	Water District IV	Water District V
<b>Operating revenues:</b>					
Charges for Services	\$ 397,971	\$ 623,609	\$ 606,416	\$ 606,465	\$ 297,689
Water Taps	16,775	13,100	17,450	22,400	8,425
Other Operating Revenues	23,366	115,049	59,142	16,858	20,538
<b>Total Operating Revenues</b>	<u>438,112</u>	<u>751,758</u>	<u>683,008</u>	<u>645,723</u>	<u>326,652</u>
<b>Operating expenses:</b>					
Administration	24,947	35,599	33,998	36,580	21,264
Water treatment	11,288	16,421	15,556	16,421	9,504
Water distribution	156,922	231,556	216,107	231,156	132,735
Depreciation	2,806	86,447	113,440	8,176	32,695
<b>Total operating expenses</b>	<u>195,963</u>	<u>370,023</u>	<u>379,101</u>	<u>292,333</u>	<u>196,198</u>
<b>Total Operating Income (Loss)</b>	<u>242,149</u>	<u>381,735</u>	<u>303,907</u>	<u>353,390</u>	<u>130,454</u>
<b>Nonoperating Revenues(Expenses):</b>					
Sale of Assets	-	-	-	-	-
Grants	-	222,451	447,874	409,759	5,437
Transfer In (out)	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-
Loan reimbursement	-	-	-	-	-
Interest Earned on Investments	-	1,001	538	1,752	584
Interest on Long-term Debt	(266,531)	(264,989)	(332,684)	(393,704)	(202,326)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(266,531)</u>	<u>(41,537)</u>	<u>115,728</u>	<u>17,807</u>	<u>(196,305)</u>
<b>Net income</b>	(24,382)	340,198	419,635	371,197	(65,851)
<b>Net Assets, beginning of year</b>	<u>3,035,876</u>	<u>(26,010)</u>	<u>(427,091)</u>	<u>1,724,824</u>	<u>2,225,521</u>
<b>Net Assets, end of year</b>	<u>\$ 3,011,494</u>	<u>\$ 314,188</u>	<u>\$ (7,456)</u>	<u>\$ 2,096,021</u>	<u>\$ 2,159,670</u>

Water District VI	Water District VII	June 30, 2003
\$ 121,693	\$ 407,686	\$ 3,061,529
104,875	16,520	199,545
43,388	13,731	292,072
<u>269,956</u>	<u>437,937</u>	<u>3,553,146</u>
65,423	38,588	256,399
3,454	16,181	88,825
49,367	117,452	1,135,295
18,265	5,511	267,340
<u>136,509</u>	<u>177,732</u>	<u>1,747,859</u>
<u>133,447</u>	<u>260,205</u>	<u>1,805,287</u>
-	-	-
641,905	692,595	2,420,021
-	-	-
-	-	-
-	-	-
10,294	570	14,739
<u>-</u>	<u>(278,849)</u>	<u>(1,739,083)</u>
<u>652,199</u>	<u>414,316</u>	<u>695,677</u>
785,646	674,521	2,500,964
<u>318,057</u>	<u>40,494</u>	<u>15,255,718</u>
<u>\$ 1,103,703</u>	<u>\$ 715,015</u>	<u>\$ 17,756,682</u>

Beaufort County, North Carolina  
 Enterprise Fund - Water District I  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2003

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating Revenues				
Water sales	\$	\$ 397,971	\$	\$ 254,120
Tap on Fees		16,775		29,575
Miscellaneous		23,366		100,558
Total Operating Revenues	<u>315,102</u>	<u>438,112</u>	<u>123,010</u>	<u>384,253</u>
Nonoperating Revenues				
Interest on Investments		-		5,595
<b>Total Revenues</b>	<u>315,102</u>	<u>438,112</u>	<u>123,010</u>	<u>389,848</u>
<b>Expenditures:</b>				
Administration:				
Supplies		530		602
Telephone		6,078		6,030
Travel		3,095		3,587
Utilities		8,149		8,187
Other administration expenses		7,095		25,039
Total	<u>25,000</u>	<u>24,947</u>	<u>53</u>	<u>43,445</u>
Water treatment:				
Supplies		10,995		16,603
Testing		293		347
Total	<u>12,000</u>	<u>11,288</u>	<u>712</u>	<u>16,950</u>
Water distribution:				
Salaries and employee benefits		56,912		62,059
Billing service		26,692		29,887
Water purchase		45,440		55,767
Maintenance		27,878		13,052
Total	<u>153,361</u>	<u>156,922</u>	<u>(3,561)</u>	<u>160,765</u>
Budgetary Appropriations:				
Capital Outlay		8,646		6,728
Interest Paid		266,531		-
Debt Principal		-		-
Total	<u>275,301</u>	<u>275,177</u>	<u>124</u>	<u>6,728</u>
<b>Total Expenditures</b>	<u>465,662</u>	<u>468,334</u>	<u>(2,672)</u>	<u>227,888</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(150,560)</u>	<u>(30,222)</u>	<u>120,338</u>	<u>161,960</u>

Beaufort County, North Carolina  
 Enterprise Fund - Water District I  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2003

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
Other Financing Sources and (Uses):				
Grants		-		-
Operating Transfer to other funds		-		-
Operating Transfer from other funds				-
Total Other Financing Sources (Uses)	-	-	-	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	(150,560)	(30,222)	120,338	161,960
Appropriated Fund Balance	150,560	-	(150,560)	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (30,222)	\$ (30,222)	\$ 161,960

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (30,222)	\$ 161,960
Budgetary Appropriations:		
Capital Outlay	8,646	6,728
Capital contributions - grant	-	1,819,210
Capital project - miscellaneous income	-	9,088
Principal Payments	-	-
Adjustments:		
Depreciation	(2,806)	(1,346)
Total reconciling items	5,840	1,833,680
Net Income	\$ (24,382)	\$ 1,995,640

Beaufort County, North Carolina  
 Enterprise Fund - Water District II  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2003

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating Revenues				
Water sales		\$ 623,609		\$ 614,633
Tap on Fees		13,100		34,268
Miscellaneous		115,049		7,572
Total Operating Revenues	\$ 671,523	751,758	\$ 80,235	656,473
Nonoperating Revenues				
Interest on Investments	3,000	1,001	(1,999)	1,442
<b>Total Revenues</b>	<b>674,523</b>	<b>752,759</b>	<b>78,236</b>	<b>657,915</b>
<b>Expenditures:</b>				
Administration:				
Supplies		775		762
Telephone		8,884		7,638
Travel		4,524		4,560
Utilities		12,495		11,077
Other administration expenses		8,921		7,138
Total	38,318	35,599	2,719	31,175
Water treatment:				
Supplies		16,070		21,057
Testing		351		430
Total	20,560	16,421	4,139	21,487
Water distribution:				
Salaries and employee benefits		81,044		78,439
Billing service		39,012		37,857
Water purchase		69,675		75,450
Maintenance		41,825		16,532
Total	223,864	231,556	(7,692)	208,278
Budgetary Appropriations:				
Capital Outlay		12,636		8,525
Interest Paid		264,989		268,486
Debt Principal		61,000		57,500
Total	338,808	338,625	183	334,511
<b>Total Expenditures</b>	<b>621,550</b>	<b>622,201</b>	<b>(651)</b>	<b>595,451</b>
<b>Revenues Over (Under) Expenditures</b>	<b>52,973</b>	<b>130,558</b>	<b>77,585</b>	<b>62,464</b>

Beaufort County, North Carolina  
 Enterprise Fund - Water District II  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2003

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
Other Financing Sources and (Uses):				
Bond Proceeds		-		-
Operating Transfer to other funds	(128,679)	-		-
Operating Transfer from other funds		-		-
Total Other Financing Sources (Uses)	(128,679)	-	128,679	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	(75,706)	130,558	206,264	62,464
Appropriated Fund Balance	75,706	-	(75,706)	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ 130,558	\$ 130,558	\$ 62,464

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ 130,558	\$ 62,464
Budgetary Appropriations:		
Capital Outlay	12,636	8,525
Capital contributions - grant	222,451	-
Principal Payments	61,000	57,500
Adjustments:		
Loss on disposal of asset	-	-
Depreciation	(86,447)	(86,715)
Total reconciling items	209,640	(20,690)
Net Income	\$ 340,198	\$ 41,774

Beaufort County, North Carolina  
 Enterprise Fund - Water District III  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2003

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating Revenues				
Water sales	\$	\$ 606,416	\$	\$ 615,597
Tap on Fees		17,450		25,429
Miscellaneous		59,142		451
Total Operating Revenues	<u>681,545</u>	<u>683,008</u>	<u>1,463</u>	<u>641,477</u>
Nonoperating Revenues				
Interest on Investments	<u>3,000</u>	<u>538</u>	<u>(2,462)</u>	<u>1,210</u>
<b>Total Revenues</b>	<u>684,545</u>	<u>683,546</u>	<u>(999)</u>	<u>642,687</u>
<b>Expenditures:</b>				
Administration:				
Supplies		734		722
Telephone		8,416		7,237
Travel		4,286		4,317
Utilities		11,409		10,113
Other administration expenses		9,153		5,421
Total	<u>34,000</u>	<u>33,998</u>	<u>2</u>	<u>27,810</u>
Water treatment:				
Supplies		15,224		19,943
Testing		332		1,167
Total	<u>19,320</u>	<u>15,556</u>	<u>3,764</u>	<u>21,110</u>
Water distribution:				
Salaries and employee benefits		76,700		74,309
Billing service		36,959		35,864
Water purchase		63,616		68,889
Maintenance		38,832		15,662
Total	<u>211,226</u>	<u>216,107</u>	<u>(4,881)</u>	<u>194,724</u>
Budgetary Appropriations:				
Capital Outlay		11,971		8,075
Interest Paid		332,684		338,204
Debt Principal		96,300		92,800
Total	<u>441,128</u>	<u>440,955</u>	<u>173</u>	<u>439,079</u>
<b>Total Expenditures</b>	<u>705,674</u>	<u>706,616</u>	<u>(942)</u>	<u>682,723</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(21,129)</u>	<u>(23,070)</u>	<u>(1,941)</u>	<u>(40,036)</u>

Beaufort County, North Carolina  
**Enterprise Fund - Water District III**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2003

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Other Financing Sources and (Uses):</b>				
Bond Proceeds		-		-
Operating Transfer to other funds		-		-
Operating Transfer from other funds		-		-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	(21,129)	(23,070)	(1,941)	(40,036)
<b>Appropriated Fund Balance</b>	21,129	-	(21,129)	-
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ -	\$ (23,070)	\$ (23,070)	\$ (40,036)

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

<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ (23,070)	\$ (40,036)
<b>Budgetary Appropriations:</b>		
Capital Outlay	11,971	8,075
Principal Payments	96,300	92,800
Capital contributions - grant	447,874	-
<b>Adjustments:</b>		
Loss on disposal of asset	-	-
Depreciation	(113,440)	(115,280)
<b>Total reconciling items</b>	442,705	(14,405)
<b>Net Income</b>	\$ 419,635	\$ (54,441)

**Beaufort County, North Carolina**  
**Enterprise Fund - Water District IV**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2003**  
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating Revenues</b>				
Water sales	\$	\$ 606,465	\$	\$ 575,969
Tap on Fees		22,400		35,318
Miscellaneous		16,858		6,085
<b>Total Operating Revenues</b>		<b>645,723</b>	<b>36,614</b>	<b>617,372</b>
<b>Nonoperating Revenues</b>				
Interest on Investments	6,000	1,752	(4,248)	9,628
<b>Total Revenues</b>	<b>615,109</b>	<b>647,475</b>	<b>32,366</b>	<b>627,000</b>
<b>Expenditures:</b>				
<b>Administration:</b>				
Supplies		774		762
Telephone		8,884		7,638
Travel		4,524		4,560
Utilities		12,495		11,077
Other administration expenses		9,903		9,594
<b>Total</b>	<b>36,750</b>	<b>36,580</b>	<b>170</b>	<b>33,631</b>
<b>Water treatment:</b>				
Supplies		16,070		21,057
Testing		351		1,190
<b>Total</b>	<b>20,560</b>	<b>16,421</b>	<b>4,139</b>	<b>22,247</b>
<b>Water distribution:</b>				
Salaries and employee benefits		80,644		78,439
Billing service		39,012		37,857
Water purchase		69,675		75,450
Maintenance		41,825		16,532
<b>Total</b>	<b>225,432</b>	<b>231,156</b>	<b>(5,724)</b>	<b>208,278</b>
<b>Budgetary Appropriations:</b>				
Capital Outlay		12,637		8,525
Interest Paid		393,704		398,169
Debt Principal		98,500		94,000
<b>Total</b>	<b>505,022</b>	<b>504,841</b>	<b>181</b>	<b>500,694</b>
<b>Total Expenditures</b>	<b>787,764</b>	<b>788,998</b>	<b>(1,234)</b>	<b>764,850</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(172,655)</b>	<b>(141,523)</b>	<b>31,132</b>	<b>(137,850)</b>

Beaufort County, North Carolina  
 Enterprise Fund - Water District IV  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2003

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
Other Financing Sources and (Uses):				
Grants		-		-
Operating Transfer to other funds		-		-
Operating Transfer from other funds		-		-
Total Other Financing Sources (Uses)	-	-	-	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	(172,655)	(141,523)	31,132	(137,850)
Appropriated Fund Balance	172,655	-	(172,655)	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (141,523)	\$ (141,523)	\$ (137,850)

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (141,523)	\$ (137,850)
Budgetary Appropriations:		
Capital Outlay	12,637	8,525
Principal Payments	98,500	94,000
Adjustments:		
Capital contribution - grant	409,759	534,368
Capital project - other revenue	-	14,782
Depreciation	(8,176)	(6,656)
Total reconciling items	512,720	645,019
Net Income	\$ 371,197	\$ 507,169

Beaufort County, North Carolina  
 Enterprise Fund - Water District V  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2003

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating Revenues				
Water sales	\$	\$ 297,689	\$	\$ 272,966
Tap on Fees		8,425		17,049
Miscellaneous		20,538		14,308
Total Operating Revenues	<u>304,189</u>	<u>326,652</u>	<u>22,463</u>	<u>304,323</u>
Nonoperating Revenues				
Interest on Investments	<u>3,500</u>	<u>584</u>	<u>(2,916)</u>	<u>3,398</u>
<b>Total Revenues</b>	<u>307,689</u>	<u>327,236</u>	<u>19,547</u>	<u>307,721</u>
<b>Expenditures:</b>				
Administration:				
Supplies		448		401
Telephone		5,143		4,020
Travel		2,619		2,400
Utilities		7,062		5,297
Other administration expenses		5,992		1,052
Total	<u>21,270</u>	<u>21,264</u>	<u>6</u>	<u>13,170</u>
Water treatment:				
Supplies		9,303		11,092
Testing		201		232
Total	<u>11,840</u>	<u>9,504</u>	<u>2,336</u>	<u>11,324</u>
Water distribution				
Salaries and employee benefits		46,870		41,285
Billing service		22,586		19,925
Water purchase		39,381		36,085
Maintenance		23,898		8,702
Total	<u>129,256</u>	<u>132,735</u>	<u>(3,479)</u>	<u>105,997</u>
Budgetary Appropriations:				
Capital Outlay		7,315		4,488
Interest Paid		202,326		205,523
Debt Principal		79,225		77,726
Total	<u>288,973</u>	<u>288,866</u>	<u>107</u>	<u>287,737</u>
Total Expenditures	<u>451,339</u>	<u>452,369</u>	<u>(1,030)</u>	<u>418,228</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(143,650)</u>	<u>(125,133)</u>	<u>18,517</u>	<u>(110,507)</u>

Beaufort County, North Carolina  
 Enterprise Fund - Water District V  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2003

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
Other Financing Sources and (Uses):				
Damage reimbursement				79,525
Operating Transfer to other funds		-		-
Operating Transfer from other funds		-		-
Total Other Financing Sources (Uses)		-	-	79,525
Revenues and Other Sources Over (Under) Expenses and Other Uses	(143,650)	(125,133)	18,517	(30,982)
Appropriated Fund Balance	143,650	-	(143,650)	-
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (125,133)	\$ (125,133)	\$ (30,982)

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (125,133)	\$ (30,982)
Budgetary Appropriations:		
Capital Outlay	7,315	4,488
Principal Payments	79,225	77,726
Capital contribution - grant	5,437	-
Adjustments:		
Loss on disposal of asset	-	-
Depreciation	(32,695)	(32,156)
Total reconciling items	59,282	50,058
Net Income	\$ (65,851)	\$ 19,076

Beaufort County, North Carolina  
 Enterprise Fund - Water District VI  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2003  
 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating Revenues				
Water sales	\$	\$ 121,693	\$	\$ 113,832
Tap on Fees		104,875		3,807
Miscellaneous		43,388		-
Total Operating Revenues	<u>109,745</u>	<u>269,956</u>	<u>160,211</u>	<u>117,639</u>
Nonoperating Revenues				
Interest on Investments	<u>2,000</u>	<u>10,294</u>	<u>8,294</u>	<u>1,658</u>
<b>Total Revenues</b>	<u>111,745</u>	<u>280,250</u>	<u>168,505</u>	<u>119,297</u>
<b>Expenditures:</b>				
Administration:				
Supplies		163		160
Telephone		1,870		1,608
Travel		952		957
Utilities		2,716		2,408
Other administration expenses		59,722		44,607
Total	<u>40,480</u>	<u>65,423</u>	<u>(24,943)</u>	<u>49,740</u>
Water treatment:				
Supplies		3,381		4,435
Testing		73		1,643
Total	<u>4,360</u>	<u>3,454</u>	<u>906</u>	<u>6,078</u>
Water distribution:				
Salaries and employee benefits		17,044		16,515
Billing service		8,213		7,970
Water purchase		15,147		16,402
Maintenance		8,963		35,396
Total	<u>50,000</u>	<u>49,367</u>	<u>633</u>	<u>76,283</u>
Budgetary Appropriations:				
Capital Outlay		64,721		1,794
Interest Paid		-		-
Debt Principal		-		-
Total	<u>18,505</u>	<u>64,721</u>	<u>(46,216)</u>	<u>1,794</u>
<b>Total Expenditures</b>	<u>113,345</u>	<u>182,965</u>	<u>(69,620)</u>	<u>133,895</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(1,600)</u>	<u>97,285</u>	<u>98,885</u>	<u>(14,598)</u>

Beaufort County, North Carolina  
 Enterprise Fund - Water District VI  
 Schedule of Revenues and Expenditures  
 Budget and Actual - (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2003

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Other Financing Sources and (Uses):</b>				
Grants		-		-
Repayment of advance		-		(100,000)
Operating Transfer to other funds		(128,900)		-
Operating Transfer from other funds		-		-
<b>Total Other Financing Sources (Uses)</b>	-	(128,900)	(128,900)	(100,000)
<b>Revenues and Other Sources Over (Under) Expenses and Other Uses</b>	(1,600)	(31,615)	(30,015)	(114,598)
<b>Appropriated Fund Balance</b>	1,600	-	(1,600)	-
<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ -	\$ (31,615)	\$ (31,615)	\$ (114,598)

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

<b>Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses</b>	\$ (31,615)	\$ (114,598)
<b>Budgetary Appropriations:</b>		
Capital Outlay	64,721	1,794
Principal Payments	-	-
<b>Adjustments:</b>		
Loss on disposal of asset		-
Capital contribution - grant	641,905	28,507
Capital project - transfer in	128,900	7,253
Depreciation	(18,265)	(17,579)
<b>Total reconciling items</b>	817,261	19,975
<b>Net Income</b>	\$ 785,646	\$ (94,623)

Beaufort County, North Carolina  
**Enterprise Fund - Water District VII**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2003**  
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating Revenues</b>				
Water sales	\$	\$ 407,686	\$	\$ 409,715
Tap on Fees		16,520		18,588
Miscellaneous		13,731		279
<b>Total Operating Revenues</b>	<u>445,594</u>	<u>437,937</u>	<u>(7,657)</u>	<u>428,582</u>
<b>Nonoperating Revenues</b>				
Interest on Investments	<u>2,500</u>	<u>570</u>	<u>(1,930)</u>	<u>2,407</u>
<b>Total Revenues</b>	<u>448,094</u>	<u>438,507</u>	<u>(9,587)</u>	<u>430,989</u>
<b>Expenditures:</b>				
<b>Administration:</b>				
Supplies		139		602
Telephone		7,481		6,030
Travel		3,810		3,598
Utilities		17,231		15,367
Other administration expenses		9,927		10,604
<b>Total</b>	<u>39,508</u>	<u>38,588</u>	<u>920</u>	<u>36,201</u>
<b>Water treatment:</b>				
Supplies		13,533		16,603
Testing		2,648		-
<b>Total</b>	<u>17,140</u>	<u>16,181</u>	<u>959</u>	<u>16,603</u>
<b>Water distribution:</b>				
Salaries and employee benefits		68,177		61,924
Billing service		32,852		29,887
Water purchase		-		-
Maintenance		16,423		8,796
<b>Total</b>	<u>118,104</u>	<u>117,452</u>	<u>652</u>	<u>100,607</u>
<b>Budgetary Appropriations:</b>				
Capital Outlay		10,641		6,728
Interest Paid		278,849		281,984
Debt Principal		69,000		66,000
<b>Total</b>	<u>358,643</u>	<u>358,490</u>	<u>153</u>	<u>354,712</u>
<b>Total Expenditures</b>	<u>533,395</u>	<u>530,711</u>	<u>2,684</u>	<u>508,123</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(85,301)</u>	<u>(92,204)</u>	<u>(6,903)</u>	<u>(77,134)</u>

Beaufort County, North Carolina  
**Enterprise Fund - Water District VII**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2003**

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2002)

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
Other Financing Sources and (Uses):				
Bond Proceeds		-		-
Operating Transfer to other funds				-
Operating Transfer from other funds	76,091			-
Total Other Financing Sources (Uses)	<u>76,091</u>	<u>-</u>	<u>(76,091)</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	(9,210)	(92,204)	(82,994)	(77,134)
Appropriated Fund Balance	<u>9,210</u>	<u>-</u>	<u>(9,210)</u>	<u>-</u>
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>-</u>	\$ <u>(92,204)</u>	\$ <u>(92,204)</u>	\$ <u>(77,134)</u>

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>(92,204)</u>	\$ <u>(77,134)</u>
Budgetary Appropriations:		
Capital Outlay	10,641	6,728
Principal Payments	69,000	66,000
Adjustments:		
Capital contribution - grant	692,595	
Loss on disposal of asset	-	-
Depreciation	<u>(5,511)</u>	<u>(4,216)</u>
Total reconciling items	766,725	68,512
Net Income	\$ <u>674,521</u>	\$ <u>(8,622)</u>

Beaufort County, North Carolina  
Water District Capital Project Fund - Water District I  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant - Clean water grant	\$ 3,502,652	\$ 2,677,229	\$ -	\$ 2,677,229	\$ (825,423)
Developer contribution	13,747	20,095	-	20,095	6,348
Investment Income	-	-	-	-	-
Total Revenues	<u>3,516,399</u>	<u>2,697,324</u>	<u>-</u>	<u>2,697,324</u>	<u>(819,075)</u>
<b>Expenditures:</b>					
Administration	14,238	44,815	-	44,815	(30,577)
Engineering	325,821	386,555	-	386,555	(60,734)
Inspection	28,750	151,804	-	151,804	(123,054)
Construction	9,343,947	7,309,675	49,095	7,358,770	1,985,177
Total Expenditures	<u>9,712,756</u>	<u>7,892,849</u>	<u>49,095</u>	<u>7,941,944</u>	<u>1,770,812</u>
Revenues Over (Under) Expenditures	<u>(6,196,357)</u>	<u>(5,195,525)</u>	<u>(49,095)</u>	<u>(5,244,620)</u>	<u>951,737</u>
<b>Other financing sources:</b>					
Bond anticipation notes	5,467,300	5,467,300	-	5,467,300	-
Transfer from/to General Fund	729,057	815,000	-	815,000	85,943
Total Other Financing Sources (Uses)	<u>6,196,357</u>	<u>6,282,300</u>	<u>-</u>	<u>6,282,300</u>	<u>85,943</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 1,086,775</u>	<u>\$ (49,095)</u>	<u>\$ 1,037,680</u>	<u>\$ 1,037,680</u>

Beaufort County, North Carolina  
Water District Capital Project Fund - Water District II  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 1,800,620	\$ -	\$ 222,451	\$ 222,451	\$ (1,578,169)
Investment Income	-	-	-	-	-
<b>Total Revenues</b>	<u>1,800,620</u>	<u>-</u>	<u>222,451</u>	<u>222,451</u>	<u>(1,578,169)</u>
<b>Expenditures:</b>					
Engineering	148,325	-	11,162	11,162	137,163
Construction	1,442,644	-	71,655	71,655	1,370,989
Interest	136,879	-	-	-	136,879
Contingency	72,772	-	15,627	15,627	57,145
<b>Total Expenditures</b>	<u>1,800,620</u>	<u>-</u>	<u>98,444</u>	<u>98,444</u>	<u>1,702,176</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>124,007</u>	<u>124,007</u>	<u>124,007</u>
<b>Other financing sources:</b>					
Transfer from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,007</u>	<u>\$ 124,007</u>	<u>\$ 124,007</u>

Beaufort County, North Carolina  
**Water District Capital Project Fund - Water District III**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 1,123,795	\$ -	\$ 447,874	\$ 447,874	\$ (675,921)
Investment Income	-	-	-	-	-
Total Revenues	<u>1,123,795</u>	<u>-</u>	<u>447,874</u>	<u>447,874</u>	<u>(675,921)</u>
<b>Expenditures:</b>					
Engineering	92,464	-	29,675	29,675	62,789
Construction	975,258	-	396,810	396,810	578,448
Interest	1,219	-	-	-	1,219
Contingency	54,854	-	33,978	33,978	20,876
Total Expenditures	<u>1,123,795</u>	<u>-</u>	<u>460,463</u>	<u>460,463</u>	<u>663,332</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(12,589)</u>	<u>(12,589)</u>	<u>(12,589)</u>
<b>Other financing sources:</b>					
Transfer from other funds	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,589)</u>	<u>\$ (12,589)</u>	<u>\$ (12,589)</u>

Beaufort County, North Carolina  
Water District Capital Project Fund - Water District IV  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 3,269,300	\$ 2,761,117	\$ 409,759	\$ 3,170,876	\$ (98,424)
Tap fees	47,700	-	-	-	(47,700)
Other	70,000	14,782	-	14,782	(55,218)
Investment Income	-	74,514	-	74,514	74,514
<b>Total Revenues</b>	<u>3,387,000</u>	<u>2,850,413</u>	<u>409,759</u>	<u>3,260,172</u>	<u>(126,828)</u>
<b>Expenditures:</b>					
Engineering	610,057	524,531	4,889	529,420	80,637
Construction	6,330,020	6,024,183	452,406	6,476,589	(146,569)
Interest	604,252	525,168	-	525,168	79,084
Administrative services	700	866	-	866	(166)
Legal and accounting	51,354	51,354	-	51,354	-
Land purchase	35,000	35,000	-	35,000	-
Water district I expenses	442,536	441,159	-	441,159	1,377
Water district V expenses	362,612	362,612	-	362,612	-
Contingency	451,896	-	-	-	451,896
<b>Total Expenditures</b>	<u>8,888,427</u>	<u>7,964,873</u>	<u>457,295</u>	<u>8,422,168</u>	<u>466,259</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(5,501,427)</u>	<u>(5,114,460)</u>	<u>(47,536)</u>	<u>(5,161,996)</u>	<u>339,431</u>
<b>Other financing sources:</b>					
From District IV Phase II	53,543	53,543	-	53,543	-
From District V	47,884	47,884	-	47,884	-
Proceeds from long term debt	5,400,000	5,400,000	-	5,400,000	-
<b>Total other financing sources</b>	<u>5,501,427</u>	<u>5,501,427</u>	<u>-</u>	<u>5,501,427</u>	<u>-</u>
<b>Revenues and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ 386,967</u>	<u>\$ (47,536)</u>	<u>\$ 339,431</u>	<u>\$ 339,431</u>

Beaufort County, North Carolina  
Water District Capital Project Fund - Water District IV - Phase II  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2003

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

Beaufort County, North Carolina  
Water District Capital Project Fund - Water District V - Clean Water  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 1,819,900	\$ 1,100,245	\$ 5,437	\$ 1,105,682	\$ (714,218)
Tap fees	-	-	-	-	-
Investment Income	-	-	-	-	-
Total Revenues	<u>1,819,900</u>	<u>1,100,245</u>	<u>5,437</u>	<u>1,105,682</u>	<u>(714,218)</u>
<b>Expenditures:</b>					
Engineering	101,218	89,292	-	89,292	11,926
Construction	1,575,454	1,113,555	39,639	1,153,194	422,260
Inspections	90,151	68,717	-	68,717	21,434
Legal and accounting	7,500	5,167	-	5,167	2,333
Land purchase	30,000	30,000	-	30,000	-
Contingency	15,577	-	-	-	15,577
Total Expenditures	<u>1,819,900</u>	<u>1,306,731</u>	<u>39,639</u>	<u>1,346,370</u>	<u>473,530</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(206,486)</u>	<u>(34,202)</u>	<u>(240,688)</u>	<u>(240,688)</u>
<b>Other financing sources:</b>					
Proceeds from long term debt	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (206,486)</u>	<u>\$ (34,202)</u>	<u>\$ (240,688)</u>	<u>\$ (240,688)</u>

Beaufort County, North Carolina  
Water District Capital Project Fund - Water District V Pantego Capital Project  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2003

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

Beaufort County, North Carolina  
Water District Capital Project Fund - Water District VI Southside HS  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2003

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

Beaufort County, North Carolina  
Water District Capital Project Fund - Water District VI Chocowinity  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 3,000,000	\$ 370,201	\$ 608,414	\$ 978,615	\$ (2,021,385)
Other	-	7,253	33,491	40,744	40,744
Investment Income	-	-	-	-	-
Total Revenues	<u>3,000,000</u>	<u>377,454</u>	<u>641,905</u>	<u>1,019,359</u>	<u>(1,980,641)</u>
<b>Expenditures:</b>					
Engineering	924,723	38,182	714,814	752,996	171,727
Construction	10,498,895	316,535	2,862,507	3,179,042	7,319,853
Land purchase	197,832	1,700	11,900	13,600	184,232
Inspection	573,506	21,072	24,394	45,466	528,040
Interest	1,245,100	-	-	-	1,245,100
Contingency	359,944	-	-	-	359,944
Total Expenditures	<u>13,800,000</u>	<u>377,489</u>	<u>3,613,615</u>	<u>3,991,104</u>	<u>9,808,896</u>
Revenues Over (Under) Expenditures	<u>(10,800,000)</u>	<u>(35)</u>	<u>(2,971,710)</u>	<u>(2,971,745)</u>	<u>7,828,255</u>
<b>Other financing sources:</b>					
Loans	10,700,000	-	10,700,000	10,700,000	-
Transfer from/to other funds	100,000	-	128,900	128,900	28,900
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (35)</u>	<u>\$ 7,857,190</u>	<u>\$ 7,857,155</u>	<u>\$ 7,857,155</u>

Beaufort County, North Carolina  
Water District Capital Project Fund - Water District VII  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2003

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental:					
State grant	\$ 2,514,598	\$ 1,532,000	\$ 692,595	\$ 2,224,595	\$ (290,003)
Tap fees	31,000	178,963		178,963	147,963
Investment Income	-	-	-	-	-
Total Revenues	<u>2,545,598</u>	<u>1,710,963</u>	<u>692,595</u>	<u>2,403,558</u>	<u>(142,040)</u>
<b>Expenditures:</b>					
Engineering	572,042	572,708	-	572,708	(666)
Construction	7,386,648	6,402,050	710,453	7,112,503	274,145
Interest	524,506	525,566	-	525,566	(1,060)
Legal and accounting	62,402	62,482	-	62,482	(80)
Contingency	-	-	-	-	-
Total Expenditures	<u>8,545,598</u>	<u>7,562,806</u>	<u>710,453</u>	<u>8,273,259</u>	<u>272,339</u>
Revenues Over (Under) Expenditures	<u>(6,000,000)</u>	<u>(5,851,843)</u>	<u>(17,858)</u>	<u>(5,869,701)</u>	<u>130,299</u>
<b>Other financing sources:</b>					
Proceeds from long term debt	<u>6,000,000</u>	<u>6,100,000</u>	<u>-</u>	<u>6,100,000</u>	<u>100,000</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 248,157</u>	<u>\$ (17,858)</u>	<u>\$ 230,299</u>	<u>\$ 230,299</u>

Beaufort County, North Carolina  
 Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 For the Fiscal Year Ended June 30, 2003

	Balance July 1, 2002	Net Change	June 30, 2003
<b>Social Services Fund:</b>			
Cash and Investments	\$ <u>44,760</u>	\$ <u>(11,267)</u>	\$ <u>33,493</u>
Liabilities	\$ <u>44,760</u>	\$ <u>(11,267)</u>	\$ <u>33,493</u>
<b>County Home Fund:</b>			
Cash and Investments	\$ <u>3,992</u>	\$ <u>411</u>	\$ <u>4,403</u>
Liabilities	\$ <u>3,992</u>	\$ <u>411</u>	\$ <u>4,403</u>
<b>Inmate Fund:</b>			
Cash and Investments	\$ <u>17,941</u>	\$ <u>(10,221)</u>	\$ <u>7,720</u>
Liabilities	\$ <u>17,941</u>	\$ <u>(10,221)</u>	\$ <u>7,720</u>
<b>Total - All Agency Funds:</b>			
Cash and Investments	\$ <u>66,693</u>	\$ <u>(21,077)</u>	\$ <u>45,616</u>
Liabilities	\$ <u>66,693</u>	\$ <u>(21,077)</u>	\$ <u>45,616</u>



## Other Schedules

Beaufort County, North Carolina  
 General Fund  
 Schedule of Ad Valorem Taxes Receivable  
 June 30, 2003

Fiscal Year	Uncollected Balance June 30, 2002	Additions	Collections And Credits	Adjustment	Uncollected Balance June 30, 2003
2002-2003	\$	\$ 21,478,758	\$ 20,011,420	\$	\$ 1,467,338
2001-2002	1,182,255	23,210	648,385		557,080
2000-2001	523,514	-	144,294		379,220
1999-2000	333,774	-	75,378		258,396
1998-1999	210,851	-	33,847		177,004
1997-1998	150,942	-	18,003		132,939
1996-1997	118,041	-	11,922		106,119
1995-1996	104,277	-	8,665		95,612
1994-1995	80,444	-	5,462		74,982
1993-1994	79,820	-	5,122		74,698
1992-1993	60,584	-	60,584		-
<b>TOTALS</b>	<b>\$ 2,844,502</b>	<b>\$ 21,501,968</b>	<b>\$ 21,023,082</b>	<b>\$ -</b>	<b>\$ 3,323,388</b>
					(390,000)
					<u>\$ 2,933,388</u>
<b>Reconciliation with revenues:</b>					
					\$ 21,197,872
					(282,182)
					107,392
					<u>(174,790)</u>
					<u>\$ 21,023,082</u>

Beaufort County, North Carolina  
 Analysis of Current Tax Levy  
 County - Wide Levy  
 For the Fiscal Year Ended June 30, 2003

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy:</b>					
Property Taxes at Current Year Rate	\$ 3,008,505,399	0.6575%	\$ 19,780,923	\$ 19,253,950	\$ 526,973
Motor Vehicles Taxed at Prior Year Rate	263,315,522	0.6700%	1,764,214		1,764,214
Penalties			32,127	32,127	
<b>Total Original Levy</b>	<b><u>3,271,820,922</u></b>		<b><u>21,577,264</u></b>	<b><u>19,286,077</u></b>	<b><u>2,291,187</u></b>
<b>Discoveries:</b>					
Current year taxes	5,402,281	0.6575%	35,520	35,520	-
Penalties			-	-	-
<b>Total Discoveries</b>	<b><u>5,402,281</u></b>		<b><u>35,520</u></b>	<b><u>35,520</u></b>	<b><u>-</u></b>
<b>Abatements</b>					
Current Year Taxes	20,384,183	0.6575%	134,026	92,753	41,273
Penalties			-	-	-
<b>Total Abatements</b>	<b><u>20,384,183</u></b>		<b><u>134,026</u></b>	<b><u>92,753</u></b>	<b><u>41,273</u></b>
<b>Total for Year</b>	<b><u>\$ 3,256,839,020</u></b>		<b><u>21,478,758</u></b>	<b><u>19,228,844</u></b>	<b><u>2,249,914</u></b>
Uncollected taxes at June 30, 2003			<u>1,467,338</u>	<u>1,098,654</u>	<u>368,684</u>
Current year's taxes collected			<u>\$ 20,011,420</u>	<u>\$ 18,130,190</u>	<u>\$ 1,881,230</u>
Current levy collection percentage			<u>93.17%</u>	<u>94.29%</u>	<u>83.61%</u>

Beaufort County, North Carolina  
Analysis of Current Tax Levy  
County - wide Levy  
For the Fiscal Year Ended June 30, 2003

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**Secondary Market Disclosures:**

**Assessed Valuation:**

Assessment Ratio <sup>1</sup>	100 %
Real Property	\$ 2,223,845,770
Personal Property	964,695,415
Public Service Companies <sup>2</sup>	<u>68,297,835</u>
Total Assessed Valuation	<u>3,256,839,020</u>
Tax Rate per \$100	0.6575
Levy (includes discoveries, releases and abatements) <sup>3</sup>	<u>\$ 21,478,758</u>

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

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

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

Beaufort County, North Carolina  
 Schedule of Ten Largest Taxpayers  
 For the Fiscal Year Ended June 30, 2003

Taxpayer	Type of Business	2002 Assessed Valuation	Percentage of Total Assessed Valuation
PCS Phosphate Company, Inc.	Phosphate Mining/Acid Production	\$ 459,309,851	16.86 %
Purified Acid Partnership	Acid Production	87,919,844	3.23
Weyerhaeuser Co.	Tree Farm Operation	57,758,540	2.12
Tideland Electric Membership	Utilities	22,625,666	0.83
Carolina Telephone & Telegraph	Communications	16,387,217	0.60
Flanders Filters	Production	15,383,515	0.56
National Spinning Co., Inc	Textiles	13,490,274	0.50
Stanadyne Automotive Corp.	Automotive Diesel Components	15,242,713	0.56
Carolina Power & Light Co.	Utilities	11,834,327	0.43
Fountain Powerboats Inc.	Powerboats	11,412,801	0.42
Total		<u>\$ 711,364,748</u>	<u>26.10 %</u>

Beaufort County, North Carolina  
 Schedule of Transfers  
 For the Fiscal Year Ended June 30, 2003

	Transfers	
	From	To
<b>Operating Transfers From/To Component Units</b>		
<u>Component Units</u>		
General Fund	110,357	
Warren Field Commission		110,357
<b>Total Operating Transfers - Component Units</b>	<b>\$ <u>110,357</u></b>	<b>\$ <u>110,357</u></b>



**Compliance Section**

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

To the Board of Commissioners  
Beaufort County, North Carolina

We have audited the basic financial statements of Beaufort County, North Carolina, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 1, 2003. We did not audit the financial statements of the Beaufort County ABC Board, Beaufort County Hospital, or Warren Field Commission. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort County ABC Board, Beaufort County Hospital, or Warren Field Commission is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Beaufort County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Beaufort County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Thompson, Price, Scott, Adams & Co., P.A.  
Thompson, Price, Scott, Adams & Co., P.A.  
December 1, 2003

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

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

To the Board of County Commissioners  
Beaufort County, North Carolina

### Compliance

We have audited the compliance of the Beaufort County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2003. The Beaufort County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Beaufort County's management. Our responsibility is to express an opinion on the Beaufort County's compliance based on our audit.

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

In our opinion, the Beaufort County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

### Internal Control Over Compliance

The management of the Beaufort County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Beaufort County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

*Thompson, Price, Scott, Adams & Co., P.A.  
December 1, 2003*

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

CERTIFIED PUBLIC ACCOUNTANTS

4024 Oleander Drive Suite 2

Wilmington, North Carolina 28403

Telephone (910) 799-4872

Fax (910) 395-4872

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

To the Board of County Commissioners  
Beaufort County, North Carolina

Compliance

We have audited the compliance of the Beaufort County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major state programs for the year ended June 30, 2003. The Beaufort County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Beaufort County's management. Our responsibility is to express an opinion on the Beaufort County's compliance based on our audit.

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

In our opinion, the Beaufort County complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the Beaufort County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Beaufort County's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

Thompson, Price, Scott, Adams & Co., P.A.  
December 1, 2003



Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2003

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Dollar threshold used to distinguish  
between Type A and Type B Programs      \$ 1,450,297

Auditee qualified as low-risk auditee?       yes       no

State Awards

Internal control over major state programs:

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

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

Any audit findings disclosed that are  
required to be reported in accordance  
with Audit Manual for Governmental  
Auditors in N.C.       yes       no

Identification of major state programs:

---

Name of State Program or Cluster

State/County Special Assistance for Adults  
Crisis Housing Assistance Funds  
Child Care Cluster

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

Beaufort County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2003

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**Section II – Financial Statement Findings**

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None reported.

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

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None reported.

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

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None reported.

Beaufort County, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2003

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**Section II – Financial Statement Findings**

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None reported.

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

---

None reported.

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

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None reported.

Beaufort County, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2003

Status: N/A

Beaufort County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2003

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>				
<u>U.S. Dept. of Agriculture</u>				
Passed-through N.C. Dept. of Agriculture:				
Water system development	10.760	\$ 1,241,611	-	\$ -
Total USDA		<u>1,241,611</u>	<u>-</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Food Stamp Cluster:				
Food Stamp Program - Noncash	10.551	4,519,258	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561	294,633	-	294,633
Total Food Stamp Cluster		<u>4,813,891</u>	<u>-</u>	<u>294,633</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Women and Children:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	185,392	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	978,804	-	-
Passed-through Mid East Commission Council of Governments:				
USDA Supplement	10.550	11,756	-	-
Total U.S. Dept. of Agriculture		<u>7,231,454</u>	<u>-</u>	<u>294,633</u>
<u>U.S. Dept. of Justice</u>				
<u>Bureau of Justice Assistance</u>				
Public Safety:				
Byrne Formula Grant Program	16.579	34,650	-	-
Violence Against Women	16.588	25,039	-	-
Total U.S. Dept. of Justice		<u>59,689</u>	<u>-</u>	<u>-</u>
<u>Environmental Protection Agency</u>				
Passed-through the N.C. Department of Environmental & Natural Resources:				
Section 319 Grant	66.460	31,032	-	-
Total EPA		<u>31,032</u>	<u>-</u>	<u>-</u>
<u>Federal Emergency Management Agency</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Emergency Management - Assistance	83.552	8,612	-	-
Hazard Mitigation Grant	83.548	232,927	77,642	-
Public Disaster Assistance	83.544	18,879	-	-
Total Federal Emergency Management Agency		<u>260,418</u>	<u>77,642</u>	<u>-</u>

Beaufort County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2003

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>U.S. Dept. of Health &amp; Human Services:</b>				
<b>Administration on Aging:</b>				
Aging Cluster				
Passed-through Mid East Commission Council of Governments:				
Home & Community Care Block Grant:				
Access - Title III-B	93.044	10,754	13,531	2,428
In-home Services:				
Title III-B	93.044	60,129	1,718	6,185
SSBG	93.667	15,678	448	1,613
Congregate Nutrition Title III-C	93.045	24,132	15,650	3,978
Home - Delivered Nutrition - Title III-C	93.045	59,191	30,575	8,977
Total Aging Cluster		169,884	61,922	23,181
<b>Administration for Children and Families</b>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Temporary Assistance for Needy Families	93.558	772,549	(43)	213
Work First Administration	93.558	92,348	-	92,492
Work First Service	93.558	355,648	-	526,713
TANF Up	93.558	655	(82)	-
Child Support Enforcement	93.563	338,779	(41)	200,321
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568	163,459	-	-
Child Care Development Fund	93.596	81,317	-	-
Child Welfare Services-State Grants	93.645	14,401	3,591	1,210
Social Services Block Grant	93.667	229,931	22,667	76,422
Independent Living Grant	93.674	3,193	798	-
Foster Care and Adoption Cluster:				
Title IV-E Foster Care	93.658	388,327	50,611	204,478
Adoption Subsidy	93.659	187,815	56,871	56,871
Total Foster Care and Adoption Cluster		576,142	107,482	261,349
Division of Child Development:				
Subsidized Child Care Cluster:				
Child Care and Development Block Grant	93.575	657,019	-	-
Child Care and Development Fund	93.596	463,015	71,442	-
Social Services Block Grant	93.667	10,066	-	-
Temporary Assistance for Needy Families	93.558	141,870	-	-
Smart Start		-	8,358	-
State Appropriations		-	180,205	-
TANF - Maintenance		-	468,296	-
Total Subsidized Child Care Cluster		1,271,970	728,301	-
<b>Health Care Financing Administration</b>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	35,426,968	18,134,348	2,991,224
Division of Social Services:				
Medical Assistance Program	93.778	472,765	28,590	405,086
Administration:				
Health Choice	93.767	10,587	2,624	1,170
<b>Centers for Disease Control</b>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Epidemiology:				
Aids prevention	93.940	11,432	-	-
Immunization Action Plan	93.268	14,202	-	-
Harmful Algal Blossoms Program	93.283	65,188	-	-
Project assist	93.562	-	-	-
Drug User Program	93.959	5,792	-	-
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Community Health:				
Women's Preventive Health	93.991	19,838	-	-
Breast and cervical cancer	93.919	14,261	-	-

Beaufort County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2003

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Health Resources and Services Administration</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Women and Children:				
Child Health Services Block Grant	93.994	176,715	-	-
Total U.S. Dept. of Health and Human Services		40,288,024	19,090,157	4,579,381
<u>Dept. of Housing and Urban Development(HUD)</u>				
Direct Benefit Payments Special Assistance DRI	NONE	-	-	-
Single Family Rehab Program	14.239	3,493	-	-
CDBG Grant	14.228	445,156	-	-
Total Dept. of Housing and Urban Development(HUD)		448,649	-	-
Total Federal Awards		48,319,266	19,167,799	4,874,014
State Awards:				
<u>N.C. Dept. of Health and Human Services</u>				
Division of Social Services:				
AFDC Incentive		-	-	412
TANF		-	-	1,898
County Funded Programs/Non Allocating costs		-	-	954,409
State to Counties		-	40,934	-
CP & L Energy Program		-	4,466	-
State/County Special Assistance for Adults		-	506,627	525,314
State Foster Care Benefits Program		23,961	72,873	38,096
Division of Community Health:				
Communicable disease		-	2,750	-
General Health		-	21,025	-
Immunization		-	1,777	-
TB Medical Services		-	1,975	-
Child Health		-	7,946	-
Healthy Carolinians		-	9,609	-
Women's Preventative Health		-	4,298	-
Maternal Care Coordination		-	24,450	-
Health Promotion		-	6,811	-
Tuberculosis		-	24,356	-
Aids		-	3,923	-
Direct Grant: State appropriation - soil & water		-	32,122	-
Division of Aging:				
90 % State Funds		-	225,816	22,582
Total N. C. Department of Health and Human Services		23,961	991,758	1,542,711
<u>N.C. Dept. of Juvenile Justice</u>				
Juvenile Crime Prevention		-	158,373	-
Total Office of Governor		-	158,373	-
<u>N.C. Dept. of Transportation</u>				
Elderly and Disabled Transportation Assistance Program (E&DTAP)		-	49,097	-
ROAP - Work First		-	8,557	-
Rural General Public		-	24,699	-
Governor's Highway Safety		-	39,330	-
Total N. C. Dept. Of Transportation		-	121,683	-
<u>N.C. Dept. of Commerce</u>				
Container grant		-	9,388	-
SARF Grant		-	30,000	-
Crisis Housing Assistance Funds		-	2,701,300	-
Total N.C. Dept. of Commerce		-	2,740,688	-
<u>N.C. Dept. of Health &amp; Natural Resources</u>				
Scrap Tire Grant		-	41,629	-

Beaufort County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2003

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Total N.C. Dept. of Health & Natural Resources		-	41,629	-
N.C. Dept. of Corrections Criminal Justice Partnership Program			46,274	
N.C. Dept. of Administration Veterans		-	2,000	-
Total State Awards		23,961	4,104,405	1,542,711
Total Federal and State Awards		\$ 48,343,227	\$ 23,272,204	\$ 6,416,725

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

1. **Basis of Presentation**  
 The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Beaufort County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements. Benefit payments are paid directly to recipients and are not included in the county's general purpose 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.

FORM SF-SAC (3-20-2001)

U.S. DEPT. OF COMM.- Econ. and Stat. Adm.- U.S. CENSUS BUREAU ACTING AS COLLECTING AGENT FOR OFFICE OF MANAGEMENT AND BUDGET

Data Collection Form for Reporting on AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS for Fiscal Year Ending Dates On or After January 1, 2001

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

RETURN TO Federal Audit Clearinghouse 1201 E. 10th Street Jeffersonville, IN 47132

PART I GENERAL INFORMATION (To be completed by auditee, except for Item 7)

1. Fiscal period ending date for this submission
Month 06 / Day 30 / Year 2003
2. Type of Circular A-133 audit
1 [X] Single audit 2 [ ] Program-specific audit

3. Audit period covered
1 [X] Annual 2 [ ] Biennial 3 [ ] Other - Months
4. Date received by Federal clearinghouse
FEDERAL GOVERNMENT USE ONLY

5. Employer Identification Number (EIN)
a. Auditee EIN: 566001521
b. Are multiple EINs covered in this report? 1 [ ] Yes 2 [X] No
If Part I, Item 5b = "Yes," complete Part I, Item 5c (Complete the continuation sheet on Page 4)

6. AUDITEE INFORMATION

a. Auditee name: BEAUFORT COUNTY
b. Auditee address (Number and street): PO BOX 1027, WASHINGTON, NC
c. Auditee contact Name: ANGELA ANDREW, Title: FINANCE OFFICER
d. Auditee contact telephone: (252) 946 - 0079
e. Auditee contact FAX (Optional): (252) 946 - 7722
f. Auditee contact E-mail (Optional)

7. AUDITOR INFORMATION (To be completed by auditor)

a. Auditor name: THOMPSON, PRICE, SCOTT, ADAMS & CO., P.A.
b. Auditor address (Number and street): 4024 OLEANDER DRIVE, SUITE 2, WILMINGTON, NC
c. Auditor contact Name: GREGORY S ADAMS, Title: CPA
d. Auditor contact telephone: (910) 791 - 4872
e. Auditor contact FAX (Optional): (910) 395 - 4872
f. Auditor contact E-mail (Optional)

g. AUDITEE CERTIFICATION STATEMENT - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in Parts I, II, and III of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

g. AUDITOR STATEMENT - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 8, 9, and 10, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is not a substitute for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in Parts II and III of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of certifying official: Angela R Andrew
Date: / /
Printed Name/Title of certifying official: FINANCE DIRECTOR

Signature of auditor: Gregory S. Adams
Date: / /

**PART I GENERAL INFORMATION - Continued**

8. Did the auditee expend more than \$25,000,000 in Federal awards during the fiscal year? (Mark (X) one box)  
1  Yes - Identify Cognizant Agency in Part I, Item 9      2  No - SKIP to Part II, Item 1

9. Indicate which Federal awarding agency provided the predominant amount of direct funding in fiscal year 2000. (Mark (X) one box) However, if cognizance has been reassigned, see instructions.

- |  |  |   |   |
|--|--|---|---|
| 02 <input type="checkbox"/> Agency for International Development | 81 <input type="checkbox"/> Energy                               | 14 <input type="checkbox"/> Housing and Urban Development | 47 <input type="checkbox"/> National Science Foundation |
| 10 <input type="checkbox"/> Agriculture                          | 66 <input type="checkbox"/> Environmental Protection Agency      | 15 <input type="checkbox"/> Interior                      | 20 <input type="checkbox"/> Transportation              |
| 11 <input type="checkbox"/> Commerce                             | 83 <input type="checkbox"/> Federal Emergency Management Agency  | 16 <input type="checkbox"/> Justice                       | <input type="checkbox"/> Other - Specify:               |
| 12 <input type="checkbox"/> Defense                              | 93 <input checked="" type="checkbox"/> Health and Human Services | 17 <input type="checkbox"/> Labor                         |   |
| 84 <input type="checkbox"/> Education                            |  |   |   |

**PART II FINANCIAL STATEMENTS (To be completed by auditor)**

1. Type of audit report (Mark (X) one box)  
1  Unqualified opinion    2  Qualified opinion    3  Adverse opinion    4  Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report?    1  Yes    2  No

3. Is a reportable condition disclosed?    1  Yes    2  No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness?    1  Yes    2  No

5. Is a material noncompliance disclosed?    1  Yes    2  No

**PART III FEDERAL PROGRAMS (To be completed by auditor)**

1. Type of audit report on major program compliance  
1  Unqualified opinion    2  Qualified opinion    3  Adverse opinion    4  Disclaimer of opinion

2. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending greater than \$300,000 in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA SOP 98-3 chapter 10)    1  Yes    2  No

3. What is the dollar threshold to distinguish Type A and Type B programs? (§ \_\_ .520(b))      \$ 1,450,297

4. Did the auditee qualify as a low-risk auditee? (§ \_\_ .530)    1  Yes    2  No

5. Is a reportable condition disclosed for any major program? (§ \_\_ .510(a)(1))    1  Yes    2  No - SKIP to Item 7

6. Is any reportable condition reported as a material weakness? (§ \_\_ .510(a)(1))    1  Yes    2  No

7. Are any known questioned costs reported? (§ \_\_ .510(a)(3) or (4))    1  Yes    2  No

8. Was a Summary Schedule of Prior Audit Findings prepared? (§ \_\_ .315(b))    1  Yes    2  No

9. Indicate which Federal agency(ies) have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. (Mark (X) all that apply or None)

- |  |   |   |  |
|--|---|---|--|
| 02 <input type="checkbox"/> Agency for International Development           | 83 <input type="checkbox"/> Federal Emergency Management Agency | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration   |
| 10 <input type="checkbox"/> Agriculture                                    | 39 <input type="checkbox"/> General Services Administration     | 89 <input type="checkbox"/> National Archives and Records Administration  | 19 <input type="checkbox"/> State                            |
| 23 <input type="checkbox"/> Appalachian Regional Commission                | 93 <input type="checkbox"/> Health and Human Services           | 05 <input type="checkbox"/> National Endowment for the Arts               | 20 <input type="checkbox"/> Transportation                   |
| 11 <input type="checkbox"/> Commerce                                       | 14 <input type="checkbox"/> Housing and Urban Development       | 06 <input type="checkbox"/> National Endowment for the Humanities         | 21 <input type="checkbox"/> Treasury                         |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 03 <input type="checkbox"/> Institute for Museum Services       | 47 <input type="checkbox"/> National Science Foundation                   | 82 <input type="checkbox"/> United States Information Agency |
| 12 <input type="checkbox"/> Defense  | 15 <input type="checkbox"/> Interior                            | 07 <input type="checkbox"/> Office of National Drug Control Policy        | 64 <input type="checkbox"/> Veterans Affairs                 |
| 84 <input type="checkbox"/> Education                                      | 16 <input type="checkbox"/> Justice                             | 59 <input type="checkbox"/> Small Business Administration                 | 00 <input checked="" type="checkbox"/> None                  |
| 81 <input type="checkbox"/> Energy   | 17 <input type="checkbox"/> Labor                               |   | <input type="checkbox"/> Other - Specify:                    |
| 66 <input type="checkbox"/> Environmental Protection Agency                | 09 <input type="checkbox"/> Legal Services Corp                 |   |  |

Each agency identified is required to receive a copy of the reporting package.

In addition, one copy each of the reporting package is required for:

- the Federal Audit Clearinghouse archives .....
- and, if not marked above, the cognizant agency (if identified in Part I, Item 9) .....  1

Count total number of boxes marked above and submit this number of reporting packages

FORM SF-SAC (3-26-2001)

**PART III FEDERAL PROGRAMS - Continued (Page 3 - #1 of 5)**

10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR							11. AUDIT FINDINGS	
CFDA Number (a)		Research and development (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) <sup>3</sup> (a)	Audit finding reference number(s) <sup>4</sup> (b)
Federal Agency Prefix <sup>1</sup>	Extension <sup>2</sup>							
1 0	.760	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WATER SYSTEM DEVELOPMENT	\$ 1,241,611 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
1 0	.551	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FOOD STAMPS- NON CASH	\$ 4,519,258 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	N/A
1 0	.561	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FOOD STAMP MATCHING GRANT	\$ 294,633 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
1 0	.557	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WIC	\$ 185,392 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
1 0	.557	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WIC-DIRECT PMTS	\$ 978,804 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
1 0	.550	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	USDA SUPPLEMENT	\$ 11,756 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
1 6	.579	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	BYRNE FORMULA GRANT PROGRAM	\$ 34,650 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
1 6	.588	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	VIOLENCE AGAINST WOMEN	\$ 25,039 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
6 6	.460	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SECTION 319 GRANT	\$ 31,032 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
8 3	.552	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	EMERGENCY MGMT	\$ 8,612 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED</b> →				\$ 48,343,227 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS			

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

<sup>3</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § \_\_.510(a)) reported for each Federal program.

- |                                    |   |  |          |
|------------------------------------|---|--|----------|
| A. Activities allowed or unallowed | F. Equipment and real property management   | K. Real property acquisition and relocation assistance | O. None  |
| B. Allowable costs/cost principles | G. Matching, level of effort, earmarking    | L. Reporting   | P. Other |
| C. Cash management                 | H. Period of availability of Federal funds  | M. Subrecipient monitoring                             |          |
| D. Davis - Bacon Act               | I. Procurement and suspension and debarment | N. Special tests and provisions                        |          |
| E. Eligibility                     | J. Program income                           |  |          |

<sup>4</sup> N/A for NONE

FORM SF-SAC (3-20-2001)

**PART III FEDERAL PROGRAMS - Continued (Page 3 - #2 of 5)**

10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR							11. AUDIT FINDINGS	
CFDA Number (a)		Research and development (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) <sup>3</sup> (a)	Audit finding reference number(s) <sup>4</sup> (b)
Federal Agency Prefix <sup>1</sup>	Extension <sup>2</sup>							
8	3 .548	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HAZARD MITIGATION GRANT	\$ 232,927 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
8	3 .544	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	PUBLIC DISASTER ASSISTANCE	\$ 18,879 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .044	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ACCESS TITLE III-B	\$ 10,754 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .044	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	IN HOME SERVICES TITLE III-B	\$ 60,129 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .667	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SSBG	\$ 15,678 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .045	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CONGREGATE NUTRITION TITLE III-C	\$ 24,132 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .045	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HOME DELIVERED NUTRITION TITLE III-C	\$ 59,191 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TANF	\$ 772,549 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WORK FIRST ADMINISTRATION	\$ 92,348 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WORK FIRST SERVICE	\$ 355,648 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED</b> →				\$ 48,343,227 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS			

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

<sup>3</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.

- |                                    |   |  |          |
|------------------------------------|---|--|----------|
| A. Activities allowed or unallowed | F. Equipment and real property management   | K. Real property acquisition and relocation assistance | O. None  |
| B. Allowable costs/cost principles | G. Matching, level of effort, earmarking    | L. Reporting   | P. Other |
| C. Cash management                 | H. Period of availability of Federal funds  | M. Subrecipient monitoring                             |          |
| D. Davis - Bacon Act               | I. Procurement and suspension and debarment | N. Special tests and provisions                        |          |
| E. Eligibility                     | J. Program income                           |  |          |

<sup>4</sup> N/A for NONE

FORM SF-SAC (3-30-2001)

**PART III FEDERAL PROGRAMS - Continued (Page 3 - #3 of 5)**

10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR							11. AUDIT FINDINGS		
CFDA Number (a)			Research and development (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) <sup>3</sup> (a)	Audit finding reference number(s) <sup>4</sup> (b)
Federal Agency Prefix <sup>1</sup>	Extension <sup>2</sup>								
9	3	.558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TANF UP	\$ 655 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3	.563	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD SUPPORT ENFORCEMENT	\$ 338,779 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3	.568	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	LOW INCOME HOME ENERGY GRANT-ADM	\$ 163,459 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3	.596	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD CARE DEVELOPMENT FUND	\$ 81,317 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3	.645	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD WELFARE SERVICES-STATE GRANTS	\$ 14,401 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3	.667	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SOICAL SERVICES BLOCK GRANT	\$ 229,931 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3	.674	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	INDEPENDENT LIVING GRANT	\$ 3,193 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3	.658	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE IV-E FOSTER CARE	\$ 388,327 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3	.659	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ADOPTION SUBSIDY	\$ 187,815 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3	.575	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD CARE AND DEVELOPMENT GRANT	\$ 657,019 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED</b> →					\$ 48,343,227 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS			

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

<sup>3</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.

- |                                    |   |  |          |
|------------------------------------|---|--|----------|
| A. Activities allowed or unallowed | F. Equipment and real property management   | K. Real property acquisition and relocation assistance | O. None  |
| B. Allowable costs/cost principles | G. Matching, level of effort, earmarking    | L. Reporting   | P. Other |
| C. Cash management                 | H. Period of availability of Federal funds  | M. Subrecipient monitoring                             |          |
| D. Davis - Bacon Act               | I. Procurement and suspension and debarment | N. Special tests and provisions                        |          |
| E. Eligibility                     | J. Program income                           |  |          |

<sup>4</sup> N/A for NONE

FORM SF-SAC (3-20-2001)

**PART III FEDERAL PROGRAMS - Continued (Page 3 - #4 of 5)**

10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR							11. AUDIT FINDINGS	
CFDA Number (a)		Research and development (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) <sup>3</sup> (a)	Audit finding reference number(s) <sup>4</sup> (b)
Federal Agency Prefix <sup>1</sup>	Extension <sup>2</sup>							
9	3 .596	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD CARE AND DEVELOPMENT FUND	\$ 463,015 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .667	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SOCIAL SERVICES BLOCK GRANT	\$ 10,066 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$ 141,870 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .778	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	MEDICAL ASSISTANCE PROGRAM-DIRECT	\$ 35,426,968 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	0	N/A
9	3 .778	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	MEDICAL ASSISTANCE PROGRAM-ADM	\$ 472,765 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .767	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	MEDICAL ASSISTANCE PROGRAM-HEALTH CHOICE	\$ 10,587 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .940	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	AIDS PREVENTION	\$ 11,432 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .268	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	IMMUNIZATION ACTION PLAN	\$ 14,202 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .283	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HARMFUL ALGAL BLOSSOMS PROGRAM	\$ 65,188 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .959	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	DRUG USER PROGRAM	\$ 5,792 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED</b> →				\$ 48,343,227 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS			

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

<sup>3</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.

- |                                    |   |  |          |
|------------------------------------|---|--|----------|
| A. Activities allowed or unallowed | F. Equipment and real property management   | K. Real property acquisition and relocation assistance | O. None  |
| B. Allowable costs/cost principles | G. Matching, level of effort, earmarking    | L. Reporting   | P. Other |
| C. Cash management                 | H. Period of availability of Federal funds  | M. Subrecipient monitoring                             |          |
| D. Davis - Bacon Act               | I. Procurement and suspension and debarment | N. Special tests and provisions                        |          |
| E. Eligibility                     | J. Program income                           |  |          |

<sup>4</sup> N/A for NONE

FORM SF-SAC (3-20-2001)

**PART III FEDERAL PROGRAMS - Continued (Page 3 - #5 of 5)**

10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR							11. AUDIT FINDINGS	
CFDA Number (a)		Research and development (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) <sup>3</sup> (a)	Audit finding reference number(s) <sup>4</sup> (b)
Federal Agency Prefix <sup>1</sup>	Extension <sup>2</sup>							
9	3 .991	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WOMENS PREVENTIVE HEALTH	\$ 19,838 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .919	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	BREAST AND CERVICAL CANCER	\$ 14,261 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .994	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD HEALTH SERVICES GRANT	\$ 176,715 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
1	4 .239	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SINGLE FAMILY REHAB PROGRAM	\$ 3,493 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
1	4 .228	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CDBG	\$ 445,156 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
9	3 .000	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	STATE FOSTER CARE BENEFITS PROGRAM	\$ 23,961 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	0	N/A
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$ .00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$ .00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$ .00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$ .00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
<b>TOTAL FEDERAL AWARDS EXPENDED</b> →				\$ 48,343,227 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS			

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<sup>3</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.

- |                                    |   |  |          |
|------------------------------------|---|--|----------|
| A. Activities allowed or unallowed | F. Equipment and real property management   | K. Real property acquisition and relocation assistance | O. None  |
| B. Allowable costs/cost principles | G. Matching, level of effort, earmarking    | L. Reporting   | P. Other |
| C. Cash management                 | H. Period of availability of Federal funds  | M. Subrecipient monitoring                             |          |
| D. Davis - Bacon Act               | I. Procurement and suspension and debarment | N. Special tests and provisions                        |          |
| E. Eligibility                     | J. Program income                           |  |          |

<sup>4</sup> N/A for NONE

Thompson, Price, Scott, Adams & Co., P.A.  
—CERTIFIED PUBLIC ACCOUNTANTS—  
4024 Oleander Drive Suite 2  
Wilmington, North Carolina 28403  
Telephone (910) 799-4872 Fax (910) 395-4872

**MANAGEMENT LETTER**

Members of The Board of County Commissioners  
Beaufort County  
Washington, North Carolina

In planning and performing our audit of the basic financial statements of the Beaufort County, for the year ended June 30, 2003, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control. We noted no matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Beaufort County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements. No reportable conditions were noted. This is due to the hard work and dedication of the County's management team.

We would like to thank Mr. Spruill, Mrs. Andrew and the county staff for all the assistance given to us during the audit. It was a pleasure to work with the County staff and we look forward to serving you in the future.

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

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

Thompson, Price, Scott, Adams & Co., P.A.  
December 1, 2003