

BEAUFORT COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2007

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Independent Auditor's Report

To the Board of County Commissioners
Beaufort County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Beaufort County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Beaufort County Hospital Association or Beaufort County ABC. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for Beaufort County Hospital Association and Beaufort County ABC Board is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Beaufort County, North Carolina as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2007 on our consideration of Beaufort County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Thompson, Price, Scott, Adams & Co., P.A.
October 22, 2007

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Management's Discussion and Analysis

As management of Beaufort County, we offer readers of Beaufort County's financial statements this narrative overview and analysis of the financial activities of Beaufort County for the fiscal year ended June 30, 2007. 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.

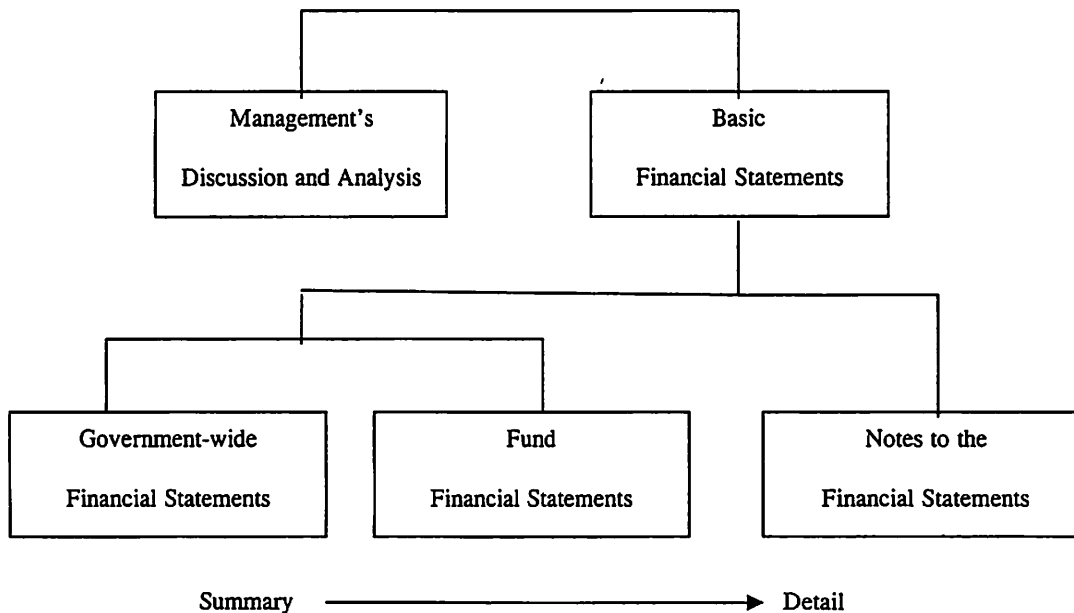
Financial Highlights

- The assets of Beaufort County exceeded its liabilities at the close of the fiscal year by \$25,378,622 (*net assets*).
- The County's total net assets for governmental activities and Business-type activities were \$(3,739,613) and \$29,118,235 respectively.
- At the close of the current fiscal year, Beaufort County's governmental funds reported combined ending fund balances of \$ 31,142,483, an increase of \$10,210,975 in comparison with the prior year. Approximately 87 percent of this total amount, or \$26,698,696 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 \$16,372,596 or 34 percent of total general fund expenditures for the fiscal year.
- Beaufort County's total debt increased by \$17,120,480 during the current fiscal year. The key factors in this increase was the acquisition of new bonds and loans.

Overview of the Financial Statements

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

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to 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 the Board by appointing its members. Also, the ABC Board is important to the County because the Board is required to distribute its profits to the County.

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

Fund Financial Statements

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

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

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

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

Government-Wide Financial Analysis

Figure 2

BEAUFORT COUNTY'S NET ASSETS

	Governmental Activities		Business-type Activities		Total
	2006	2007	2006	2007	2007
Current and other assets	\$ 6,146,018	\$ 36,558,227	\$ 2,366,443	\$ 2,959,611	\$ 39,517,838
Capital assets	27,806,911	6,041,180	69,237,924	69,098,299	75,139,479
Total assets	<u>33,952,929</u>	<u>42,599,407</u>	<u>71,604,367</u>	<u>72,057,910</u>	<u>114,657,317</u>
Long-term liabilities outstanding	25,493,868	43,409,772	42,856,814	42,198,866	85,608,638
Other liabilities	3,557,666	2,929,248	247,165	740,809	3,670,057
Total liabilities	<u>29,051,534</u>	<u>46,339,020</u>	<u>43,103,979</u>	<u>42,939,675</u>	<u>89,278,695</u>
Net assets:					
Invested in capital assets, net of related debt	(19,342,718)	(37,368,592)	27,405,643	28,083,185	(9,285,407)
Restricted	41,704	-	-	-	-
Unrestricted	24,202,409	33,628,979	1,094,745	1,035,050	34,664,029
Total net assets	<u>\$ 4,901,395</u>	<u>\$ (3,739,613)</u>	<u>\$ 28,500,388</u>	<u>\$ 29,118,235</u>	<u>\$ 25,378,622</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 \$25,378,622 as of June 30, 2007. The County's net assets decreased by \$8,023,161 for the fiscal year ended June 30, 2007. One of the largest portions reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding

that was issued to acquire those items. Beaufort County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Beaufort County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of \$34,664,029 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 95.2%.
- Increased charges for services revenue due to growth in the County.

	BEAUFORT COUNTY'S CHANGES IN NET ASSETS				
	Governmental Activities		Business-type Activities		Total
	2006	2007	2006	2007	2007
Revenues:					
Program revenues:					
Charges for services	\$ 3,356,741	\$ 3,436,284	\$ 4,228,135	\$ 4,796,294	\$ 8,232,578
Operating grants and contributions	12,849,114	11,326,359	-	-	11,326,359
Capital grants and contributions		4,509,255	1,006,743	382,009	4,891,264
General revenues:					
Property taxes	22,474,705	23,745,083	-	-	23,745,083
Other taxes	10,429,825	11,258,626	-	-	11,258,626
Grants and contributions not restricted to specific programs	1,076,675		78,355		
Other	293,976	1,552,104	404,826	73,693	1,625,797
Total revenues	50,481,036	55,827,711	5,718,059	5,251,996	61,079,707
Expenses:					
General government	2,894,114	5,159,794	-	-	5,159,794
Public safety	6,861,563	7,572,693	-	-	7,572,693
Economic and physical development	4,316,347	16,974,022	-	-	16,974,022
Human services	16,495,855	16,941,057	-	-	16,941,057
Cultural and recreation	263,969	361,541	-	-	361,541
Education	27,683,132	13,435,693	-	-	13,435,693
Interest on long-term debt	1,148,955	1,216,836	-	-	1,216,836
Environmental Protection	2,865,471	2,801,088	-	-	2,801,088
Water and sewer	-	-	3,931,505	4,640,144	4,640,144
Total expenses	62,529,406	64,462,724	3,931,505	4,640,144	69,102,868
Increase in net assets before transfers and special items	-	-	-	-	-
Transfers	-	(5,995)	-	5,995	-
Increase in net assets	(12,048,370)	(8,641,008)	1,786,554	617,847	(8,023,161)
Net assets, July 1	16,949,765	4,901,395	26,713,834	28,500,388	33,401,783
Net assets, June 30	\$ 4,901,395	\$ (3,739,613)	\$ 28,500,388	\$ 29,118,235	\$ 25,378,622

Figure 3

Governmental activities: Governmental activities decreased the County's net assets by \$8,641,008, thereby accounting for -24% 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 95.2%

Business-type activities: Business-type activities increased Beaufort County's net assets by \$617,847, accounting for 8% 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 \$16,372,596, while total fund balance reached \$20,303,297. 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 34 percent of total General Fund expenditures, while total fund balance represents 42 percent of that same amount.

At June 30, 2007, the governmental funds of Beaufort County reported a combined fund balance of \$31,142,483, a \$10,210,975 increase from 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 \$4,335,819.

Proprietary Funds: Beaufort County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer District equaled \$1,035,050. The total growth in net assets was \$617,847. 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, 2007, totals \$75,139,479 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Server, Software & Copier
- Vehicles
- Generator

BEAUFORT COUNTY'S CAPITAL ASSETS
(net of depreciation)

	Governmental		Business-type		Total
	Activities		Activities		
	2006	2007	2006	2007	
Land	\$ 1,601,367	\$ 1,601,367	\$ 75,961	\$ 75,961	\$ 1,677,328
Buildings and system	3,979,688	3,551,479	10,766,108	10,507,328	14,058,807
Improvements other than buildings	-	-	-	-	-
Equipment and vehicles	564,963	888,334	180,508	146,206	1,034,540
Infrastructure	-	-	-	-	-
Construction in progress	-	-	58,215,347	58,368,804	58,368,804
Total	\$ 6,146,018	\$ 6,041,180	\$ 69,237,924	\$ 69,098,299	\$ 75,139,479

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, 2007, Beaufort County had total bonded debt outstanding of \$67,388,300 all of which is debt backed by the full faith and credit of the County.

Beaufort County's Outstanding Debt

	Governmental		Business-type		Total
	Activities		Activities		
	2006	2007	2006	2007	
General obligation bonds	\$ 17,600,000	\$ 25,800,000	\$ 42,194,800	\$ 41,588,300	\$ 67,388,300

General Obligation and Revenue Bonds

Figure 5

Beaufort County's total debt increased by \$17,252,879 during the past fiscal year, primarily due to the acquisition of bonds and new loans.

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue 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 \$262,502,919. The County has no in bonds authorized but un-issued at June 30, 2007.

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

Economic Factors and Next Year's Budgets and Rates

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

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

Budget Highlights for the Fiscal Year Ending June 30, 2008

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 3rd Street
Washington, NC 27889

Beaufort County, North Carolina
Statement of Net Assets
June 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Beaufort County Hospital Inc.	Beaufort County ABC Board
ASSETS					
Cash and cash equivalents	\$ 29,665,813	\$ 1,425,828	\$ 31,091,641	\$ 2,949,793	\$ 653,964
Receivables (net)	6,484,791	793,789	7,278,580	12,791,276	-
Due from other governments	1,254	-	1,254	200,000	-
Other assets	-	-	-	1,067,215	133
Inventories	-	-	-	2,404,970	317,324
Prepaid items	-	-	-	305,465	1,007
Internal balances	406,369	(406,369)	-	-	-
Restricted cash and cash equivalents	-	1,146,363	1,146,363	-	-
Capital assets:					
Land, improvements, and construction in progress	1,601,367	58,444,765	60,046,132	2,385,755	181,734
Other capital assets, net of depreciation	4,439,813	10,653,534	15,093,347	19,263,117	119,830
Total capital assets	<u>6,041,180</u>	<u>69,098,299</u>	<u>75,139,479</u>	<u>21,648,872</u>	<u>301,564</u>
Total assets	<u>42,599,407</u>	<u>72,057,910</u>	<u>114,657,317</u>	<u>41,367,591</u>	<u>1,273,992</u>
LIABILITIES and NET ASSETS					
Accounts payable and accrued expenses	2,929,248	651,897	3,581,145	8,564,134	468,352
Accrued interest payable	-	-	-	36,456	-
Customer deposits	-	74,995	74,995	-	-
Liabilities to be paid from restricted assets	-	13,917	13,917	-	-
Long-term liabilities:					
Due within one year	2,738,395	694,025	3,432,420	1,195,688	-
Due in more than one year	40,671,377	41,504,841	82,176,218	5,090,602	-
Total liabilities	<u>46,339,020</u>	<u>42,939,675</u>	<u>89,278,695</u>	<u>14,886,880</u>	<u>468,352</u>
NET ASSETS					
Invested in capital assets, net of related debt	2,180,898	28,083,185	30,264,083	15,362,582	-
Restricted for:					
Register of Deeds	36,851	-	36,851	-	-
Other purposes	-	-	-	-	-
Unrestricted (deficit)	<u>(5,957,362)</u>	<u>1,035,050</u>	<u>(4,922,312)</u>	<u>11,118,129</u>	<u>805,640</u>
Total net assets	<u>\$ (3,739,613)</u>	<u>\$ 29,118,235</u>	<u>\$ 25,378,622</u>	<u>\$ 26,480,711</u>	<u>\$ 805,640</u>

**Beaufort County, North Carolina
Statement of Activities
For the Year Ended June 30, 2007**

Program Revenues

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental Activities:				
General government	\$ 5,159,794	\$ 833,428	\$ 1,044,983	\$ -
Public safety	7,572,693	804,835	253,315	-
Cultural and recreation	361,541	-	-	-
Economic and physical development	16,974,022	1,387,466	-	1,079,065
Human services	16,941,057	193,074	8,449,628	-
Education	13,435,693	-	-	3,430,190
Environmental protection	2,801,088	1,604,947	190,967	-
Interest on long-term debt	1,216,836	-	-	-
Total governmental activities	<u>64,462,724</u>	<u>4,823,750</u>	<u>9,938,893</u>	<u>4,509,255</u>
Business-type activities:				
Water	4,640,144	4,796,294	-	382,009
Total business-type activities	<u>4,640,144</u>	<u>4,796,294</u>	<u>-</u>	<u>382,009</u>
	<u>\$ 69,102,868</u>	<u>\$ 9,620,044</u>	<u>\$ 9,938,893</u>	<u>\$ 4,891,264</u>
Component units:				
Hospital	\$ 56,028,655	\$ 57,411,375	-	-
ABC Board	3,685,748	3,683,291	-	-
Total component units	<u>\$ 59,714,403</u>	<u>\$ 61,094,666</u>	<u>\$ -</u>	<u>\$ -</u>

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, restated

Net assets-ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Beaufort County Hospital Inc.	Beaufort County ABC Board
\$ (3,281,383)	\$ -	\$ (3,281,383)		
(6,514,543)	-	(6,514,543)		
(361,541)	-	(361,541)		
(14,507,491)	-	(14,507,491)		
(8,298,355)	-	(8,298,355)		
(10,005,503)	-	(10,005,503)		
(1,005,174)	-	(1,005,174)		
(1,216,836)	-	(1,216,836)		
<u>(45,190,826)</u>	<u>-</u>	<u>(45,190,826)</u>		
-	538,159	538,159		
-	538,159	538,159		
\$ <u>(45,190,826)</u>	\$ <u>538,159</u>	\$ <u>(44,652,667)</u>		
			\$ 1,382,720	\$ -
			-	(2,457)
			<u>1,382,720</u>	<u>(2,457)</u>
23,745,083	-	23,745,083	-	-
10,322,535	-	10,322,535	-	-
936,091	-	936,091	-	-
-	-	-	759,428	-
1,187,494	73,693	1,261,187	192,387	11,081
364,610	-	364,610	(222,911)	-
(5,995)	5,995	-	-	-
<u>36,549,818</u>	<u>79,688</u>	<u>36,629,506</u>	<u>728,904</u>	<u>11,081</u>
<u>(8,641,008)</u>	<u>617,847</u>	<u>(8,023,161)</u>	<u>2,111,624</u>	<u>8,624</u>
4,901,395	28,500,388	33,401,783	24,369,087	797,016
\$ <u>(3,739,613)</u>	\$ <u>29,118,235</u>	\$ <u>25,378,622</u>	\$ <u>26,480,711</u>	\$ <u>805,640</u>

Beaufort County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2007

	<u>General</u>	<u>Hospital Renovations</u>	<u>Public Schools</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 18,785,923	\$ 8,279,754	\$ 113,239	\$ 2,486,897	\$ 29,665,813
Receivables, net	6,104,699	-	450,000	227,611	6,782,310
Due from other governments	1,254	-	-	-	1,254
Due from other funds	408,596	-	-	-	408,596
Total assets	\$ 25,300,472	\$ 8,279,754	\$ 563,239	\$ 2,714,508	\$ 36,857,973
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	2,374,249	-	-	554,999	2,929,248
Miscellaneous liabilities	-	-	-	-	-
Due to other funds	2,227	-	-	-	2,227
Other liability	682,571	-	-	-	682,571
Deferred revenue	1,938,128	-	-	163,316	2,101,444
Total liabilities	4,997,175	-	-	718,315	5,715,490
Fund balances:					
Reserved for:					
State statute	3,893,850	-	450,000	63,086	4,406,936
Register of Deeds	36,851	-	-	-	36,851
Unreserved	16,372,596	-	-	-	16,372,596
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	1,263,253	1,263,253
Capital projects funds	-	8,279,754	113,239	669,854	9,062,847
Total fund balances	20,303,297	8,279,754	563,239	1,996,193	31,142,483
Total liabilities and fund balances	\$ 25,300,472	\$ 8,279,754	\$ 563,239	\$ 2,714,508	

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

Accrued interest receivable less amount claimed as unearned.	385,052
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,041,180
Liabilities for earned but deferred revenues in fund statements.	2,101,444
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	<u>(43,409,772)</u>
Net assets of governmental activities	\$ <u>(3,739,613)</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, 2007

	<u>Major</u>			<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Hospital Renovations</u>	<u>Public Schools</u>		
REVENUES					
Ad valorem taxes	\$ 23,267,088	\$ -	\$ -	\$ 1,283,507	\$ 24,550,595
Local option sales taxes	10,322,535	-	-	-	10,322,535
Other taxes and licenses	390,390	-	-	-	390,390
Unrestricted intergovernmental	153,119	-	-	-	153,119
Restricted intergovernmental	9,866,677	-	3,430,190	1,512,647	14,809,514
Permits and fees	460,483	-	-	-	460,483
Sales and services	3,007,017	-	-	1,387,466	4,394,483
Investment earnings	999,873	-	154,204	33,417	1,187,494
Miscellaneous	101,468	185,796	-	77,344	364,608
Total revenues	<u>48,568,650</u>	<u>185,796</u>	<u>3,584,394</u>	<u>4,294,381</u>	<u>56,633,221</u>
EXPENDITURES					
Current:					
General government	4,977,965	-	-	-	4,977,965
Public safety	5,960,838	-	-	1,568,184	7,529,022
Economic and physical development	786,941	2,073,737	11,780,986	2,375,023	17,016,687
Human services	16,861,182	-	-	-	16,861,182
Cultural and recreational	361,541	-	-	-	361,541
Environmental protection	2,826,560	-	-	-	2,826,560
Intergovernmental:					
Education	13,435,589	-	-	104	13,435,693
Debt service:					
Principal	1,499,515	-	-	1,098,980	2,598,495
Interest	1,216,836	-	-	-	1,216,836
Total expenditures	<u>47,926,967</u>	<u>2,073,737</u>	<u>11,780,986</u>	<u>5,042,291</u>	<u>66,823,981</u>
Excess (deficiency) of revenues over expenditures	<u>641,683</u>	<u>(1,887,941)</u>	<u>(8,196,592)</u>	<u>(747,910)</u>	<u>(10,190,760)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	(684,533)	-	-	731,040	46,507
Transfers to other funds	386,526	-	-	(439,026)	(52,500)
Debt issued	-	10,000,000	9,000,000	1,382,000	20,382,000
Installment purchase obligations issued	-	-	-	-	-
Total other financing sources and uses	<u>(298,007)</u>	<u>10,000,000</u>	<u>9,000,000</u>	<u>1,674,014</u>	<u>20,376,007</u>
Net change in fund balance	343,676	8,112,059	803,408	926,104	10,185,247
Fund balances-beginning	19,959,621	167,695	(240,169)	1,070,089	20,957,236
Fund balances-ending	<u>\$ 20,303,297</u>	<u>\$ 8,279,754</u>	<u>\$ 563,239</u>	<u>\$ 1,996,193</u>	<u>\$ 31,142,483</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, 2007

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

Net changes in fund balances - total governmental funds	\$ 10,185,247
<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>	(104,838)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	(805,512)
<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>	(17,783,505)
<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>(132,400)</u>
Total changes in net assets of governmental activities	<u><u>\$ (8,641,008)</u></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, 2007

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 22,839,793	\$ 23,415,001	\$ 23,267,088	\$ (147,913)
Local option sales tax	9,805,579	9,840,939	10,322,535	481,596
Other taxes and licenses	338,500	375,805	390,390	14,585
Unrestricted intergovernmental	278,500	147,500	153,119	5,619
Restricted intergovernmental	8,532,317	13,233,789	9,866,677	(3,367,112)
Permits and fees	396,000	427,434	460,483	33,049
Sales and services	2,292,232	2,969,420	3,007,017	37,597
Investment earnings	1,019,500	1,019,500	999,873	(19,627)
Miscellaneous	1,629,975	38,827	101,468	62,641
Total revenues	<u>47,132,396</u>	<u>51,468,215</u>	<u>48,568,650</u>	<u>(2,899,565)</u>
Expenditures				
Current:				
General government	4,534,791	5,259,212	4,977,965	281,247
Public safety	5,774,528	6,361,361	5,960,838	400,523
Economic and physical development	721,557	835,146	786,941	48,205
Human services	17,317,735	18,323,168	16,861,182	1,461,986
Environmental protection	3,029,535	2,875,600	2,826,560	49,040
Cultural and recreational	403,327	423,041	361,541	61,500
Intergovernmental:				
Education	13,003,494	16,415,779	13,435,589	2,980,190
Debt service:				
Principal retirement	1,462,661	1,459,663	1,499,515	(39,852)
Interest and other charges	1,458,867	1,256,690	1,216,836	39,854
Total expenditures	<u>47,706,495</u>	<u>53,209,660</u>	<u>47,926,967</u>	<u>5,282,693</u>
Revenues over (under) expenditures	(574,099)	(1,741,445)	641,683	2,383,128
Other financing sources (uses):				
Transfers to other funds	(1,025,650)	(684,533)	(684,533)	
Transfers from other funds	-	450,286	386,526	
Fund Balance Appropriated	1,599,749	1,975,692	-	
Total other financing sources (uses)	<u>574,099</u>	<u>1,741,445</u>	<u>(298,007)</u>	<u>(2,039,452)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	343,676	<u>\$ 343,676</u>
Fund balances:				
Beginning of year, July 1			19,959,621	
End of year, June 30			<u>\$ 20,303,297</u>	

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

Beaufort County, North Carolina
Combining Statement of Net Assets
Proprietary Funds
June 30, 2007

Exhibit 6

	Water District I	Water District II	Water District III	Water District IV
Assets				
Current Assets:				
Cash and Investments	\$ 33,642	\$ 435,481	\$ 57	\$ 57
Accounts Receivable (Net)	106,458	132,203	162,165	155,760
Due from other Water Districts	-	-	-	-
Due from General fund	-	2,227	-	-
Total Current Assets	<u>140,100</u>	<u>569,911</u>	<u>162,222</u>	<u>155,817</u>
Restricted assets:				
Cash	780,934	-	-	-
Capital Assets (Net)	<u>8,283,321</u>	<u>3,812,984</u>	<u>5,271,106</u>	<u>13,161,573</u>
Total Assets	<u>\$ 9,204,355</u>	<u>\$ 4,382,895</u>	<u>\$ 5,433,328</u>	<u>\$ 13,317,390</u>
Liabilities				
Current Liabilities:				
Accounts Payable & Accrued Expenses	\$ 2,408	\$ 3,583	\$ 54,637	\$ 209,640
Accounts Payable from Restricted Assets	-	-	-	5,891
Due to other Water Districts	-	-	-	-
Due to General Fund	266	-	200,388	428
Customer Deposits	8,325	20,045	11,600	11,625
Notes payable	-	-	24,300	-
Bond \Long-term Debt - Current Maturities	68,500	82,000	96,000	124,000
Total Current Liabilities	<u>79,499</u>	<u>105,628</u>	<u>386,925</u>	<u>351,584</u>
Noncurrent liabilities:				
Compensated Abscenses Payable	3,896	5,986	5,986	6,285
Notes payable	-	-	-	-
Bonds\Long-term Debt - Noncurrent	5,155,800	3,933,500	4,971,898	7,626,500
Total Other Liabilities	<u>5,159,696</u>	<u>3,939,486</u>	<u>4,977,884</u>	<u>7,632,785</u>
Total Liabilities	<u>5,239,195</u>	<u>4,045,114</u>	<u>5,364,809</u>	<u>7,984,369</u>
Net Assets				
Invested in Capital Assets, net of related debt	3,839,955	(202,516)	178,908	5,411,073
Unrestricted	125,205	540,297	(110,389)	(78,052)
Total Net Assets	<u>\$ 3,965,160</u>	<u>\$ 337,781</u>	<u>\$ 68,519</u>	<u>\$ 5,333,021</u>

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

Water District V	Water District VI	Water District VII	Totals
\$ 57	\$ 956,477	\$ 57	\$ 1,425,828
53,236	133,561	50,406	793,789
-	-	-	-
-	-	-	2,227
<u>53,293</u>	<u>1,090,038</u>	<u>50,463</u>	<u>2,221,844</u>
-	328,587	36,842	1,146,363
<u>9,046,951</u>	<u>19,703,028</u>	<u>9,819,336</u>	<u>69,098,299</u>
<u>\$ 9,100,244</u>	<u>\$ 21,121,653</u>	<u>\$ 9,906,641</u>	<u>\$ 72,466,506</u>
\$ 275,240	\$ 4,996	\$ 101,393	\$ 651,897
8,026	-	-	13,917
-	-	-	-
179	548	206,787	408,596
3,825	14,475	5,100	74,995
32,225	-	-	56,525
59,000	121,000	87,000	637,500
<u>378,495</u>	<u>141,019</u>	<u>400,280</u>	<u>1,843,430</u>
2,628	8,050	4,558	37,389
322,254	-	-	322,254
<u>3,590,500</u>	<u>10,464,000</u>	<u>5,403,000</u>	<u>41,145,198</u>
<u>3,915,382</u>	<u>10,472,050</u>	<u>5,407,558</u>	<u>41,504,841</u>
<u>4,293,877</u>	<u>10,613,069</u>	<u>5,807,838</u>	<u>43,348,271</u>
5,042,972	9,446,615	4,366,178	28,083,185
(236,605)	1,061,969	(267,375)	1,035,050
<u>\$ 4,806,367</u>	<u>\$ 10,508,584</u>	<u>\$ 4,098,803</u>	<u>\$ 29,118,235</u>

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

Beaufort County, North Carolina
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For The Fiscal Year Ended June 30, 2007

Exhibit 7

	Water District <u>I</u>	Water District <u>II</u>	Water District <u>III</u>	Water District <u>IV</u>	Water District <u>V</u>
Operating revenues:					
Charges for Services	\$ 502,884	\$ 676,835	\$ 801,512	\$ 798,575	\$ 367,461
Water Taps	23,750	37,075	24,350	37,427	13,275
Other Operating Revenues	4,020	13,259	4,553	11,467	7,894
Total Operating Revenues	<u>530,654</u>	<u>727,169</u>	<u>830,415</u>	<u>847,469</u>	<u>388,630</u>
Operating expenses:					
Salaries and benefits	86,183	128,415	127,299	134,586	57,462
Water purchase	83,160	125,253	114,085	128,718	56,284
Water operations and maintenance	78,337	119,327	132,023	123,068	52,482
Depreciation	7,201	117,905	139,659	17,103	37,705
Total operating expenses	<u>254,881</u>	<u>490,900</u>	<u>513,066</u>	<u>403,475</u>	<u>203,933</u>
Total Operating Income (Loss)	<u>275,773</u>	<u>236,269</u>	<u>317,349</u>	<u>443,994</u>	<u>184,697</u>
Nonoperating Revenues(Expenses):					
Sale of Assets	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-
Loan reimbursement	-	-	-	-	-
Interest Earned on Investments	7,679	11,798	11,798	12,388	5,181
Interest on Long-term Debt	<u>(257,853)</u>	<u>(248,753)</u>	<u>(308,288)</u>	<u>(373,778)</u>	<u>(188,492)</u>
Total Nonoperating Revenues (Expenses)	<u>(250,174)</u>	<u>(236,955)</u>	<u>(296,490)</u>	<u>(361,390)</u>	<u>(183,311)</u>
Transfer In (out)	624	960	960	1,008	421
Capital Contributions	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	126,223	274	21,819	83,612	1,807
Net Assets, beginning of year	<u>3,838,937</u>	<u>337,507</u>	<u>46,700</u>	<u>5,249,409</u>	<u>4,804,560</u>
Net Assets, end of year	<u>\$ 3,965,160</u>	<u>\$ 337,781</u>	<u>\$ 68,519</u>	<u>\$ 5,333,021</u>	<u>\$ 4,806,367</u>

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

Water District VI	Water District VII	June 30, 2007
\$ 827,894	\$ 565,607	\$ 4,540,768
41,350	15,325	192,552
12,670	9,111	62,974
<u>881,914</u>	<u>590,043</u>	<u>4,796,294</u>
171,620	98,698	804,263
29,526	4,226	541,252
200,184	107,935	813,356
25,730	12,565	357,868
<u>427,060</u>	<u>223,424</u>	<u>2,516,739</u>
454,854	366,619	2,279,555
-	-	-
-	-	-
15,866	8,983	73,693
<u>(481,500)</u>	<u>(264,741)</u>	<u>(2,123,405)</u>
<u>(465,634)</u>	<u>(255,758)</u>	<u>(2,049,712)</u>
1,291	731	5,995
<u>167,023</u>	<u>114,986</u>	<u>382,009</u>
157,534	226,578	617,847
<u>10,351,050</u>	<u>3,872,225</u>	<u>28,500,388</u>
<u>\$ 10,508,584</u>	<u>\$ 4,098,803</u>	<u>\$ 29,118,235</u>

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

Beaufort County, North Carolina
Combining Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2007

Exhibit 8

	Water District I	Water District II	Water District III	Water District IV	Water District V
Cash Flows From Operating Activities:					
Cash Received from Customers/others	\$ 505,354	\$ 680,752	\$ 756,463	\$ 803,700	\$ 360,694
Cash Paid for Goods, Services, & Employees	<u>(252,741)</u>	<u>(380,475)</u>	<u>(339,808)</u>	<u>(314,390)</u>	<u>(83,968)</u>
Net Cash Provided by (Used for) Operating Activities	<u>252,613</u>	<u>300,277</u>	<u>416,655</u>	<u>489,310</u>	<u>276,726</u>
Cash Flows from Noncapital Financing Activities:					
Loan reimbursements	-	-	-	-	-
Short term advances	-	-	-	-	-
Operating Transfers In/(Out)	624	960	960	1,008	421
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>624</u>	<u>960</u>	<u>960</u>	<u>1,008</u>	<u>421</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(6,750)	(21,371)	(21,706)	(10,371)	(4,554)
Other financing activities	-	-	-	-	-
Principal Paid on Bond Maturities and Capital Leases	(65,000)	(77,000)	(114,800)	(118,500)	(89,225)
Interest Paid on Bond\Note Maturities and Capital Leases	(257,853)	(248,753)	(308,288)	(373,778)	(188,492)
Proceeds of Capital Leases, Bonds and Notes	-	-	-	-	-
Capital Contributions	100,000	-	-	-	-
Net Cash Provided (Used for) Capital and Related Financing Activities	<u>(229,603)</u>	<u>(347,124)</u>	<u>(444,794)</u>	<u>(502,649)</u>	<u>(282,271)</u>
Cash Flows from Investing Activities:					
Interest on investments	7,679	11,798	11,798	12,388	5,181
Net Increase (Decrease) in Cash and Cash Equivalents	31,313	(34,089)	(15,381)	57	57
Cash and cash equivalents, July 1	783,263	469,570	15,438	-	-
Cash and cash equivalents, June 30	<u>\$ 814,576</u>	<u>\$ 435,481</u>	<u>\$ 57</u>	<u>\$ 57</u>	<u>\$ 57</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Activities:					
Operating Income (Loss)	\$ 275,773	\$ 236,269	\$ 317,349	\$ 443,994	\$ 184,697
Adjustments to Reconcile Operating Income to Net Cash Provided					
Operating Activities:					
Depreciation	7,201	117,905	139,659	17,103	37,705
Changes in Assets and Liabilities:					
(Increase) Decrease					
in Accounts Receivable	(25,300)	(46,417)	(73,952)	(43,769)	(27,936)
in Due from other funds	-	-	-	-	-
Increase (Decrease)					
in Accounts Payable & accrued liabilities	(806)	(1,267)	36,139	80,489	86,880
in Due to other funds	266	-	408	428	179
in Customer Deposits	(4,950)	(6,955)	(4,200)	(9,475)	(5,075)
in Compensated absences payable	429	742	1,252	540	276
Total Adjustments	<u>(23,160)</u>	<u>64,008</u>	<u>99,306</u>	<u>45,316</u>	<u>92,029</u>
Net Cash Provided by Operating Activities	<u>\$ 252,613</u>	<u>\$ 300,277</u>	<u>\$ 416,655</u>	<u>\$ 489,310</u>	<u>\$ 276,726</u>

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

Water District VI	Water District VII	Totals June 30, 2007
\$ 847,722	\$ 570,648	\$ 4,525,333
(411,368)	(298,057)	(2,080,807)
<u>436,354</u>	<u>272,591</u>	<u>2,444,526</u>
-	-	-
-	-	-
<u>1,291</u>	<u>731</u>	<u>5,995</u>
<u>1,291</u>	<u>731</u>	<u>5,995</u>
(50,318)	(103,169)	(218,239)
-	-	-
(115,000)	(83,500)	(663,025)
(481,500)	(264,741)	(2,123,405)
-	-	-
<u>167,023</u>	<u>114,986</u>	<u>382,009</u>
<u>(479,795)</u>	<u>(336,424)</u>	<u>(2,622,660)</u>
<u>15,866</u>	<u>8,983</u>	<u>73,693</u>
(26,284)	(54,119)	(98,446)
<u>1,311,348</u>	<u>91,018</u>	<u>2,670,637</u>
<u>\$ 1,285,064</u>	<u>\$ 36,899</u>	<u>\$ 2,572,191</u>
<u>\$ 454,854</u>	<u>\$ 366,619</u>	<u>\$ 2,279,555</u>
25,730	12,565	357,868
(34,192)	(19,395)	(270,961)
-	-	-
(2,245)	(79,544)	119,646
548	310	2,139
(9,224)	(8,551)	(48,430)
883	587	4,709
<u>(18,500)</u>	<u>(94,028)</u>	<u>164,971</u>
<u>\$ 436,354</u>	<u>\$ 272,591</u>	<u>\$ 2,444,526</u>

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

Beaufort County, North Carolina
Statement of Changes in Fiduciary Net Assets
Agency Funds
June 30, 2007

Exhibit 9

	<u>Social Services</u>	<u>Motor Vehicle Tax</u>	<u>Sheriff Accounts</u>	<u>Totals June 30, 2007</u>
Assets				
Current Assets:				
Cash and Investments	\$ 48,269	\$ 1,603	\$ 12,490	\$ 62,362
Due from other funds	-	-	-	-
Total Assets	<u>48,269</u>	<u>1,603</u>	<u>12,490</u>	<u>62,362</u>
Liabilities and Net Assets				
Miscellaneous liabilities	<u>48,269</u>	<u>1,603</u>	<u>12,490</u>	<u>62,362</u>
Net Assets	-	-	-	-
Total Liabilities and Net Assets	<u>\$ 48,269</u>	<u>\$ 1,603</u>	<u>\$ 12,490</u>	<u>\$ 62,362</u>

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

BEAUFORT COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2007
Notes to the Financial Statements

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

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

Notes to the financial statements

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

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

The County reports the following major governmental fund:

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

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

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

The County reports the following major enterprise funds:

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

The County reports the following fund types:

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

Measurement Focus, Basis of Accounting

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

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

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

Notes to the financial statements

Proprietary funds distinguish operating revenues and expenses from 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.

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Beaufort County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2006 to February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes, which are billed during this period, are shown as a receivable on these financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annually registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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

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

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

C. Budgetary Data

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

Notes to the financial statements

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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

The County, the Hospital and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2006. The county offers no discounts.

5. Allowance for Doubtful Accounts

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

6. Inventories and Prepaid Items

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

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

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

Notes to the financial statements

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

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

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

8. Long-term Obligations

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

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

9. Compensated Absences

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

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

Notes to the financial statements

10. Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Reserved

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

Reserved by State Statute - Portion of fund balance, in addition to reserves for encumbrances, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and 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 2007-2008 budget ordinance.

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

Notes to the financial statements

E. Reconciliation of Government-wide and Fund Financial Statements

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

The government fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets.

The net adjustment of (34,882,096) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 17,647,846
Less accumulated depreciation	<u>(11,606,666)</u>
Net capital assets	6,041,180
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	385,052
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	2,101,444
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	(42,319,561)
Compensated absences	(645,282)
Net pension obligation	(255,586)
Accrued landfill charges payable	<u>(189,343)</u>
Total adjustment	<u>\$ (34,882,096)</u>

Notes to the financial statements

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

The governmental fund statement of revenues, expenditures, and changes in fund balances included a reconciliation between net changes in fund balance-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(18,826,255) as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures in the fund statements but capitalized as assets in the statement of activities	\$ 429,392
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.	(534,230)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statement.	2,598,495
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences and pension expense are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(132,400)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it effects only the government-wide statement of net assets.	(20,382,000)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 6/30/06	(3,292,008)
Recording of tax receipts deferred in the fund statement as of 6/30/07	2,486,496
Total adjustment	<u>\$ (18,826,255)</u>

II. Stewardship, Compliance, and Accountability

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

Noncompliance with North Carolina General Statutes

None.

Notes to the financial statements

B. Deficit Fund Balance or Net Assets of Individual Funds

Net assets in the General fund is a negative \$3,739,613, this is due to the construction activity for schools and the hospital that are titled in the name of County Board of Education and Hospital. There is no plan of corrective action; nothing can be done until the debt is retired. Net assets in several Special Revenue and Capital Project funds are the result of timing differences with funding agencies.

C. Excess of Expenditures over Appropriations

None.

III. Detail Notes on All Funds and Account Groups

A. Assets

1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and Hospital rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2007, the County's deposits had a carrying amount of \$14,560,043 and a bank balance of \$15,339,550. Of the bank balance, \$300,000 was covered by federal depository insurance the remaining balance was covered by collateral and held under the Pooling Method.

At September 30, 2006, the Hospital's deposits had a carrying amount of \$2,749,793 and a bank balance of \$2,973,312. Of the bank balance, \$300,000 was covered by federal depository insurance; the remaining \$2,673,312 was covered by collateral held under the Pooling Method.

At June 30, 2007, the carry amount of deposits for Beaufort County ABC Board was \$653,964 and the bank balance was \$662,502. Of the bank balance, \$131,181 was covered by federal depository insurance and \$531,321 was collateralized under the Pooling Method.

2. Investments

At June 30, 2007, Beaufort County had \$17,677,961 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The County has no policy regarding credit risk.

At June 30, 2007, the ABC Board had no money in the above type investments.

At September 30, 2005, the Beaufort County Hospital's had no money in the above type investments.

Notes to the financial statements

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

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

Year Levied	Tax	Interest	Total
2004	649,126	154,167	803,293
2005	652,997	96,317	749,314
2006	653,319	37,566	690,885
Total	<u>\$ 1,302,123</u>	<u>\$ 250,484</u>	<u>\$ 1,552,607</u>

4. Receivables - Allowances for Doubtful Accounts

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

Fund	30-Jun-07
Property Taxes Receivable	
General Fund	\$ 750,000
Accounts Receivable	
Enterprise Fund	<u>86,651</u>
Total	<u>\$ 836,651</u>

Receivables at the government-wide level at June 30, 2007, were as follows:

	Taxes & Related			Due From		Total
	Accounts	Accrued Interest	Fees	Other Governments	Other	
Governmental Activities:						
General	\$ 3,484,000	\$ 3,073,180	\$ -	\$ 1,254	\$ -	\$ 6,558,434
Other Governmental	514,295	163,316	-	-	-	677,611
Total Receivables	3,998,295	3,236,496	-	1,254	-	7,236,045
Allowance for Doubt Accounts	-	(750,000)	-	-	-	(750,000)
Total Governmental Activities	<u>\$ 3,998,295</u>	<u>\$ 2,486,496</u>	<u>\$ -</u>	<u>\$ 1,254</u>	<u>\$ -</u>	<u>\$ 6,486,045</u>
Business-Type Activities						
Water Districts	\$ 880,440	\$ -	\$ -	\$ -	\$ -	\$ 880,440
Allowance for Doubtful Accounts	(86,651)	-	-	-	-	(86,651)
Total Business-Type Activities	<u>\$ 793,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 793,789</u>

Notes to the financial statements

5. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,601,367	\$ -	\$ -	\$ -	\$ 1,601,367
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>1,601,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,601,367</u>
Capital assets being depreciated:					
Buildings	11,529,920	-	-	(295,368)	11,234,552
Equipment and Vehicles	<u>4,579,281</u>	<u>429,392</u>	<u>240,505</u>	<u>43,759</u>	<u>4,811,927</u>
Total capital assets being depreciated	<u>16,109,201</u>	<u>429,392</u>	<u>240,505</u>	<u>(251,609)</u>	<u>16,046,479</u>
Less accumulated depreciation for:					
Buildings	7,550,232	217,124	-	(84,283)	7,683,073
Equipment and vehicles	<u>4,014,318</u>	<u>317,106</u>	<u>240,505</u>	<u>(167,326)</u>	<u>3,923,593</u>
Total accumulated depreciation	<u>11,564,550</u>	<u>534,230</u>	<u>240,505</u>	<u>(251,609)</u>	<u>11,606,666</u>
Total capital assets being depreciated, net	<u>4,544,651</u>				<u>4,439,813</u>
Governmental activity capital assets, net	<u>\$ 6,146,018</u>				<u>\$ 6,041,180</u>

The adjustment column was prepared in order to reconcile assets in the General Fund to the County's ledger.

Primary Government

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

General government	\$ 252,196
Public safety	239,105
Environmental protection	13,935
Economic and physical development	1,415
Human services	<u>27,579</u>
Total depreciation expense	<u>\$ 534,230</u>

Notes to the financial statements

Business-type activities:

	Beginning Balances	Increases	Decreases	Adjustment	Ending Balances
Capital assets not being depreciated:					
Land	\$ 75,961	\$ -	\$ -	\$ -	\$ 75,961
Construction in progress	58,215,347	153,457	-	-	58,368,804
Total capital assets not being depreciated	58,291,308	153,457	-	-	58,444,765
Capital assets being depreciated:					
Plant and distribution	12,939,235	-	-	(52,449)	12,939,235
Furniture & maintenance equipment	284,890	26,460	-	(2,196)	311,350
Vehicles	205,608	38,322	59,857	54,645	184,073
Total capital assets being depreciated	13,429,733	64,782	59,857	-	13,434,658
Less accumulated depreciation for:					
Plant and distribution	2,173,122	258,785	-	-	2,431,907
Furniture & maintenance equipment	175,731	62,270	-	-	238,001
Vehicles	134,259	36,814	59,857	-	111,216
Total accumulated depreciation	2,483,112	357,869	59,857	-	2,781,124
Total capital assets being depreciated, net	10,946,621				10,653,534
Beaufort County Water District I-VII capital assets, net	69,237,929				69,098,299
Business-type activities capital assets, net	\$ 69,237,929				\$ 69,098,299

Construction commitments

The government has active construction projects as of June 30, 2007. The projects include the water district projects. At June 30, 2007, the government had several commitments with contractors.

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2007, was as follows:

	Useful Life	Cost	Accumulated Depreciation	Net
Land and Improvements	-	\$ 181,734	\$ -	\$ 181,734
Buildings	25 yrs	506,202	407,850	98,352
Furniture and Equipment	5-10 yrs	344,735	323,257	21,478
Motor Vehicles	4 yrs	15,277	15,277	-
Total		\$ 1,047,948	\$ 746,384	\$ 301,564

Activity for the Beaufort County Hospital for the year ended September 30, 2006, was as follows:

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

Notes to the financial statements

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2007, were as follows :

	<u>Vendors</u>	<u>Salaries & Benefits</u>	<u>Others</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,408,245	\$ 18,137	\$ 947,867	\$ 2,374,249
Other Governmental	554,999	-	-	554,999
Total-governmental activities	<u>\$ 1,963,244</u>	<u>\$ 18,137</u>	<u>\$ 947,867</u>	<u>\$ 2,929,248</u>
Business-type Activities				
Water and Sewer Districts	651,897	-	-	651,897
Total - business-type activities	<u>\$ 651,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 651,897</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.91% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.11% 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, 2007, 2006, and 2005 were \$495,172, \$474,829 and \$437,663, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2007 was \$14,118. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

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

Notes to the financial statements

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2006, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	0
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	-
Active Plan Members	<u>46</u>
Total	<u>46</u>

(2) Summary of Significant Accounting Policies

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

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

(3) Contributions

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

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

The annual required contribution for the current year was determined as part of the December 31, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006 was 24 years.

Annual required contribution	\$	42,051
Interest on net pension obligation		16,130
Adjustment to annual required contribution		<u>(13,315)</u>
Annual pension cost		44,866
Contributions made		<u>11,768</u>
Increase (decrease) in net pension obligation		33,098
Net pension obligation beginning of year		<u>222,488</u>
Net pension obligation end of year	\$	<u><u>255,586</u></u>

3 Year Trend Information

For Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$ 37,642	3.00%	\$ 187,171
2006	\$ 42,426	16.76%	\$ 222,488
2007	\$ 44,866	26.23%	\$ 255,586

Notes to the financial statements

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately.

Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2007 were \$337,157, which consisted of \$177,506 from the County and \$159,651 from the law enforcement officers.

d. Register of Deeds' Supplemental Pension Fund

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

Funding Policy - On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the Fiscal year ended June 30, 2007, the County's required and actual contributions were \$15,639.

e. Other Employment Benefits

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

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

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

Notes to the financial statements

f. Beaufort County Hospital Pension Plan

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

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

State and federal laws and regulations require the County to place a final cover on its Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care cost will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$189,343 reported as landfill post closure care liability at June 30, 2007 represents a cumulative amount reported to date. These amounts are based on what it would cost to perform all post closure care in 1994. Beaufort County closed the facility in the year 1994. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

4. Deferred/ Unearned Revenues

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

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Taxes receivable, net (General)	\$ 1,938,128	\$ -
Taxes receivable, net (Special revenue)	163,316	-
Installment Obligation Receivable	682,571	682,571
Total	\$ 2,784,015	\$ 682,571

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto and professional liability coverage of \$2 million per occurrence, and workers' compensation coverage up to the statutory limits. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage and single occurrence losses of \$350,000 for workers' compensation. The County does not carry any flood insurance.

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.

Notes to the financial statements

6. Contingent Liabilities

At June 30, 2007, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-term Obligations

a. 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	2006
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>2,369,528</u>
Total	<u>\$ 550,171</u>

At September 30, 2006, the future minimum payments under the Hospital's capital leases consist of the following:

Year Ending September 30	Principal Payments	Interest Payments
2007	234,922	26,070
2008	78,252	2,104
2009	-	-
2010	-	-
2011	-	-
Total minimum lease payments	-	-
Less: amount representing interest	-	-
Present value of the minimum lease payments	<u>\$ 313,174</u>	<u>\$ 28,174</u>

b. Installment Purchase

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

Beaufort County has entered into a loan agreement with First South Bank for building an industry ready building. The principal borrowed will be \$1,000,000. The terms call for the Beaufort County Committee of 100 to pay the first two (2) years interest only payments. Thereafter, the County and the City of Washington will split payments in a 55% to 45% manner. At the end of the financing term the ownership of the building will be County (55%) City (45%). The interest rate will be between 4.25% and 8.00% for a period of twenty years. The building was sold and the note paid off in July 2007.

Notes to the financial statements

Beaufort County has entered into a loan agreement with the North Carolina Department of Commerce for building an industry ready building II. The principal borrowed will be \$1,382,000. The interest rate will be 2.00% for a period of five years. At June 30, 2007 the balance on the note was \$1,382,000.

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

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

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

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

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

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

For Beaufort County, the future minimum payments as of June 30, 2007 in the Governmental Activities and for the Business Type Activities are as follows:

Year Ending June 30,	Business Type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2008	56,525	23,137	1,288,395	755,172
2009	56,525	19,626	1,296,507	585,825
2010	56,525	17,139	1,222,375	534,269
2011	56,525	14,704	1,601,159	485,609
2012	56,525	12,282	1,998,519	425,756
2013-2017	258,327	25,406	5,470,936	1,231,851
2018-2022	32,225	541	3,641,670	380,553
Total	\$ 573,177	\$ 112,835	\$ 16,519,561	\$ 4,399,035

Notes to the financial statements

Notes Payable

Bank of America

The Hospital issued an installment note payable to the Bank 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 the Bank 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 the Bank on July 28, 1998. This note is payable in monthly installments of \$7,650 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. Of that original tract, the Hospital sold 2.6 acres for purposes of medical office development in fiscal year ended September 30, 2000. Repaid in 2005.

First Citizens Bank and Trust

The Hospital entered into an installment purchase contract with the Bank, 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. Repaid in 2005.

The Hospital entered into an installment purchase contract with the Bank, in October 2001. The contract requires 60 monthly installments of \$7,987 including interest at 4.36% annually. This contract enabled the Hospital to purchase an X-ray system for diagnostic angiography programs that also serves as the security for this agreement.

The Hospital entered into an installment purchase contract with the Bank, in June 2003. The contract requires 60 monthly installments of \$13,252 including interest at 3.35% annually. This contract enabled the Hospital to purchase an X-ray system for diagnostic angiography programs that also serves as the security for this agreement.

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

2006	758,513
2007	669,743
2008	565,476
2009	-
2010	-
Thereafter	-
Total Payable	1,993,732
Less Current Maturities	(758,513)
Long Term Portion	<u>\$ 1,235,219</u>

County of Beaufort

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

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

Notes to the financial statements

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2007:

	Balance 07/01/06	Additions	Retirements	Balance 6/30/2007	Current Portion
Governmental Activities:					
General Obligation Bonds	\$ 17,600,000	\$ 9,000,000	\$ (800,000)	\$ 25,800,000	\$ 1,450,000
Installment Purchases	6,936,056	11,382,000	(1,798,495)	16,519,561	1,787,370
Compensated Absences	545,981	226,389	(127,088)	645,282	-
Net Pension Obligation	222,488	33,098	-	255,586	-
Landfill Postclosure Care	189,343	-	-	189,343	-
Total	\$ 25,493,868	\$ 20,641,487	\$ (2,725,583)	\$ 43,409,772	\$ 3,237,370
Business Type Activities:					
General Obligation Bonds	\$ 42,194,800	\$ -	\$ (606,500)	\$ 41,588,300	\$ 637,500
Installment Purchases	629,702	-	(56,525)	573,177	56,525
Compensated Absences	32,680	4,709	-	37,389	-
Total	\$ 42,857,182	\$ 4,709	\$ (663,025)	\$ 42,198,866	\$ 694,025

At June 30, 2007, Beaufort County had a legal debt margin of \$262,502,919.

C. Interfund Balances and Activity

Transfers From/To Other Funds at June 30, 2007
consists of the following:

From the General fund to several capital project and special revenue funds as residual equity transfers to close funds	\$	(592,012)
From the General fund to the Water districts to supplement other funding sources		(5,995)
From the Capital reserve to the General fund to supplement other funding sources		300,000
	\$	<u>(298,007)</u>
Interfund balances		
General Fund owes Water District II	\$	(2,227)
Water Districts I, III, IV, V, VI, & VII owe General Fund		408,596
Interfund balances	\$	<u>406,369</u>

Notes to the financial statements

- 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.

The County's general obligation bonds payable at June 30, 2007 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 %	\$ 400,000
\$9,000,000 2006 School bonds, dated November 1 2006 and maturing annually November 1, \$450,000 to 2026, inclusive; bearing interest payable on November 1 and May 1, ranging from 3.65% to 4.00 %	\$ 9,000,000
\$17,000,000 2005 School bonds, dated April 1 2005 and maturing annually April 1, \$600,000 2007 to 2009, inclusive, and \$800,000 2010 to 2028, inclusive; bearing interest payable on October 1 and April 1, ranging from 4.00% to 6.00%	\$ 16,400,000
Total	<u>\$ 25,800,000</u>

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%	\$ 2,998,000
\$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 %	\$ 2,226,300

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%	\$ 3,639,500
\$434,000 1998 Water Serial Bond due in annual installments, beginning in 1998; from \$4,500 to \$18,000 through June 1, 2034; interest at 6.125%	\$ 376,000

Serviced by Water District III Long Acre East:

\$3,728,000 1998 Serial Bonds due in annual installments; beginning in 1998; from \$35,000 to \$140,000 through June 1, 2034; interest at 6.125%	\$ 3,212,500
\$381,000 1991 Serial Bonds due in annual installments; beginning in 1998; from \$4,000 to \$16,000 through June 1, 2034; interest at 5.625%	\$ 330,500
\$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%	\$ 1,156,500
\$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%	\$ 174,000

Notes to the financial statements

Serviced by Water District IV Bath:

\$3,042,000 1999 Water Serial Bonds due in annual installments; beginning in 1999;
from \$33,000 to \$132,000 through June 1, 2038; with interest only for 1999 & 2000;
interest at 4.75 % \$ 2,820,000

\$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 \$ 4,105,000

\$909,000 1998B Water Serial Bond due in annual installments; beginning in 1999;
from \$11,000 to \$40,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 825,500

Serviced by Water District V Pantego:

\$3,223,000 1998A Water Serial Bond due in annual installments; beginning in 1999;
from \$35,000 to \$140,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 2,941,500

\$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 \$ 708,000

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 \$ 2,463,500

\$3,308,000 Series B 1999 Water Bonds due in annual installments; beginning in 1999;
from \$35,000 to \$140,000 through June 1, 2038; with interest only for 1999 & 2000 \$ 3,026,500

Serviced by Water District VI Chocowinity/Richland:

\$2,804,000 2005A Water Serial Bonds due in annual installments; beginning in 2007;
from \$30,000 to \$120,000 through June 1, 2044; with interest only for 2005 & 2006;
interest at 4.50 % \$ 2,774,000

\$3,535,000 2005B Water Serial Bonds due in annual installments; beginning in 2007;
from \$38,000 to \$150,000 through June 1, 2044; with interest only for 2005 & 2006;
interest at 4.50 % \$ 3,497,000

\$4,361,000 2005C Water Serial Bonds due in annual installments; beginning in 2007;
from \$47,000 to \$188,000 through June 1, 2044; with interest only for 2005 & 2006;
interest at 4.50 % \$ 4,314,000

Total \$ 41,588,300

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
2008	1,450,000	835,460	637,500	2,066,937
2009	1,050,000	797,600	667,500	2,034,798
2010	1,250,000	761,600	700,500	2,000,851
2011	1,250,000	686,600	733,500	1,965,371
2012	1,250,000	650,600	772,500	1,928,098
2013-2017	6,250,000	2,693,000	4,470,500	9,009,413
2018-2022	6,250,000	1,892,000	5,695,500	7,748,248
2023-2027	6,250,000	1,060,000	6,874,500	6,181,803
2028-2032	800,000	214,800	8,005,000	4,325,758
2033-2037	-	-	7,986,000	2,268,606
2038-2042	-	-	4,127,300	676,100
2043-2047	-	-	918,000	61,920
Total	\$ 25,800,000	\$ 8,316,860	\$ 41,588,300	\$ 40,267,903

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, 2007. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$126,700 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 \$1,540,211 and \$526,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2007. 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, 2007. Complete financial statements for the community college may be obtained from the community college's administrative offices at Highway 264 East, Washington, NC 27889.

Notes to the financial statements

The County, in conjunction with four other counties, participates in the Tideland Mental Health Center. The County Commissioners appoint four members to the twenty-member board of the Center. In addition, one County Commissioner also serves on the Center's board. The Center, a multi-county public mental health authority, is a separate and distinct subdivision charged by State law with the responsibility of providing services for drug and mental health prevention, treatment and rehabilitation services. The County contributed \$156,599 to the Center during fiscal year ended June 30, 2007. Complete financial statements for the Center can be obtained from the Center's administrative offices at 1308 Highland Drive, Washington, NC 27889.

V. Jointly Governed Organization

The County, in conjunction with four other counties and thirty-nine municipalities, established the Mid-East Commission. The participating governments established the Commission to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$12,490 to the Council during the fiscal year ended June 30, 2007.

VI. Benefit Payments Issued by the State

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

	Federal	State
Food Stamp Program	\$ 6,117,220	\$ -
Medicaid Assistance Program	50,630,404	24,830,481
Special Supplemental Food Program for Women, Infants and Children	1,162,933	-
Energy Assistance Payment	362,566	-
CWS Adopt Subsidy & Vendor	13,633	3,504
IV-E Adopt Subsidy & Vendor	297,712	82,819
Special Assistance-Aged & Disabled	-	497,701
IV-E Foster Home	82,244	18,363
State Foster Home	22,681	56,559

VII. Summary Disclosure of Significant Commitments and Contingencies

1. Federal and State Assisted Programs

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

VIII. Major Taxpayer

Beaufort County had property tax revenue from one taxpayer in 2007 of approximately \$3,112,026, which accounted for approximately 13.61% of net property tax levied.

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%
31-Dec-04	-	231,208	231,208	0.0%	1,322,765	17.48%
31-Dec-05	-	284,787	284,787	0.0%	1,403,511	18.87%
31-Dec-06	-	287,894	287,894	0.0%	1,546,967	18.61%

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

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

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, 2006
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	24 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases	4.5%-12.3%
Includes Inflation at	3.75%
Cost of Living Adjustments	N/A

Beaufort County, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2007

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$	\$ 22,910,639	\$
Penalties and Interest		356,449	
Total	<u>23,415,001</u>	<u>23,267,088</u>	<u>(147,913)</u>
Local Option Sales Taxes:			
Article 39 One Percent		3,770,475	
Article 40 One - Half of One Percent		2,359,966	
Article 42 One - Half of One Percent		2,342,430	
Article 44 One - Half of One Percent		1,849,664	
Total	<u>9,840,939</u>	<u>10,322,535</u>	<u>481,596</u>
Other Taxes and Licenses:			
Documentary stamps		269,078	
Scrap tire disposal tax		59,821	
White goods disposal tax		38,075	
Privilege tax		8,548	
Rental vehicles receipt tax		14,868	
Total	<u>375,805</u>	<u>390,390</u>	<u>14,585</u>
Unrestricted Intergovernmental:			
Beer and wine tax		144,819	
Other		8,300	
Total	<u>147,500</u>	<u>153,119</u>	<u>5,619</u>
Restricted Intergovernmental:			
State and Federal Grants		8,961,796	
Loan reimbursements		879,563	
FEMA disaster funds		11,733	
ABC Tax		13,585	
Total	<u>13,233,789</u>	<u>9,866,677</u>	<u>(3,367,112)</u>
Permits and Fees:			
Building Permits and Inspection Fees		124,565	
Register of Deeds		303,992	
Other		31,926	
Total	<u>427,434</u>	<u>460,483</u>	<u>33,049</u>

Beaufort County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Sales and Services:			
Rent and Concessions		158,388	
Attorney fees/Tax admin		276,633	
Prisoners' reimbursements		78,857	
Court costs		85,395	
Environmental Health Fees		80,305	
IV-D Deputy travel		55,998	
Patient fees - Nursing home & Health Dept.		193,074	
School resource officer		113,400	
Animal control fees		42,248	
Rescue squads		78,173	
Beaufort County ABC Board		46,855	
Sheriff's fees		58,154	
Lanfill fees/charges		1,524,642	
Collection fees		94,415	
Cable fees		120,480	
Total	<u>2,969,420</u>	<u>3,007,017</u>	<u>37,597</u>
Investment Earnings	<u>1,019,500</u>	<u>999,873</u>	<u>(19,627)</u>
Miscellaneous:			
Sale of Assets/Insurance Claims		38,095	
Donations		6,161	
Miscellaneous		57,212	
Total	<u>38,827</u>	<u>101,468</u>	<u>62,641</u>
TOTAL REVENUES	<u>51,468,215</u>	<u>48,568,650</u>	<u>(2,899,565)</u>
Expenditures:			
General Government:			
Governing body		134,305	
County manager		993,081	
Finance		396,667	
Tax administration		1,273,407	
Legal		165,792	
Register of deeds		287,247	
Elections		170,669	
Public buildings		1,279,027	
Court facilities		277,770	
Total general government	<u>5,259,212</u>	<u>4,977,965</u>	<u>281,247</u>

Beaufort County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public Safety:			
Sheriff		3,279,935	
Jail		1,233,762	
Criminal justice partnership		68,586	
Emergency communications		369,866	
Emergency management		143,833	
Fire protection		119,068	
Inspections		229,036	
Ambulance/Rescue service		207,961	
Animal control		274,291	
Medical examiner		34,500	
Total	<u>6,361,361</u>	<u>5,960,838</u>	<u>400,523</u>
Economic and physical development:			
Economic development		389,876	
Agricultural extension		222,905	
Soil/water conservation		174,160	
Total	<u>835,146</u>	<u>786,941</u>	<u>48,205</u>
Human services:			
Administration - general		196,733	
Aids control/STD		98,936	
TB program		43,127	
Immunization		163,017	
Health promotion		103,427	
Child health		206,810	
Maternal health		456,218	
WIC - Administration		274,677	
Enviromental health		636,970	
Family planning		378,656	
Other health programs		137,435	
Total human services	<u>2,856,144</u>	<u>2,696,006</u>	<u>160,138</u>
Mental Health:			
General appropriation		156,599	
Other		56,135	
Alcohol rehab		17,000	
Total	<u>229,734</u>	<u>229,734</u>	<u>-</u>
Beaufort County Develop Center	<u>55,000</u>	<u>55,000</u>	<u>-</u>
NC Elderly handicapped transportation	<u>19,035</u>	<u>19,034</u>	<u>1</u>

Beaufort County, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Social services:			
Administration		4,513,654	
State In-Home Aging Services		423,086	
Day care		2,438,349	
Medical assistance		4,229,089	
Energy assistance		172,359	
County provided assistance		498,676	
Transportation		54,578	
Child support enforcement		692,816	
Aid to the blind program		11,524	
Foster care		495,466	
Hurricane relief		44,149	
Work first program		40,833	
Total	<u>14,903,169</u>	<u>13,614,579</u>	<u>1,288,590</u>
Other human services:			
County home		-	
Veterans services		39,089	
Youth services		207,740	
Total	<u>260,086</u>	<u>246,829</u>	<u>13,257</u>
Total Social Services	<u>15,163,255</u>	<u>13,861,408</u>	<u>1,301,847</u>
Total Human Services	<u>18,323,168</u>	<u>16,861,182</u>	<u>1,461,986</u>
Cultural and Recreational:			
Recreation		45,477	
Library and museum		171,500	
Special Appropriations		144,564	
Total Cultural and Recreational	<u>423,041</u>	<u>361,541</u>	<u>61,500</u>
Environmental protection:			
Solid waste	<u>2,875,600</u>	<u>2,826,560</u>	<u>49,040</u>
Education:			
Public Schools:			
Teacher school supplies		19,639	
Current Expense		9,846,673	
Capital Outlay		1,503,066	
Community Colleges:			
Current Expense		1,540,211	
Capital Outlay		526,000	
Total Education	<u>16,415,779</u>	<u>13,435,589</u>	<u>2,980,190</u>
Debt Service:			
Principal Retirement		1,499,515	
Interest and Fees		1,216,836	
Total Debt Service	<u>2,716,353</u>	<u>2,716,351</u>	<u>2</u>
TOTAL EXPENDITURES	<u>53,209,660</u>	<u>47,926,967</u>	<u>5,282,693</u>
Revenues over Expenditures	<u>(1,741,445)</u>	<u>641,683</u>	<u>2,383,128</u>

Beaufort County, North Carolina
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other financing sources (uses):			
Proceeds From Capital Leases	-	-	
Fund Balance Appropriated	1,975,692	-	
Transfers (to)/from Other Funds:			
Capital Projects	86,526	86,526	
Special revenue fund - capital reserve	311,760	300,000	
Special revenue and capital project funds	(678,538)	(678,538)	
Water districts	(5,995)	(5,995)	
Special revenue fund - e 911	52,000	-	
Total Other Financing Sources (Uses)	<u>1,741,445</u>	<u>(298,007)</u>	<u>(2,039,452)</u>
Net change in fund balance	\$ <u>-</u>	343,676	\$ <u>343,676</u>
Fund balances:			
Beginning of year, July 1		<u>19,959,621</u>	
End of year, June 30		<u>\$ 20,303,297</u>	

Beaufort County, North Carolina
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2007

	<u>Revaluation</u>	<u>Economic Development</u>	<u>Washington Administrative Unit</u>	<u>Fire Tax Districts</u>	<u>E911 Service</u>
Assets:					
Cash and Cash Equivalents	\$ 411,701	\$ 118,537	\$ -	\$ -	\$ 617,938
Accounts Receivable	-	16,382	-	-	42,849
Taxes Receivable (Net)	-	-	11,284	152,032	-
Due from other funds	-	-	-	-	-
Total Assets	\$ <u>411,701</u>	\$ <u>134,919</u>	\$ <u>11,284</u>	\$ <u>152,032</u>	\$ <u>660,787</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	\$ 13,966	\$ -	\$ -	\$ 5,599
Due to other funds	-	-	-	-	-
Deferred Revenue	-	-	11,284	152,032	-
Total Liabilities	<u>-</u>	<u>13,966</u>	<u>11,284</u>	<u>152,032</u>	<u>5,599</u>
Fund Balances:					
Reserved by State Statute Designated for Subsequent Year's Expenditures	-	16,382	-	-	42,849
Undesignated	<u>411,701</u>	<u>104,571</u>	<u>-</u>	<u>-</u>	<u>612,339</u>
Total Fund Balances	<u>411,701</u>	<u>120,953</u>	<u>-</u>	<u>-</u>	<u>655,188</u>
Total Liabilities and Fund Balances	\$ <u>411,701</u>	\$ <u>134,919</u>	\$ <u>11,284</u>	\$ <u>152,032</u>	\$ <u>660,787</u>

NC Housing Finance Agency	Hazardous Mitigation	Disaster Relief Initiative	NC Disaster Relief Initiative	Capital Reserve	Industrial Recruitment	State & Federal Seizures	2004 CDBG Fund	2001 CDBG Fund	2005 CDBG Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 55,638	\$ -	\$ 79,328	\$ -	\$ -	\$ -	\$ 1,283,142
-	-	-	-	-	-	3,855	-	-	-	63,086
-	-	-	-	-	-	-	-	-	-	163,316
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,638</u>	<u>\$ -</u>	<u>\$ 83,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,509,544</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 324	\$ 19,889
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	163,316
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324</u>	<u>183,205</u>
-	-	-	-	-	-	3,855	-	-	-	63,086
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	55,638	-	79,328	-	-	(324)	1,263,253
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,638</u>	<u>-</u>	<u>83,183</u>	<u>-</u>	<u>-</u>	<u>(324)</u>	<u>1,326,339</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,638</u>	<u>\$ -</u>	<u>\$ 83,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,509,544</u>

NC Crisis Housing	HMGP Buyout	HMGP Bonnie	Delta City Sewer	Hurricane	Pantego Sewer	Economic Development	Animal Shelter	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 9,782	\$ -	\$ 1,193,973	\$ -	\$ 1,203,755	\$ 2,486,897
-	-	-	-	-	-	-	1,209	1,209	64,295
-	-	-	-	-	-	-	-	-	163,316
\$ -	\$ -	\$ -	\$ -	\$ 9,782	\$ -	\$ 1,193,973	\$ 1,209	\$ 1,204,964	\$ 2,714,508

\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ 526,901	\$ -	\$ 1,209	\$ 535,110	\$ 554,999
-	-	-	-	-	-	-	-	-	163,316
-	-	-	-	7,000	526,901	-	1,209	535,110	718,315
-	-	-	-	-	-	-	-	-	63,086
-	-	-	-	2,782	(526,901)	1,193,973	-	669,854	1,933,107
-	-	-	-	2,782	(526,901)	1,193,973	-	669,854	1,996,193
\$ -	\$ -	\$ -	\$ -	\$ 9,782	\$ -	\$ 1,193,973	\$ 1,209	\$ 1,204,964	\$ 2,714,508

Beaufort County, North Carolina
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2007

	Revaluation	Economic Development	Washington Administrative Unit	Fire Tax Districts	E911 Service	NC Housing Finance Agency
Revenues:						
Ad Valorem Taxes	\$ -	\$ -	\$ 104	\$ 1,283,403	\$ -	\$ -
Investment Earnings	-	2,027	-	-	-	-
Sales Tax Revenue	-	-	-	-	-	-
Restricted Intergovernmental	-	348,128	-	-	323,143	-
Other	-	76,150	-	-	-	-
Total revenues	<u>-</u>	<u>426,305</u>	<u>104</u>	<u>1,283,403</u>	<u>323,143</u>	<u>-</u>
Expenditures:						
Current:						
Public Safety	-	-	-	1,283,403	206,685	-
Education	-	-	104	-	-	-
Debt Service	-	-	-	-	-	-
Economic and Physical Development	-	328,091	-	-	-	-
Total Expenditures	<u>-</u>	<u>328,091</u>	<u>104</u>	<u>1,283,403</u>	<u>206,685</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>98,214</u>	<u>-</u>	<u>-</u>	<u>116,458</u>	<u>-</u>
Other Financing Sources (Uses):						
Transfers In	400,000	15,000	-	-	-	-
Transfers (Out)	-	(30,000)	-	-	-	(46,665)
Debt payment	-	-	-	-	-	-
Proceeds from Debt Issuance	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,665)</u>
Net change in fund balance	<u>400,000</u>	<u>83,214</u>	<u>-</u>	<u>-</u>	<u>116,458</u>	<u>(46,665)</u>
Fund balances:						
Beginning of Year, July 1	<u>11,701</u>	<u>37,739</u>	<u>-</u>	<u>-</u>	<u>538,730</u>	<u>46,665</u>
End of year, June 30	<u>\$ 411,701</u>	<u>\$ 120,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,188</u>	<u>\$ -</u>

Hazardous Mitigation	Disaster Relief Initiative	NC Disaster Relief Initiative	Capital Reserve	Industrial Recruitment	State & Federal Seizures	2004 CDBG Fund	2001 CDBG Fund	2005 CDBG Fund	Total Nonmajor Special Revenue Funds	NC Crisis Housing	HMGF Buyout
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,283,507	\$ -	\$ -
-	-	-	17,873	-	-	-	-	-	19,900	-	-
-	-	-	-	162,500	110,439	4,317	-	25,350	973,877	-	-
-	-	-	-	-	420	-	-	-	76,570	774	-
-	-	-	17,873	162,500	110,859	4,317	-	25,350	2,353,854	774	-
-	-	-	-	-	78,096	-	-	-	1,568,184	-	-
-	-	-	-	-	-	-	-	-	104	-	-
-	-	-	-	294,147	-	4,000	-	25,350	651,588	-	-
-	-	-	-	294,147	78,096	4,000	-	25,350	2,219,876	-	-
-	-	-	17,873	(131,647)	32,763	317	-	-	133,978	774	-
-	25,564	3,799	-	131,647	23,710	15,938	75,632	-	691,290	-	-
(2,121)	-	-	(300,000)	-	-	-	-	-	(378,786)	(15,168)	(220)
-	-	-	-	-	-	-	-	-	-	-	-
(2,121)	25,564	3,799	(300,000)	131,647	23,710	15,938	75,632	-	312,504	(15,168)	(220)
(2,121)	25,564	3,799	(282,127)	-	56,473	16,255	75,632	-	446,482	(14,394)	(220)
2,121	(25,564)	(3,799)	337,765	-	26,710	(16,255)	(75,632)	(324)	879,857	14,394	220
\$ -	\$ -	\$ -	\$ 55,638	\$ -	\$ 83,183	\$ -	\$ -	\$ (324)	\$ 1,326,339	\$ -	\$ -

HMGP Bonnie	Delta City Sewer	Hurricane	Pantego Sewer	Economic Development	Animal Shelter	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,283,507
-	-	-	-	13,517	-	13,517	33,417
-	-	-	-	-	-	-	-
-	-	514,184	20,913	3,673	-	538,770	1,512,647
-	-	-	-	1,387,466	-	1,388,240	1,464,810
-	-	514,184	20,913	1,404,656	-	1,940,527	4,294,381
-	-	-	-	-	-	-	1,568,184
-	-	-	-	-	-	-	104
-	-	-	-	-	-	-	-
-	12,500	652,908	562,314	495,713	-	1,723,435	2,375,023
-	12,500	652,908	562,314	495,713	-	1,723,435	3,943,311
-	(12,500)	(138,724)	(541,401)	908,943	-	217,092	351,070
17,250	-	-	22,500	-	-	39,750	731,040
-	(44,852)	-	-	-	-	(60,240)	(439,026)
-	-	-	-	(1,098,980)	-	-	(1,098,980)
-	-	-	-	1,382,000	-	1,382,000	1,382,000
17,250	(44,852)	-	22,500	283,020	-	1,361,510	575,034
17,250	(57,352)	(138,724)	(518,901)	1,191,963	-	479,622	926,104
(17,250)	57,352	141,506	(8,000)	2,010	-	190,232	1,070,089
\$ -	\$ -	\$ 2,782	\$ (526,901)	\$ 1,193,973	\$ -	\$ 669,854	\$ 1,996,193

Beaufort County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	2007		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Miscellaneous	\$	\$ -	\$
Investment Earnings		-	
Total Revenue	-	-	-
Expenditures			
Total Economic & Physical Development	-	-	-
Total Expenditures	-	-	-
Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses):			
Operating Transfers from General Fund	-	400,000	400,000
Proceeds from Lease Purchase	-	-	-
Total Other Financing Sources (Uses)	-	400,000	400,000
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	400,000	400,000
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$	400,000	\$ 400,000
Fund Balance:			
Beginning of Year, July 1		11,701	
End of Year, June 30		\$ 411,701	

Beaufort County, North Carolina
Economic Development
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	2007		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Restricted Intergovernmental	\$	\$ 348,128	\$
Investment Earnings		2,027	
Other income		76,150	
Total revenues	<u>386,503</u>	<u>426,305</u>	<u>39,802</u>
Expenditures:			
Economic and Physical development		328,091	
Total Expenditures	<u>386,503</u>	<u>328,091</u>	<u>58,412</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>98,214</u>	<u>98,214</u>
Other Financing Sources (Uses):			
Transfers from Other Funds		15,000	
Transfers to Other Funds		(30,000)	
Total Other Financing Sources (Uses)	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
Revenues and Other Financing Sources Over (Under) Uses	<u>-</u>	<u>83,214</u>	<u>83,214</u>
Fund Balance Appropriated		<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ 83,214	\$ <u><u>83,214</u></u>
Fund Balance:			
Beginning of Year, July 1		<u>37,739</u>	
End of Year, June 30		\$ <u><u>120,953</u></u>	

Beaufort County, North Carolina
Washington Administrative Unit
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	2007		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Ad valorem taxes	\$ 105	\$ 104	\$ (1)
Expenditures:			
Education - School current expense	105	104	
Total Expenditures	105	104	1
Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses):			
Operating Transfers from General Fund	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net change in fund balance	-	-	-
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		\$ -	

Beaufort County, North Carolina
Fire District Funds (All Fire Districts)
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	2007		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Ad valorem taxes:			
Total Revenues	\$ 1,285,450	1,283,403	\$ (2,047)
Expenditures:			
Public safety:			
Total Expenditures	1,285,450	1,283,403	2,047
Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses):			
Proceeds from Installment Loan	-	-	-
Transfer to General Fund	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Financing Sources Over (Under) Uses	-	-	-
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		\$ -	

Beaufort County, North Carolina
E911 Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	2007		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Emergency Telephone System Charges		\$ 323,143	
Total Revenues	\$ 302,000	323,143	\$ 21,143
Expenditures:			
Public safety:			
E 911 Service		206,685	
Capital Outlay		-	
Total Expenditures	302,000	206,685	95,315
Revenues Over (Under) Expenditures	-	116,458	116,458
Other Financing Sources (Uses):			
Proceeds from Lease Purchase	-	-	-
Transfer to General Fund	-	-	-
Transfer from General Fund	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	116,458	116,458
Fund Balance Appropriated		-	-
Net change in fund balance	\$ -	116,458	\$ 116,458
Fund Balance:			
Beginning of Year, July 1		538,730	
End of Year, June 30		\$ 655,188	

Beaufort County, North Carolina
NC Housing Finance Agency
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2007

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

Beaufort County, North Carolina
Hazardous Mitigation
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2007

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

Beaufort County, North Carolina
Disaster Relief Initiative Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2007

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental					
Emergency management & State grant	1,661,128	1,618,686	-	1,618,686	(42,442)
Total Revenues	<u>1,661,128</u>	<u>1,618,686</u>	<u>-</u>	<u>1,618,686</u>	<u>(42,442)</u>
Expenditures:					
Current:					
Economic and physical development:	1,241,128	1,234,250	-	1,234,250	6,878
Revenues over expenditures	420,000	384,436	-	384,436	(35,564)
Other Financing Sources (Uses):					
Residual Equity Transfer from General Fund	(420,000)	(410,000)	25,564	(384,436)	35,564
Total Other Financing Sources (Uses)	<u>(420,000)</u>	<u>(410,000)</u>	<u>25,564</u>	<u>(384,436)</u>	<u>35,564</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>(25,564)</u></u>	25,564	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Fund balances:					
Beginning of year, July 1			(25,564)		
End of year, June 30			<u><u>\$ -</u></u>		

Beaufort County, North Carolina
 NC Disaster Relief Initiative Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and For the Fiscal Year Ended June 30, 2007

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

Beaufort County, North Carolina
Capital Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	2007		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Investment Earnings	\$ -	\$ 17,873	\$ 17,873
Expenditures	-	-	-
Revenues Over (Under) Expenditures	-	17,873	17,873
Other Financing Sources (Uses):			
Transfers in (out)	(300,000)	(300,000)	-
Total Other Financing Sources (Uses)	(300,000)	(300,000)	-
Revenues and Other Financing Sources Over (Under) Uses	(300,000)	(282,127)	17,873
Fund Balance Appropriated	300,000	-	(300,000)
Net change in fund balance	\$ -	(282,127)	\$ (282,127)
Fund Balance:			
Beginning of Year, July 1		337,765	
End of Year, June 30		\$ 55,638	

Beaufort County, North Carolina
CDBG Fund
01-C-0852
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2007

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

Beaufort County, North Carolina
CDBG Fund
04-C-1222

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2007

	Project Author - ization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental Interest Income	\$ 425,000	\$ 395,684	\$ 4,317	\$ 400,001	\$ (24,999)
Total Revenues	<u>425,000</u>	<u>395,684</u>	<u>4,317</u>	<u>400,001</u>	<u>(24,999)</u>
Expenditures:					
Current:					
Economic and physical development:	<u>425,000</u>	<u>411,939</u>	<u>4,000</u>	<u>415,939</u>	<u>9,061</u>
Revenues over expenditures	-	(16,255)	317	(15,938)	(15,938)
Other Financing Sources (Uses):					
Transfers in (out)	<u>-</u>	<u>-</u>	<u>15,938</u>	<u>15,938</u>	<u>(15,938)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>15,938</u>	<u>15,938</u>	<u>(15,938)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (16,255)</u>	16,255	<u>\$ -</u>	<u>\$ -</u>
Fund balances:					
Beginning of year, July 1			<u>(16,255)</u>		
End of year, June 30			<u>\$ -</u>		

Beaufort County, North Carolina
CDBG Fund
05-E-1411
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2007

	Project Author - ization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 3,399,024	\$ 526,695	\$ 25,350	\$ 552,045	\$ (2,846,979)
Interest Income	-	-	-	-	-
Total Revenues	<u>3,399,024</u>	<u>526,695</u>	<u>25,350</u>	<u>552,045</u>	<u>(2,846,979)</u>
Expenditures:					
Current:					
Economic and physical development:	<u>3,399,024</u>	<u>527,019</u>	<u>25,350</u>	<u>552,369</u>	<u>2,846,655</u>
Revenues over expenditures	-	(324)	-	(324)	(324)
Other Financing Sources (Uses):					
Local contribution	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (324)</u>	<u>-</u>	<u>\$ (324)</u>	<u>\$ (324)</u>
Fund balances:					
Beginning of year, July 1			<u>(324)</u>		
End of year, June 30			<u>\$ (324)</u>		

Beaufort County, North Carolina
Industrial Recruitment
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	2007		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Restricted Intergovernmental	\$	\$ 162,500	\$
Miscellaneous		-	
Investment Earnings		-	
Total Revenue	<u>207,500</u>	<u>162,500</u>	<u>(45,000)</u>
Expenditures		294,147	
Total Economic & Physical Development	<u>853,150</u>	<u>294,147</u>	<u>559,003</u>
Total Expenditures	<u>853,150</u>	<u>294,147</u>	<u>559,003</u>
Revenues Over (Under) Expenditures	<u>(645,650)</u>	<u>(131,647)</u>	<u>514,003</u>
Other Financing Sources (Uses):			
Transfers from other funds	645,650	131,647	(514,003)
Proceeds from Lease Purchase	-	-	-
Total Other Financing Sources (Uses)	<u>645,650</u>	<u>131,647</u>	<u>(514,003)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	-	-
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ <u>-</u>	\$ -	\$ <u>-</u>
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		\$ <u>-</u>	

Beaufort County, North Carolina
State and Federal Seizures Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	2007		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Restricted Intergovernmental	\$	\$ 110,439	\$
Miscellaneous		420	
Investment Earnings		-	
Total Revenue	<u>98,594</u>	<u>110,859</u>	<u>12,265</u>
Expenditures		78,096	
Total Public Safety	<u>122,304</u>	<u>78,096</u>	<u>44,208</u>
Total Expenditures	<u>122,304</u>	<u>78,096</u>	<u>44,208</u>
Revenues Over (Under) Expenditures	<u>(23,710)</u>	<u>32,763</u>	<u>56,473</u>
Other Financing Sources (Uses):			
Operating Transfers from General Fund	23,710	23,710	-
Proceeds from Lease Purchase	-	-	-
Total Other Financing Sources (Uses)	<u>23,710</u>	<u>23,710</u>	<u>-</u>
Net change in fund balance	-	56,473	56,473
Fund Balance Appropriated	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>56,473</u>	<u>\$ 56,473</u>
Fund Balance:			
Beginning of Year, July 1		<u>26,710</u>	
End of Year, June 30		<u>\$ 83,183</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, 2007

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total to Date	
Revenues					
NC Crisis Housing	\$ 8,370,422	\$ 8,149,776	\$ -	\$ 8,149,776	\$ (220,646)
Other Income	-	-	774	774	774
Total Revenues	<u>8,370,422</u>	<u>8,149,776</u>	<u>774</u>	<u>8,150,550</u>	<u>(219,872)</u>
Expenditures					
Economic & Physical Development:					
Administration	799,000	727,293	-	727,293	71,707
Rehabilitation	3,086,430	2,786,160	-	2,786,160	300,270
Replacement	4,104,570	4,304,084	-	4,304,084	(199,514)
Relocation	277,211	222,690	-	222,690	54,521
Other	103,211	95,155	-	95,155	8,056
Total Expenditures	<u>8,370,422</u>	<u>8,135,382</u>	<u>-</u>	<u>8,135,382</u>	<u>235,040</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>14,394</u>	<u>774</u>	<u>15,168</u>	<u>15,168</u>
Other financing sources:					
Transfer to General Fund	-	-	(15,168)	(15,168)	(15,168)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(15,168)</u>	<u>(15,168)</u>	<u>(15,168)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 14,394</u>	<u>(14,394)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:					
Beginning of year, July 1			<u>14,394</u>		
End of year, June 30			<u>\$ -</u>		

Beaufort County, North Carolina
Capital Project Fund - HMGP Buyout
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total to Date	
Revenues					
Grant funds	\$ 337,844	\$ 222,739	\$ -	\$ 222,739	\$ (115,105)
Investment Income	-	-	-	-	-
Total Revenues	<u>337,844</u>	<u>222,739</u>	<u>-</u>	<u>222,739</u>	<u>(115,105)</u>
Expenditures					
Economic & Physical Development:					
Administration	16,088	13,763	-	13,763	2,325
Support	11,100	3,458	-	3,458	7,642
Acquisition	310,656	205,298	-	205,298	105,358
Total Expenditures	<u>337,844</u>	<u>222,519</u>	<u>-</u>	<u>222,519</u>	<u>115,325</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>220</u>	<u>-</u>	<u>220</u>	<u>220</u>
Other financing sources:					
Transfer to General Fund	-	-	(220)	(220)	(220)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(220)</u>	<u>(220)</u>	<u>(220)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 220</u>	<u>(220)</u>	<u>\$ 220</u>	<u>\$ -</u>
Fund balances:					
Beginning of year, July 1			<u>220</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, 2007

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

Beaufort County, North Carolina
Capital Project Fund - Hospital Renovations
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Grant funds	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	410,483	202,037	185,796	387,833	(22,650)
Investment Income	390,000	279,153	-	279,153	(110,847)
Total Revenues	<u>800,483</u>	<u>481,190</u>	<u>185,796</u>	<u>666,986</u>	<u>(133,497)</u>
Expenditures					
Economic & Physical Development:					
Construction	20,130,483	7,017,856	2,073,737	9,091,593	11,038,890
Contingency	170,000	-	-	-	170,000
Total Expenditures	<u>20,300,483</u>	<u>7,017,856</u>	<u>2,073,737</u>	<u>9,091,593</u>	<u>11,208,890</u>
Revenues Over (Under) Expenditures	<u>(19,500,000)</u>	<u>(6,536,666)</u>	<u>(1,887,941)</u>	<u>(8,424,607)</u>	<u>11,075,393</u>
Other financing sources:					
Transfer in	1,500,000	165,859	-	165,859	(1,334,141)
Proceeds from long term debt	18,000,000	6,538,502	10,000,000	16,538,502	(1,461,498)
Total Other Financing Sources (Uses)	<u>19,500,000</u>	<u>6,704,361</u>	<u>10,000,000</u>	<u>16,704,361</u>	<u>(2,795,639)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 167,695</u>	<u>8,112,059</u>	<u>\$ 8,279,754</u>	<u>\$ 8,279,754</u>
Fund balances:					
Beginning of year, July 1			<u>167,695</u>		
End of year, June 30			<u>\$ 8,279,754</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, 2007

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total to Date	
Revenues					
Grant funds	\$ 1,719,365	\$ 1,228,349	\$ -	\$ 1,228,349	\$ (491,016)
Investment Income	-	-	-	-	-
Total Revenues	<u>1,719,365</u>	<u>1,228,349</u>	<u>-</u>	<u>1,228,349</u>	<u>(491,016)</u>
Expenditures					
Economic & Physical Development:					
Construction	1,920,365	1,371,997	12,500	1,384,497	535,868
Contingency	-	-	-	-	-
Total Expenditures	<u>1,920,365</u>	<u>1,371,997</u>	<u>12,500</u>	<u>1,384,497</u>	<u>535,868</u>
Revenues Over (Under) Expenditures	<u>(201,000)</u>	<u>(143,648)</u>	<u>(12,500)</u>	<u>(156,148)</u>	<u>44,852</u>
Other financing sources:					
Transfer (to)/from other funds	-	-	(44,852)	(44,852)	(44,852)
Local contribution	201,000	201,000	-	201,000	-
Total Other Financing Sources (Uses)	<u>201,000</u>	<u>201,000</u>	<u>(44,852)</u>	<u>156,148</u>	<u>(44,852)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 57,352</u>	<u>(57,352)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:					
Beginning of year, July 1			<u>57,352</u>		
End of year, June 30			<u>\$ -</u>		

Beaufort County, North Carolina
Hurricane Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2007

	Project Author - ization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental - HMGP	\$ 1,345,813	\$ 983,644	\$ 173,291	\$ 1,156,935	\$ (188,878)
Restricted intergovernmental - CDBG	600,000	247,192	340,893	588,085	(11,915)
Other	3,744	3,744	-	3,744	-
Interest Income	-	-	-	-	-
Total Revenues	<u>1,949,557</u>	<u>1,234,580</u>	<u>514,184</u>	<u>1,748,764</u>	<u>(200,793)</u>
Expenditures:					
Current:					
Economic and physical development:	<u>1,949,557</u>	<u>1,093,074</u>	<u>652,908</u>	<u>1,745,982</u>	<u>203,575</u>
Revenues over expenditures	-	141,506	(138,724)	2,782	2,782
Other Financing Sources (Uses):					
Homeowners contribution	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, Other Sources Over (Under) Expenditures and Other Uses					
	\$ <u>-</u>	\$ <u>141,506</u>	(138,724)	\$ <u>2,782</u>	\$ <u>2,782</u>
Fund balances:					
Beginning of year, July 1			<u>141,506</u>		
End of year, June 30			\$ <u>2,782</u>		

Beaufort County, North Carolina
 Capital Project Fund - Public Schools
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Favorable (Unfavorable)
Revenues					
Sale of Bonds	\$ 33,000,000	\$ 17,000,000	\$ 9,000,000	\$ 26,000,000	\$ (7,000,000)
Restricted intergovernmental	5,169,800	-	3,430,190	3,430,190	(1,739,610)
Other income	195,671	-	-	-	(195,671)
Investment Income	559,716	428,093	154,204	582,297	22,581
Total Revenues	<u>38,925,187</u>	<u>17,428,093</u>	<u>12,584,394</u>	<u>30,012,487</u>	<u>(8,912,700)</u>
Expenditures					
Economic & Physical Development:					
Construction	38,925,187	17,668,262	11,780,986	29,449,248	9,475,939
Total Expenditures	<u>38,925,187</u>	<u>17,668,262</u>	<u>11,780,986</u>	<u>29,449,248</u>	<u>9,475,939</u>
Revenues Over (Under) Expenditures	-	(240,169)	803,408	563,239	563,239
Other financing sources:					
Transfer to General Fund	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Revenues and other sources over expenditures	\$ -	\$ (240,169)	803,408	\$ 563,239	\$ 563,239
Fund balances:					
Beginning of year, July 1			(240,169)		
End of year, June 30			<u>\$ 563,239</u>		

Beaufort County, North Carolina
Capital Project Fund - Industrial Ready Building
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual		Variance Favorable (Unfavorable)
			Current Year	Total to Date	
Revenues					
CDBG Grant	\$ 18,000	\$ -	\$ 3,673	\$ 3,673	\$ (14,327)
Sale of industrial ready building	-	-	1,387,466	1,387,466	1,387,466
Investment Income	-	-	13,517	13,517	13,517
Total Revenues	<u>18,000</u>	<u>-</u>	<u>1,404,656</u>	<u>1,404,656</u>	<u>1,386,656</u>
Expenditures					
Economic & Physical Development:					
Construction	<u>2,560,587</u>	<u>1,084,196</u>	<u>495,713</u>	<u>1,579,909</u>	<u>980,678</u>
Total Expenditures	<u>2,560,587</u>	<u>1,084,196</u>	<u>495,713</u>	<u>1,579,909</u>	<u>980,678</u>
Revenues Over (Under) Expenditures	<u>(2,542,587)</u>	<u>(1,084,196)</u>	<u>908,943</u>	<u>(175,253)</u>	<u>2,367,334</u>
Other financing sources(uses):					
Transfer in from general fund	960,587	-	-	-	(960,587)
Principal payoff on IRB I	(1,200,000)	-	(1,098,980)	(1,098,980)	101,020
Loan Proceeds - IRB II	<u>2,782,000</u>	<u>1,086,206</u>	<u>1,382,000</u>	<u>2,468,206</u>	<u>(313,794)</u>
Total Other Financing Sources (Uses)	<u>2,542,587</u>	<u>1,086,206</u>	<u>283,020</u>	<u>1,369,226</u>	<u>(1,173,361)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 2,010</u>	1,191,963	<u>\$ 1,193,973</u>	<u>\$ 1,193,973</u>
Fund balances:					
Beginning of year, July 1			<u>2,010</u>		
End of year, June 30			<u>\$ 1,193,973</u>		

Beaufort County, North Carolina
 Capital Project Fund - Animal Shelter
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2007

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

Beaufort County, North Carolina
Capital Project Fund - Pantego Sewer
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Grants	\$ 838,567	\$ 183,047	\$ 20,913	\$ 203,960	\$ (634,607)
Investment Income	-	-	-	-	-
Total Revenues	<u>838,567</u>	<u>183,047</u>	<u>20,913</u>	<u>203,960</u>	<u>(634,607)</u>
Expenditures					
Economic & Physical Development:					
Construction	838,567	191,047	562,314	753,361	85,206
Total Expenditures	<u>838,567</u>	<u>191,047</u>	<u>562,314</u>	<u>753,361</u>	<u>85,206</u>
Revenues Over (Under) Expenditures	-	(8,000)	(541,401)	(549,401)	(549,401)
Other financing sources:					
Transfer in from other fund	-	-	22,500	22,500	22,500
Total Other Financing Sources (Uses)	-	-	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (8,000)</u>	(518,901)	<u>\$ (526,901)</u>	<u>\$ (526,901)</u>
Fund balances:					
Beginning of year, July 1			(8,000)		
End of year, June 30			<u>\$ (526,901)</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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 502,884	\$
Tap on Fees		23,750	
Miscellaneous		4,020	
Total Operating Revenues	<u>498,000</u>	<u>530,654</u>	<u>32,654</u>
Nonoperating Revenues			
Interest on Investments	<u>8,750</u>	<u>7,679</u>	<u>(1,071)</u>
Total Revenues	<u>506,750</u>	<u>538,333</u>	<u>31,583</u>
Expenditures:			
Administration:			
Supplies		697	
Telephone		7,119	
Travel		6,835	
Utilities		10,091	
Other administration expenses			
Total	<u>25,000</u>	<u>24,742</u>	<u>258</u>
Water treatment & distribution:			
Salaries and employee benefits		86,183	
Water purchase		83,160	
Supplies		22,375	
Maintenance		21,617	
Other expenses		9,603	
Total	<u>239,652</u>	<u>222,938</u>	<u>16,714</u>
Budgetary Appropriations:			
Capital Outlay		6,750	
Interest Paid		257,853	
Debt Principal		65,000	
Total	<u>329,603</u>	<u>329,603</u>	<u>-</u>
Total Expenditures	<u>594,255</u>	<u>577,283</u>	<u>16,972</u>
Revenues Over (Under) Expenditures	<u>(87,505)</u>	<u>(38,950)</u>	<u>48,555</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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Grants		-	
Transfer to other funds		-	
Transfer from other funds		624	
Total Other Financing Sources (Uses)	<u>624</u>	<u>624</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	(86,881)	(38,326)	48,555
Appropriated Fund Balance	<u>86,881</u>	<u>-</u>	<u>(86,881)</u>
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>-</u>	\$ <u>(38,326)</u>	\$ <u>(38,326)</u>

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>(38,326)</u>
Budgetary Appropriations:	
Capital Outlay	6,750
Capital contributions - grant	100,000
Principal Payments	65,000
Adjustments:	
Depreciation	<u>(7,201)</u>
Total reconciling items	164,549
Change in net assets	\$ <u><u>126,223</u></u>

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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales		\$ 676,835	
Tap on Fees		37,075	
Miscellaneous		13,259	
Total Operating Revenues	\$ 729,231	727,169	\$ (2,062)
Nonoperating Revenues			
Interest on Investments	6,000	11,798	5,798
Total Revenues	735,231	738,967	3,736
Expenditures:			
Administration:			
Supplies		1,069	
Telephone		10,917	
Travel		10,486	
Utilities		14,252	
Other administration expenses		2,558	
Total	40,000	39,282	718
Water treatment & distribution:			
Salaries and employee benefits		128,415	
Water purchase		125,253	
Supplies		35,023	
Maintenance		33,975	
Other expenses		11,047	
Total	514,047	333,713	180,334
Budgetary Appropriations:			
Capital Outlay		10,371	
Interest Paid		248,753	
Debt Principal		77,000	
Total	336,124	336,124	-
Total Expenditures	890,171	709,119	181,052
Revenues Over (Under) Expenditures	(154,940)	29,848	184,788

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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Bond Proceeds		-	
Transfer to other funds	-	-	
Transfer from other funds	960	960	
Total Other Financing Sources (Uses)	<u>960</u>	<u>960</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	(153,980)	30,808	184,788
Appropriated Fund Balance	<u>153,980</u>	<u>-</u>	<u>(153,980)</u>
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 30,808</u>	<u>\$ 30,808</u>

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>30,808</u>
Budgetary Appropriations:	
Capital Outlay	10,371
Capital contributions - grant	-
Principal Payments	77,000
Adjustments:	
Loss on disposal of asset	-
Depreciation	<u>(117,905)</u>
Total reconciling items	<u>(30,534)</u>
Change in net assets	\$ <u>274</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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 801,512	\$
Tap on Fees		24,350	
Miscellaneous		4,553	
Total Operating Revenues	<u>740,912</u>	<u>830,415</u>	<u>89,503</u>
Nonoperating Revenues			
Interest on Investments	<u>3,862</u>	<u>11,798</u>	<u>7,936</u>
Total Revenues	<u>744,774</u>	<u>842,213</u>	<u>97,439</u>
Expenditures:			
Administration:			
Supplies		1,052	
Telephone		10,782	
Travel		10,379	
Utilities		13,661	
Other administration expenses		4,895	
Total	<u>41,000</u>	<u>40,769</u>	<u>231</u>
Water treatment & distribution:			
Salaries and employee benefits		127,299	
Water purchase		114,085	
Supplies		33,271	
Maintenance		32,876	
Other expenses		25,107	
Total	<u>363,612</u>	<u>332,638</u>	<u>30,974</u>
Budgetary Appropriations:			
Capital Outlay		10,371	
Interest Paid		308,288	
Debt Principal		114,800	
Total	<u>433,459</u>	<u>433,459</u>	<u>-</u>
Total Expenditures	<u>838,071</u>	<u>806,866</u>	<u>31,205</u>
Revenues Over (Under) Expenditures	<u>(93,297)</u>	<u>35,347</u>	<u>128,644</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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Bond Proceeds		-	
Transfer to other funds		-	
Transfer from other funds		960	
Total Other Financing Sources (Uses)	<u>960</u>	<u>960</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	(92,337)	36,307	128,644
Appropriated Fund Balance	<u>92,337</u>	<u>-</u>	<u>(92,337)</u>
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>-</u>	\$ <u>36,307</u>	\$ <u>36,307</u>

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>36,307</u>
Budgetary Appropriations:	
Capital Outlay	10,371
Principal Payments	114,800
Capital contributions - grant	-
Adjustments:	
Depreciation	<u>(139,659)</u>
Total reconciling items	(14,488)
Change in net assets	\$ <u>21,819</u>

Beaufort County, North Carolina
Enterprise Fund - Water District IV
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 798,575	\$
Tap on Fees		37,427	
Miscellaneous		11,467	
Total Operating Revenues	<u>806,500</u>	<u>847,469</u>	<u>40,969</u>
Nonoperating Revenues			
Interest on Investments	<u>6,200</u>	<u>12,388</u>	<u>6,188</u>
Total Revenues	<u>812,700</u>	<u>859,857</u>	<u>47,157</u>
Expenditures:			
Administration:			
Supplies		1,118	
Telephone		11,428	
Travel		10,983	
Utilities		14,847	
Other administration expenses		4,953	
Total	<u>44,000</u>	<u>43,329</u>	<u>671</u>
Water treatment & distribution:			
Salaries and employee benefits		134,586	
Water purchase		128,718	
Supplies		35,691	
Maintenance		34,751	
Other expenses		9,297	
Total	<u>371,481</u>	<u>343,043</u>	<u>28,438</u>
Budgetary Appropriations:			
Capital Outlay		10,371	
Interest Paid		373,778	
Debt Principal		118,500	
Total	<u>502,649</u>	<u>502,649</u>	<u>-</u>
Total Expenditures	<u>918,130</u>	<u>889,021</u>	<u>29,109</u>
Revenues Over (Under) Expenditures	<u>(105,430)</u>	<u>(29,164)</u>	<u>76,266</u>

Beaufort County, North Carolina
Enterprise Fund - Water District IV
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Grants		-	
Transfer to other funds		1,008	
Transfer from other funds		-	
Total Other Financing Sources (Uses)	<u>1,008</u>	<u>1,008</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	(104,422)	(28,156)	76,266
Appropriated Fund Balance	<u>104,422</u>	<u>-</u>	<u>(104,422)</u>
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (28,156)</u>	<u>\$ (28,156)</u>

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	<u>\$ (28,156)</u>
Budgetary Appropriations:	
Capital Outlay	10,371
Principal Payments	118,500
Adjustments:	
Capital contribution - grant	-
Capital project - other revenue	-
Depreciation	<u>(17,103)</u>
Total reconciling items	111,768
Change in net assets	<u>\$ 83,612</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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 367,461	\$
Tap on Fees		13,275	
Miscellaneous		7,894	
Total Operating Revenues	<u>370,500</u>	<u>388,630</u>	<u>18,130</u>
Nonoperating Revenues			
Interest on Investments	<u>1,500</u>	<u>5,181</u>	<u>3,681</u>
Total Revenues	<u>372,000</u>	<u>393,811</u>	<u>21,811</u>
Expenditures:			
Administration:			
Supplies		471	
Telephone		4,807	
Travel		4,614	
Utilities		6,530	
Other administration expenses		1,941	
Total	<u>20,000</u>	<u>18,363</u>	<u>1,637</u>
Water distribution			
Salaries and employee benefits		57,462	
Water purchase		56,284	
Supplies		15,120	
Maintenance		14,592	
Other expenses		4,407	
Total	<u>158,578</u>	<u>147,865</u>	<u>10,713</u>
Budgetary Appropriations:			
Capital Outlay		4,554	
Interest Paid		188,492	
Debt Principal		89,225	
Total	<u>282,271</u>	<u>282,271</u>	<u>-</u>
Total Expenditures	<u>460,849</u>	<u>448,499</u>	<u>12,350</u>
Revenues Over (Under) Expenditures	<u>(88,849)</u>	<u>(54,688)</u>	<u>34,161</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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Damage reimbursement			
Transfer to other funds		-	
Transfer from other funds		421	
Total Other Financing Sources (Uses)	<u>421</u>	<u>421</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	(88,428)	(54,267)	34,161
Appropriated Fund Balance	<u>88,428</u>	<u>-</u>	<u>(88,428)</u>
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (54,267)</u>	<u>\$ (54,267)</u>

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>(54,267)</u>
Budgetary Appropriations:	
Capital Outlay	4,554
Principal Payments	89,225
Capital contribution - grant	-
Adjustments:	
Loss on disposal of asset	-
Depreciation	<u>(37,705)</u>
Total reconciling items	56,074
Change in net assets	\$ <u>1,807</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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 827,894	\$
Tap on Fees		41,350	
Miscellaneous		12,670	
Total Operating Revenues	<u>878,500</u>	<u>881,914</u>	<u>3,414</u>
Nonoperating Revenues			
Interest on Investments	<u>26,000</u>	<u>15,866</u>	<u>(10,134)</u>
Total Revenues	<u>904,500</u>	<u>897,780</u>	<u>(6,720)</u>
Expenditures:			
Administration:			
Supplies		1,440	
Telephone		14,125	
Travel		29,526	
Utilities		43,684	
Other administration expenses		3,714	
Total	<u>93,000</u>	<u>92,489</u>	<u>511</u>
Water distribution:			
Salaries and employee benefits		171,620	
Water Purchase		29,526	
Supplies		46,236	
Maintenance		44,668	
Other expenses		16,791	
Total	<u>355,291</u>	<u>308,841</u>	<u>46,450</u>
Budgetary Appropriations:			
Capital Outlay		13,947	
Interest Paid		481,500	
Debt Principal		115,000	
Total	<u>610,447</u>	<u>610,447</u>	<u>-</u>
Total Expenditures	<u>1,058,738</u>	<u>1,011,777</u>	<u>46,961</u>
Revenues Over (Under) Expenditures	<u>(154,238)</u>	<u>(113,997)</u>	<u>40,241</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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Grants		-	
Repayment of advance		-	
Transfer to other funds		-	
Transfer from other funds		1,291	
Total Other Financing Sources (Uses)	1,291	1,291	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	(152,947)	(112,706)	40,241
Appropriated Fund Balance	152,947	-	(152,947)
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ -	\$ (112,706)	\$ (112,706)

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ (112,706)
Budgetary Appropriations:	
Capital Outlay	13,947
Principal Payments	115,000
Adjustments:	
Capital contribution - grant	167,023
Capital project - transfer in	-
Depreciation	(25,730)
Total reconciling items	270,240
Change in net assets	\$ 157,534

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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues			
Water sales	\$	\$ 565,607	\$
Tap on Fees		15,325	
Miscellaneous		9,111	
Total Operating Revenues	<u>619,246</u>	<u>590,043</u>	<u>(29,203)</u>
Nonoperating Revenues			
Interest on Investments	<u>4,800</u>	<u>8,983</u>	<u>4,183</u>
Total Revenues	<u>624,046</u>	<u>599,026</u>	<u>(25,020)</u>
Expenditures:			
Administration:			
Supplies			
Telephone		814	
Travel		8,306	
Utilities		26,600	
Other administration expenses		2,860	
Total	<u>40,000</u>	<u>38,580</u>	<u>1,420</u>
Water distribution:			
Salaries and employee benefits		98,698	
Water purchase		4,226	
Supplies		26,019	
Maintenance		27,702	
Other expenses		15,634	
Total	<u>230,628</u>	<u>172,279</u>	<u>58,349</u>
Budgetary Appropriations:			
Capital Outlay		7,897	
Interest Paid		264,741	
Debt Principal		83,500	
Total	<u>356,138</u>	<u>356,138</u>	<u>-</u>
Total Expenditures	<u>626,766</u>	<u>566,997</u>	<u>59,769</u>
Revenues Over (Under) Expenditures	<u>(2,720)</u>	<u>32,029</u>	<u>34,749</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, 2007

	2007		Variance Positive (Negative)
	Budget	Actual	
Other Financing Sources and (Uses):			
Bond Proceeds		-	
Operating Transfer to other funds		-	
Operating Transfer from other funds	-	731	
Total Other Financing Sources (Uses)	<u>731</u>	<u>731</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	(1,989)	32,760	34,749
Appropriated Fund Balance	<u>1,989</u>	<u>-</u>	<u>(1,989)</u>
Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>-</u>	\$ <u>32,760</u>	\$ <u>32,760</u>

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under) Expenditures and Other Uses	\$ <u>32,760</u>
Budgetary Appropriations:	
Capital Outlay	7,897
Principal Payments	83,500
Adjustments:	
Capital contribution - grant	114,986
Loss on disposal of asset	-
Depreciation	<u>(12,565)</u>
Total reconciling items	193,818
Change in net assets	\$ <u>226,578</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, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant - Clean water grant	\$ 3,502,652	\$ 3,107,011	\$ 100,000	\$ 3,207,011	\$ (295,641)
Developer contribution	13,747	105,625	-	105,625	91,878
Investment Income	-	-	-	-	-
Total Revenues	<u>3,516,399</u>	<u>3,212,636</u>	<u>100,000</u>	<u>3,312,636</u>	<u>(203,763)</u>
Expenditures:					
Administration	14,238	45,065	-	45,065	(30,827)
Engineering	325,821	400,609	-	400,609	(74,788)
Inspection	28,750	161,683	-	161,683	(132,933)
Construction	9,343,947	7,657,722	-	7,657,722	1,686,225
Total Expenditures	<u>9,712,756</u>	<u>8,265,079</u>	<u>-</u>	<u>8,265,079</u>	<u>1,447,677</u>
Revenues Over (Under) Expenditures	<u>(6,196,357)</u>	<u>(5,052,443)</u>	<u>100,000</u>	<u>(4,952,443)</u>	<u>1,243,914</u>
Other financing sources:					
Bond anticipation notes	5,467,300	5,467,300	-	5,467,300	-
Transfer from/to other funds	729,057	1,098,742	-	1,098,742	369,685
Total Other Financing Sources (Uses)	<u>6,196,357</u>	<u>6,566,042</u>	<u>-</u>	<u>6,566,042</u>	<u>369,685</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 1,513,599</u>	<u>\$ 100,000</u>	<u>\$ 1,613,599</u>	<u>\$ 1,613,599</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, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant	\$ 1,800,620	\$ 233,451	\$ -	\$ 233,451	\$ (1,567,169)
Other	-	1,962	-	1,962	1,962
Investment Income	-	-	-	-	-
Total Revenues	<u>1,800,620</u>	<u>235,413</u>	<u>-</u>	<u>235,413</u>	<u>(1,565,207)</u>
Expenditures:					
Engineering	148,325	11,162	11,001	22,163	126,162
Construction	1,442,644	197,623	-	197,623	1,245,021
Interest	136,879	-	-	-	136,879
Contingency	72,772	15,627	-	15,627	57,145
Total Expenditures	<u>1,800,620</u>	<u>224,412</u>	<u>11,001</u>	<u>235,413</u>	<u>1,565,207</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>11,001</u>	<u>(11,001)</u>	<u>-</u>	<u>-</u>
Other financing sources:					
Transfer from other funds	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 11,001</u>	<u>\$ (11,001)</u>	<u>\$ -</u>	<u>\$ -</u>

Beaufort County, North Carolina
Water District Capital Project Fund - Water District III
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2006

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant	\$ 1,123,795	\$ 493,419	\$ -	\$ 493,419	\$ (630,376)
Other	-	12,589	-	12,589	12,589
Investment Income	-	335	-	335	-
Total Revenues	<u>1,123,795</u>	<u>506,343</u>	<u>-</u>	<u>506,343</u>	<u>(617,787)</u>
Expenditures:					
Engineering	92,464	64,220	-	64,220	28,244
Construction	975,258	396,810	11,335	408,145	567,113
Interest	1,219	-	-	-	1,219
Contingency	54,854	33,978	-	33,978	20,876
Total Expenditures	<u>1,123,795</u>	<u>495,008</u>	<u>11,335</u>	<u>506,343</u>	<u>617,452</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>11,335</u>	<u>(11,335)</u>	<u>-</u>	<u>(335)</u>
Other financing sources:					
Transfer from other funds	-	-	-	-	-
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 11,335</u>	<u>\$ (11,335)</u>	<u>\$ -</u>	<u>\$ (335)</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, 2007

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
State grant	\$ 3,269,300	\$ 3,331,140	\$ -	\$ 3,331,140	\$ 61,840
Tap fees	47,700	-	-	-	(47,700)
Other	70,000	14,782	-	14,782	(55,218)
Investment Income	-	74,514	-	74,514	74,514
Total Revenues	<u>3,387,000</u>	<u>3,420,436</u>	<u>-</u>	<u>3,420,436</u>	<u>33,436</u>
Expenditures:					
Engineering	610,057	560,943	-	560,943	49,114
Construction	6,330,020	6,641,732	-	6,641,732	(311,712)
Interest	604,252	525,168	-	525,168	79,084
Administrative services	700	919	-	919	(219)
Legal and accounting	51,354	58,833	-	58,833	(7,479)
Land purchase	35,000	35,000	-	35,000	-
Water district I expenses	442,536	441,159	-	441,159	1,377
Water district V expenses	362,612	362,612	-	362,612	-
Contingency	168,154	-	-	-	168,154
Total Expenditures	<u>8,604,685</u>	<u>8,626,366</u>	<u>-</u>	<u>8,626,366</u>	<u>(21,681)</u>
Revenues Over (Under) Expenditures	<u>(5,217,685)</u>	<u>(5,205,930)</u>	<u>-</u>	<u>(5,205,930)</u>	<u>11,755</u>
Other financing sources:					
From District IV Phase II	53,543	53,543	-	53,543	-
To Water District I	(283,742)	(283,742)	-	(283,742)	-
From District V	47,884	47,884	-	47,884	-
Proceeds from long term debt	5,400,000	5,400,000	-	5,400,000	-
Total other financing sources	<u>5,217,685</u>	<u>5,217,685</u>	<u>-</u>	<u>5,217,685</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 11,755</u>	<u>\$ -</u>	<u>\$ 11,755</u>	<u>\$ 11,755</u>

Beaufort County, North Carolina
Water District Capital Project Fund - Water District IV - Phase II
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
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>
Expenditures:					
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>
Other financing sources (uses):					
To other Districts	(53,543)	53,543	-	53,543	107,086
Proceeds from long term debt	3,042,000	3,042,000	-	3,042,000	-
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, 2007

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

Beaufort County, North Carolina
Water District Capital Project Fund - Water District V Pantego Capital Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

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

Beaufort County, North Carolina
Water District Capital Project Fund - Water District VI Southside HS
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

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

Beaufort County, North Carolina
Water District Capital Project Fund - Water District VI Chocowinity
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant	\$ 3,000,000	\$ 3,073,308	\$ -	\$ 3,073,308	\$ 73,308
State grant	1,364,000	1,364,000	-	1,364,000	-
Other restricted grants	5,378,079	3,935,090	167,023	4,102,113	(1,275,966)
Other	-	139,077	-	139,077	139,077
Investment Income	-	-	-	-	-
Total Revenues	<u>9,742,079</u>	<u>8,511,475</u>	<u>167,023</u>	<u>8,678,498</u>	<u>(1,063,581)</u>
Expenditures:					
Engineering	924,723	945,435	19,059	964,494	(39,771)
Construction	17,240,974	16,390,559	-	16,390,559	850,415
Land purchase	197,832	178,800	-	178,800	19,032
Inspection	573,506	675,898	16,923	692,821	(119,315)
Interest	1,245,100	962,999	-	962,999	282,101
Contingency	359,944	-	389	389	359,555
Total Expenditures	<u>20,542,079</u>	<u>19,153,691</u>	<u>36,371</u>	<u>19,190,062</u>	<u>1,352,017</u>
Revenues Over (Under) Expenditures	<u>(10,800,000)</u>	<u>(10,642,216)</u>	<u>130,652</u>	<u>(10,511,564)</u>	<u>288,436</u>
Other financing sources:					
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>\$ 186,684</u>	<u>\$ 130,652</u>	<u>\$ 317,336</u>	<u>\$ 317,336</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, 2007

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Varinace Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grant	\$ 9,814,140	\$ 3,689,280	\$ 114,986	\$ 3,804,266	\$ (6,009,874)
Tap fees	31,000	178,963	-	178,963	147,963
Investment Income	8,261	-	-	-	(8,261)
Total Revenues	<u>9,853,401</u>	<u>3,868,243</u>	<u>114,986</u>	<u>3,983,229</u>	<u>(5,870,172)</u>
Expenditures:					
Engineering	607,042	603,808	-	603,808	3,234
Construction	14,657,351	8,659,421	95,272	8,754,693	5,902,658
Interest	526,506	525,566	-	525,566	940
Legal and accounting	62,502	62,482	-	62,482	20
Contingency	-	-	-	-	-
Total Expenditures	<u>15,853,401</u>	<u>9,851,277</u>	<u>95,272</u>	<u>9,946,549</u>	<u>5,906,852</u>
Revenues Over (Under) Expenditures	<u>(6,000,000)</u>	<u>(5,983,034)</u>	<u>19,714</u>	<u>(5,963,320)</u>	<u>36,680</u>
Other financing sources:					
Proceeds from long term debt	<u>6,000,000</u>	<u>6,100,000</u>	<u>-</u>	<u>6,100,000</u>	<u>100,000</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 116,966</u>	<u>\$ 19,714</u>	<u>\$ 136,680</u>	<u>\$ 136,680</u>

Beaufort County, North Carolina
 Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 For the Fiscal Year Ended June 30, 2007

	Balance July 1, 2006	Net Change	June 30, 2007
Social Services Fund:			
Cash and Investments	\$ <u>49,634</u>	\$ <u>(1,365)</u>	\$ <u>48,269</u>
Liabilities	\$ <u>49,634</u>	\$ <u>(1,365)</u>	\$ <u>48,269</u>
Sheriff Accounts:			
Cash and Investments	\$ <u>3,601</u>	\$ <u>8,889</u>	\$ <u>12,490</u>
Liabilities	\$ <u>3,601</u>	\$ <u>8,889</u>	\$ <u>12,490</u>
Motor Vehicle Tax:			
Cash and Investments	\$ <u>1,002</u>	\$ <u>601</u>	\$ <u>1,603</u>
Liabilities	\$ <u>1,002</u>	\$ <u>601</u>	\$ <u>1,603</u>
Total - All Agency Funds:			
Cash and Investments	\$ <u>53,235</u>	\$ <u>7,524</u>	\$ <u>60,759</u>
Liabilities	\$ <u>53,235</u>	\$ <u>7,524</u>	\$ <u>60,759</u>

Beaufort County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2007

<u>Fiscal Year</u>	Uncollected Balance <u>June 30, 2006</u>	Additions	Collections And Credits	Uncollected Balance <u>June 30, 2007</u>
2006-2007	\$ -	\$ 22,898,464	\$ 21,798,597	\$ 1,099,867
2005-2006	1,086,447	-	766,811	319,636
2004-2005	388,346	-	174,988	213,358
2003-2004	265,222	-	67,986	197,236
2002-2003	233,253	-	43,040	190,213
2001-2002	196,158	-	23,439	172,719
2000-2001	194,545	-	14,624	179,921
1999-2000	146,152	-	10,466	135,686
1998-1999	106,373	-	8,125	98,248
1997-1998	85,451	-	4,207	81,244
1996-1997	71,113	-	71,113	-
TOTALS	\$ <u>2,773,060</u>	\$ <u>22,898,464</u>	\$ <u>22,983,396</u>	\$ <u>2,688,129</u>

Less: Allowance for uncollectable taxes

(750,000)

Ad valorem taxes - General Fund

\$ 1,938,129

Reconciliation with revenues:

Ad valorem taxes - General Fund

\$ 23,267,088

Reconciling items:

Penalties and Interest

(356,449)

Collection of Old Taxes

(4,941)

Release

77,698

Total Reconciling Items

(283,692)

Total Collections and Credits

\$ 22,983,396

Beaufort County, North Carolina
 Analysis of Current Tax Levy
 County - Wide Levy
 For the Fiscal Year Ended June 30, 2007

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Taxes at Current Year Rate	\$ 3,814,491,000	0.6000%	\$ 22,886,946	\$ 20,506,378	\$ 2,380,568
Penalties			24,195	24,195	-
Total Original Levy	<u>3,814,491,000</u>		<u>22,911,141</u>	<u>20,530,573</u>	<u>2,380,568</u>
Discoveries:					
Current year taxes	14,192,500	0.6000%	85,155	85,155	-
Penalties			12,583	12,583	-
Total Discoveries	<u>14,192,500</u>		<u>97,738</u>	<u>97,738</u>	<u>-</u>
Abatements					
Current Year Taxes	(18,402,500)	0.6000%	(110,415)	(69,593)	(40,822)
Penalties			-	-	-
Total Abatements	<u>(18,402,500)</u>		<u>(110,415)</u>	<u>(69,593)</u>	<u>(40,822)</u>
Total for Year	<u>\$ 3,810,281,000</u>		22,898,464	20,558,718	2,339,746
Uncollected taxes at June 30, 2007			1,099,867	694,250	405,617
Current year's taxes collected			<u>\$ 21,798,597</u>	<u>\$ 19,864,468</u>	<u>\$ 1,934,129</u>
Current levy collection percentage			<u>95.20%</u>	<u>96.62%</u>	<u>82.66%</u>

Beaufort County, North Carolina
Analysis of Current Tax Levy
County - wide Levy
For the Fiscal Year Ended June 30, 2007

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100 %
Real Property	\$ 2,501,110,744
Personal Property	1,246,712,640
Public Service Companies ²	<u>62,457,616</u>
Total Assessed Valuation	<u>3,810,281,000</u>
Tax Rate per \$100	0.6
Levy (includes discoveries, releases and abatements) ³	<u>\$ 22,898,464</u>

¹ Percentage of appraised value has been established by statute.

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

³ 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, 2007**

Taxpayer	Type of Business	2006 Assessed Valuation	Percentage of Total Assessed Valuation
PCS Phosphate Company, Inc.	Phosphate Mining/Acid Production	\$ 518,671,082	13.61 %
Purified Acid Partnership	Acid Production	146,588,737	3.85
Weyerhaeuser Co.	Tree Farm Operation	58,019,082	1.52
Tideland Electric Membership	Utilities	19,539,710	0.51
Stanadyne Automotive Corp.	Automotive Diesel Components	17,618,378	0.46
Carolina Telephone & Telegraph	Communications	14,888,940	0.39
Fountain Powerboats Inc.	Powerboats	12,646,544	0.33
Progress Energy	Utilities	11,429,233	0.30
Gregory Poole Leasing LLC	Equipment Leasing	10,156,710	0.27
Flanders Filters, Inc.	Manufacturer	10,109,248	0.27
Total		<u>\$ 819,667,664</u>	<u>21.51 %</u>



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

To the Board of Commissioners
Beaufort County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Beaufort County, North Carolina, as of and for the year ended June 30, 2007, which collectively comprises Beaufort County's basic financial statements and have issued our report thereon dated October 22, 2007. We did not audit the financial statements of the Beaufort County ABC Board or Beaufort County Hospital. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beaufort County ABC Board or Beaufort County Hospital is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of the Beaufort County Hospital Association or Beaufort County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

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

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

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Compliance and Other Matters

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

We noted certain matters that we reported to management of Beaufort County, in a separate letter dated October 22, 2007.

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

Thompson, Price, Scott, Adams & Co., P.A.
Thompson, Price, Scott, Adams & Co., P.A.
October 22, 2007



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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, 2007. Beaufort County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Beaufort County's management. Our responsibility is to express an opinion on the Beaufort County's compliance based on our audit.

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

In our opinion, Beaufort County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Beaufort County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Beaufort County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

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

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
October 22, 2007



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

To the Board of County Commissioners
Beaufort County, North Carolina

Compliance

We have audited the compliance of 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, 2007. 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 of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Beaufort County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Beaufort County's compliance with those requirements.

In our opinion, Beaufort County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007.

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 Beaufort County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

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

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

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

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

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

October 22, 2007

Beaufort County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2007

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified
that are not considered to be
material weaknesses ___ yes x no

Noncompliance material to financial
statements noted ___yes X no

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are
required to be reported in accordance
with Section 510(a) of Circular A-133 ___yes X no

Identification of major federal programs:

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

Federal programs that did not meet the criteria for a major program using the criteria discussed on OMB Circular No. A-133 Section .520 but were tested as a major program because the State mandated the program be included are included in the list of major federal programs (WIC).

Beaufort County, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2007

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 1,942,060

Auditee qualified as low-risk auditee? ___yes Xno

State Awards

Internal control over major state programs:

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

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

Any audit findings disclosed that are
required to be reported in accordance
with State Single Audit Implementation
Act ___yes Xno

Identification of major state programs:

Name of State Program or Cluster

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

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, 2007

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

Beaufort County, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2007

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

Beaufort County, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2007

Status: N/A

Beaufort County, North Carolina
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2007

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Fed. (Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
Federal Awards:				
<u>U.S. Dept. of Agriculture</u>				
Passed-through N.C. Dept. of Agriculture:				
Water system development	10.760	\$ 17,023	\$ -	\$ -
Total USDA		<u>17,023</u>	<u>-</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Food Stamp Cluster:				
Food Stamp Program - Direct Benefit Payment	10.551	6,117,220	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561	358,944	-	358,944
Total Food Stamp Cluster		<u>6,476,164</u>	<u>-</u>	<u>358,944</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	242,764	-	-
AGRI-SFP Food Program Meal	10.559	236	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	1,162,933	-	-
Passed-through Mid East Commission Council of Governments:				
USDA Supplement	10.550	1,436	-	-
Total U.S. Dept. of Agriculture		<u>7,900,556</u>	<u>-</u>	<u>358,944</u>
<u>U. S. Department of Homeland Security</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Division of Emergency Management				
Bulletproof Vest Program	16.607	182	-	-
Home Land Security Grant Program	97.004	41,569	-	-
Juvenile Accountability IBG	16.523	12,575	-	-
Public Assistance Grants - Disaster Areas	97.036	6,668	-	-
Flood Mitigation	97.029	33,189	-	11,063
Emergency Management Performance Grant	97.042	17,406	-	17,406
Hazardous Mitigation Grant	97.039	213,160	68,845	-
		<u>324,749</u>	<u>68,845</u>	<u>28,469</u>

Beaufort County, North Carolina
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2007

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. Dept. of Health & Human Services</u>				
<u>Administration on Aging:</u>				
<u>Division of Aging and Adult Services</u>				
Passed-through Mid East Commission Council of Governments:				
Home & Community Care Block Grant:				
Access - Title III-B	93.044	24,707	52,231	1,739
In-home Services:				
Title III-B	93.044	93,527	2,672	1,344
SSBG	93.667	19,203	549	276
Congregate Nutrition Title III-C	93.045	32,019	11,209	1,556
Home - Delivered Nutrition - Title III-C	93.045	52,939	26,582	445
Total Aging Cluster		222,395	93,243	5,360
 <u>Administration for Children and Families</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Work First Administration	93.558	99,087	32,534	72,821
TANF Domestic Violence	93.558	4,419	-	-
Work First Service	93.558	415,762	177,151	396,525
TANF Payment and Penalties	93.558	297,036	(18)	-
TANF Up	93.558	(162)	-	-
TANF Foster Care	93.558	0	-	-
AFDC Payments and Penalties	93.560	(1,919)	(526)	(526)
Child Support Enforcement	93.563	459,115	-	236,514
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568	362,566	-	-
Child Welfare Services-State Grants	93.645	13,633	3,504	1,040
Social Services Block Grant	93.667	232,148	22,660	76,089
Independent Living Grant	93.674	10,035	2,026	-
 Foster Care and Adoption Cluster:				
Title IV-E Foster Care-Administration	93.658	400,413	84,280	315,704
Foster Care-Direct Benefit Payments	93.658	82,244	18,363	27,517
Adoption Assistance-Direct Payments	93.659	297,712	82,819	82,819
Total Foster Care and Adoption Cluster		780,369	185,462	426,040

Beaufort County, North Carolina
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2007

Grantor/Pass-through <u>Grantor/Program Title</u>	Federal CFDA <u>Number</u>	Fed. (Direct & Pass-through) <u>Expenditures</u>	State <u>Expenditures</u>	Local <u>Expenditures</u>
Division of Child Development:				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services:				
Child Care Development Fund-Administration	93.596	88,154	-	-
Subsidized Child Care Cluster:				
Child Care and Development Block Grant	93.575	626,856	-	-
Child Care and Development Fund - Mandatory	93.596	246,924	-	-
Child Care and Development Fund - Match	93.596	369,759	194,404	-
		1,331,693	194,404	-
Social Services Block Grant	93.667	35,381	-	-
Temporary Assistance for Needy Families	93.558	227,992	-	-
Smart Start		-	28,726	-
State Appropriations		-	234,402	-
TANF - Maintenance		-	294,159	-
Total Subsidized Child Care Cluster		1,595,066	751,691	-
<u>Health Care Financing Administration</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	50,630,404	24,830,481	4,384,528
Division of Social Services:				
Medical Assistance Program	93.778	637,867	28,600	609,266
Administration:				
State Children's Insurance Program - N.C. Health Choice	93.767	23,427	2,350	5,469
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Immunization Action Plan	93.268	14,202	-	-
Diabetes Control Program	93.988	500	-	-
Family Planning Services	93.217	43,805	-	-
Bioterrorism Grant	93.283	79,464	-	-
Prevention Investigations & Tech. Assistance	93.283	25,201	-	-
Preventive Health and Health Services Block Grant	93.991	16,357	-	-
Temporary Assistance for Needy Families	93.558	6,989	-	-
Maternal and Child Health Services Block Grant	93.994	145,344	-	-
		56,113,110	26,129,158	6,213,126
<u>Dept. of Housing and Urban Development(HUD)</u>				
CDBG Grant	14.228	374,233	-	-
		374,233	-	-
Total Federal Awards		64,712,648	26,129,158	6,572,070

Beaufort County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2007

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
State Awards:				
<u>N.C. Dept. of Health and Human Services</u>				
Division of Social Services:				
AFDC Incentive		-	245	-
Foster Care at Risk Max		-	28,963	16,101
Adoption Subsidy		-	77,649	22,296
TANF		-	1,250	-
CPS Expansion to State		-	40,934	-
County Funded Programs/Non Allocating costs		-	-	1,405,881
CP & L Energy Program		-	2,075	-
State/County Special Assistance for Adults		-	497,701	519,909
State Foster Care Benefits Program		22,681	56,559	76,969
Division of Public Health:				
Communicable disease		-	2,684	-
General Health		-	21,025	-
Health Promotion		-	9,668	-
TB Medical Services		-	1,776	-
Immunization		-	1,241	-
Public Health Nurse Training		-	1,800	-
Tuberculosis		-	23,945	-
Aids		-	33,923	-
Direct Grant: State appropriation - soil & water		-	29,944	-
Division of Aging:				
90 % State Funds		-	175,483	17,531
Total N. C. Department of Health and Human Services	<u>22,681</u>	<u>1,006,865</u>	<u>2,058,687</u>	
<u>N.C. Dept. of Juvenile Justice</u>				
Juvenile Crime Prevention		-	165,420	-
Total Office of Governor		-	165,420	-
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program (ROAP)				
Elderly and Disabled Transportation Assistance Program (E&DTAP)		-	47,856	-
ROAP Work First Transitional - Employment Transportation Assistance Program		-	6,186	-
ROAP Rural General Public Program		-	46,135	-
Total N. C. Dept. Of Transportation		-	100,177	-
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund		-	2,980,190	-
<u>N.C. Dept. of Health & Natural Resources</u>				
Scrap Tire Grant		-	15,493	-
Total N. C. Dept. of Health & Natural Resources		-	15,493	-
<u>N.C. Department of EHNR</u>				
Clean Water Bond Supplemental Grants Program		-	114,986	-
<u>N.C. Dept. of Corrections</u>				
Criminal Justice Partnership Program		-	48,090	-
<u>North Carolina Rural Economic Development Center</u>				
Clean Water Bond Supplemental Grants Program		-	270,913	-
<u>N.C. Dept. of Administration</u>				
Veterans		-	2,000	-
Total State Awards	<u>22,681</u>	<u>4,704,134</u>	<u>2,058,687</u>	
Total Federal and State Awards	<u>\$ 64,735,329</u>	<u>\$ 30,833,292</u>	<u>\$ 8,630,757</u>	

Beaufort County, North Carolina
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2007

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

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

2. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.

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

<u>Program Title</u>	<u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
Public School Building Capital Fund	XXXX	\$ -	\$ 2,980,190

FORM SF-SAC (5-2004)

U.S. DEPT. OF COMM.— Econ. and Stat. Admin.— 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 in 2004, 2005, or 2006

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

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

GENERAL INFORMATION (To be completed by auditee, except for Items 4 and 7)

1. Fiscal period ending date for this submission
2. Type of Circular A-133 audit
3. Audit period covered
4. FEDERAL GOVERNMENT USE ONLY
5. Auditee Identification Numbers

6. AUDITEE INFORMATION
a. Auditee name
b. Auditee address
c. Auditee contact
d. Auditee contact telephone
e. Auditee contact FAX
f. Auditee contact E-mail

7. AUDITOR INFORMATION (To be completed by auditor)
a. Auditor name
b. Auditor address
c. Auditor contact
d. Auditor contact telephone
e. Auditor contact FAX
f. Auditor contact E-mail

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.

9. 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 7, 8, and 9a-9f, 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.

FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report

Mark either: 1 [X] Unqualified opinion OR any combination of: 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 [X] No

3. Is a reportable condition disclosed? 1 [] Yes 2 [X] 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 [X] No

FEDERAL PROGRAMS (To be completed by auditor)

1. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide, Chapter 12) 1 [X] Yes 2 [] No

2. What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § .520(b)) \$ 1,942,060

3. Did the auditee qualify as a low-risk auditee? (§ .530) 1 [] Yes 2 [X] No

4. Is a reportable condition disclosed for any major program? (§ .510(a)(1)) 1 [] Yes 2 [X] No -SKIP to Item 6

5. Is any reportable condition reported as a material weakness? (§ .510(a)(1)) 1 [] Yes 2 [] No

6. Are any known questioned costs reported? (§ .510(a)(3) or (4)) 1 [] Yes 2 [X] No

7. Were Prior Audit Findings related to direct funding shown in the Summary Schedule of Prior Audit Findings? (§ .315(b)) 1 [] Yes 2 [X] No

8. 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)

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

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 [X]
• and, if not marked above, the Federal cognizant agency []

Count total number of boxes marked above and submit this number of reporting packages 1

FORM SF-SAC (5-2004)

FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR

10. AUDIT FINDINGS

CFDA Number		Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program		Type(s) of compliance requirement(s) ⁴ (a)	Audit finding reference number(s) ⁵ (b)	
Federal Agency Prefix ¹ (a)	Extension ² (b)					Major program (g)	If yes, type of audit report ³ (h)			
1	0	.760	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	WATER SYSTEM DEVELOPMENT	\$ 17,023 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
1	0	.551	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	FOOD STAMPS	\$ 6,117,220 .00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	U	O	N/A
1	0	.561	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	FOOD STAMP NON CASH	\$ 358,944 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	U	O	N/A
1	0	.557	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	WIC	\$ 242,764 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
1	0	.559	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	AGRI SFP FOOD PROGRAM	\$ 236 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
1	0	.557	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	WIC	\$ 1,162,933 .00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	U	O	N/A
1	0	.550	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	USDA SUPPLEMENT	\$ 1,436 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
1	6	.607	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	BULLET PROOF VEST PROGRAM	\$ 182 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
9	7	.004	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	HOMELAND SECURITY GRANT	\$ 41,569 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A
1	6	.523	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	JUVENILE ACCOUNTIBILITY IBG	\$ 12,575 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		O	N/A

TOTAL FEDERAL AWARDS EXPENDED →

\$ 64,735,329 .00

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS

¹ See Appendix 1 of Instructions for valid Federal Agency two-digit prefixes.

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

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- A. Activities allowed or unallowed
- B. Allowable costs/cost principles
- C. Cash management
- D. Davis - Bacon Act

- E. Eligibility
- F. Equipment and real property management
- G. Matching, level of effort, earmarking
- H. Period of availability of Federal funds

- I. Procurement and suspension and debarment
- J. Program income
- K. Real property acquisition and relocation assistance

- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions
- O. None
- P. Other

⁵ N/A for NONE

FORM SF-SAC (5-2006)

FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR								10. AUDIT FINDINGS		
Federal Agency Prefix ¹ (a)	CFDA Number		Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program		Type(s) of compliance requirement(s) ⁴ (a)	Audit finding reference number(s) ⁵ (b)
	Extension ² (b)						Major program (g)	If yes, type of audit report ³ (h)		
9	7	.036	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	PUBLIC ASST DISASTER AREAS	\$ 6,668 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	7	.029	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FLOOD MITIGATION	\$ 33,189 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	7	.042	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	EMERGENCY MGMT PERFORMANCE GRANT	\$ 17,406 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	7	.039	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HAZORDOUS MITIGATION GRANT	\$ 213,160 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.044	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ACCESS - TITLE III B	\$ 24,707 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.044	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	IN HOME SERVICES TITLE III B	\$ 93,527 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.667	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SSBG	\$ 19,203 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.045	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CONGREGATE NUTRITION	\$ 32,019 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.45	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HOME DELIVERED NUTRITION	\$ 52,939 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WORK FIRST ADMIN	\$ 99,087 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
TOTAL FEDERAL AWARDS EXPENDED →					\$ 64,735,329 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

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A. Activities allowed or unallowed

B. Allowable costs/cost principles

C. Cash management

D. Davis - Bacon Act

⁵ N/A for NONE

E. Eligibility

F. Equipment and real property management

G. Matching, level of effort, earmarking

H. Period of availability of Federal funds

I. Procurement and suspension and debarment

J. Program income

K. Real property acquisition and relocation assistance

L. Reporting

M. Subrecipient monitoring

N. Special tests and provisions

O. None

P. Other

FORM SF-SAC (5-2004)

FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR

10. AUDIT FINDINGS

CFDA Number		Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program		Type(s) of compliance requirement(s) ⁴ (a)	Audit finding reference number(s) ⁵ (b)
Federal Agency Prefix ¹ (a)	Extension ² (b)					Major program (g)	If yes, type of audit report ³ (h)		
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TANF DOMESTIC VIOLENCE	\$ 4,419 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	WORK FIRST SERVICE	\$ 415,762 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TANF PAYMENT & PENALTIES	\$ 294,955 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .563	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD SUPPORT ENFORCEMENT	\$ 459,115 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .568	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	LOW INCOME ENERGY ASSISTANCE	\$ 362,566 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .645	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD WELFARE SERVICES	\$ 13,633 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .667	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SSBG	\$ 232,148 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .674	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	INDEPENDENT LIVING GRANT	\$ 10,035 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .658	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE IV-E FOSTER CARE ADMIN	\$ 423,094 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3 .658	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FOSTER CARE	\$ 82,244 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
TOTAL FEDERAL AWARDS EXPENDED →				\$ 64,735,329 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

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- B. Allowable costs/cost principles
- C. Cash management
- D. Davis - Bacon Act

- E. Eligibility
- F. Equipment and real property management
- G. Matching, level of effort, earmarking
- H. Period of availability of Federal funds

- I. Procurement and suspension and debarment
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- K. Real property acquisition and relocation assistance

- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions
- O. None
- P. Other

⁵ N/A for NONE

FORM SF-SAC (5-2004)

FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR								10. AUDIT FINDINGS		
Federal Agency Prefix ¹ (a)	CFDA Number		Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program		Type(s) of compliance requirement(s) ⁴ (a)	Audit finding reference number(s) ⁵ (b)
	Extension ² (b)						Major program (g)	If yes, type of audit report ³ (h)		
9	3	.569	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ADOPTION ASSISTANCE	\$ 297,712 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.596	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD CARE DEV FUND	\$ 88,154 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.575	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD ARE DEV BLOCK GRANT	\$ 626,856 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.596	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD CARE MANDITORY	\$ 246,924 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.596	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD CARE MATCH	\$ 369,759 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.667	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SSBG	\$ 35,381 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TEM ASSIST NEEDY FAMILIES	\$ 227,992 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.778	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	MEDICAL ASSITANCE PROGRAM	\$ 50,630,404 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	U	O	N/A
9	3	.778	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	MEDICAL ASSISTANCE PROGRAM	\$ 637,867 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9	3	.767	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HEALTH CHOICE	\$ 23,427 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
TOTAL FEDERAL AWARDS EXPENDED →					\$ 64,735,329 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

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- M. Subrecipient monitoring
- N. Special tests and provisions
- O. None
- P. Other

⁵ N/A for NONE

FORM SF-SAC (5-2004)

FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR								10. AUDIT FINDINGS		
Federal Agency Prefix ¹ (a)	CFDA Number		Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program		Type(s) of compliance requirement(s) ⁴ (a)	Audit finding reference number(s) ⁵ (b)
	Extension ² (b)						Major program (g)	If yes, type of audit report ³ (h)		
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		O	N/A
9 3	.988		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	DIABETES CONTROL PROGRAM	\$ 500.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9 3	.217		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FAMILY PLANNING SERVICES	\$ 43,805.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9 3	.283		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	BIOTERRORISM GRANT	\$ 79,464.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9 3	.283		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	PREVENTION INVESTIGATIONS & TECH ASSIST	\$ 25,201.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9 3	.991		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	STATEWIDE HEALTH PROMOTION PROGRAM	\$ 16,357.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9 3	.558		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TANF	\$ 6,989.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
9 3	.994		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	MATERNAL & CHILD HEALTH SERVICES BG	\$ 145,344.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A
1 4	.228		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CDBG	\$ 374,233.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	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			
TOTAL FEDERAL AWARDS EXPENDED →					\$ 64,735,329.00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

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- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions
- O. None
- P. Other

⁵ N/A for NONE

Item 5 Continuation Sheet

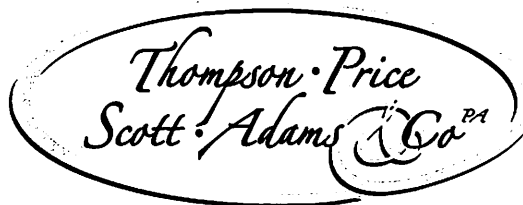
c. List the multiple Employer Identification Numbers (EINs) covered in this report.

1	N / A	21	-	41	-	1	N / A	21	-
2	-	22	-	42	-	2	-	22	-
3	-	23	-	43	-	3	-	23	-
4	-	24	-	44	-	4	-	24	-
5	-	25	-	45	-	5	-	25	-
6	-	26	-	46	-	6	-	26	-
7	-	27	-	47	-	7	-	27	-
8	-	28	-	48	-	8	-	28	-
9	-	29	-	49	-	9	-	29	-
10	-	30	-	50	-	10	-	30	-
11	-	31	-	51	-	11	-	31	-
12	-	32	-	52	-	12	-	32	-
13	-	33	-	53	-	13	-	33	-
14	-	34	-	54	-	14	-	34	-
15	-	35	-	55	-	15	-	35	-
16	-	36	-	56	-	16	-	36	-
17	-	37	-	57	-	17	-	37	-
18	-	38	-	58	-	18	-	38	-
19	-	39	-	59	-	19	-	39	-
20	-	40	-	60	-	20	-	40	-

f. List the multiple DUNS covered in the report.

1	N / A	21	-	21	-
2	-	22	-	22	-
3	-	23	-	23	-
4	-	24	-	24	-
5	-	25	-	25	-
6	-	26	-	26	-
7	-	27	-	27	-
8	-	28	-	28	-
9	-	29	-	29	-
10	-	30	-	30	-
11	-	31	-	31	-
12	-	32	-	32	-
13	-	33	-	33	-
14	-	34	-	34	-
15	-	35	-	35	-
16	-	36	-	36	-
17	-	37	-	37	-
18	-	38	-	38	-
19	-	39	-	39	-
20	-	40	-	40	-

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CERTIFIED PUBLIC ACCOUNTANTS

Gregory S. Adams, CPA
R. Bryon Scott, CPA
Alan W. Thompson, CPA

4024 Oleander Drive, Suite 2
Wilmington, North Carolina 28403
Telephone (910) 799-4872
Fax (910) 395-4872

Offices:
Wilmington, NC
Elizabethtown, NC
Whiteville, NC

To the Board of County Commissioners
Beaufort County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Beaufort County for the year ended June 30, 2007, and have issued our report thereon dated October 22, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters in May of 2007.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Beaufort County are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Members

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

Disagreements with Management

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

Management Representations

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

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issue

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

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

Very truly yours,

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

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

October 22, 2007