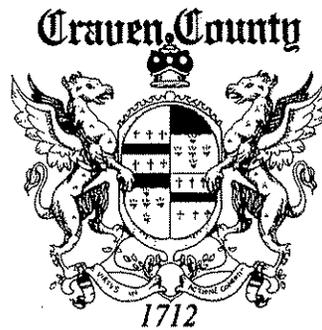


CRAVEN COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2009



**PREPARED BY THE FINANCE DEPARTMENT
RICHARD F. HEMPHILL, FINANCE OFFICER**

Craven County



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Craven County



INTRODUCTORY SECTION

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Craven County





November 4, 2009

The Board of County Commissioners
Citizens of Craven County

It is our pleasure to submit this Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of independent auditors.

Responsibility for the accuracy, completeness and fairness of the presentations, including all disclosures, rest with the County. We believe the data, as presented, are accurate in all material respects and fairly present the County's financial position and results of operations. Furthermore, we believe that all notes and disclosures necessary to enable the reader to understand the County's financial activity have been included.

THE COUNTY

Craven County, chartered in 1712, utilizes a Commissioner-Manager form of government with seven commissioners who serve four-year terms. The Chairperson is elected by the Commissioners each year for a one year term. The County Manager, County Attorney, and Clerk to the Board are appointed by, and serve at the pleasure of the County Commissioners. The County Manager is responsible for administering all affairs of the County and for management of all County employees.

Craven County is located midway along North Carolina's lace work coastal fringe and is diverse in its physical characteristics, demographics and economic base. The County's land area totals approximately 712 square miles or 455,680 acres. Settled in 1710 by Swiss and German immigrants at the confluence of the Trent and Neuse Rivers, New Bern, the county seat, is the second oldest town in the state. Rich in history, it is the site of North Carolina's Colonial Capitol and its first State Capitol. New Bern is also the Birthplace of Pepsi Cola, a drink first concocted by Caleb Bradham, a local pharmacist, in 1898. Downtown New Bern offers museums, shops, galleries, restaurants,

historic sites, waterfront hotels, bed and breakfast accommodations, marinas, convention center, parks, historic homes and churches. Tryon Palace Historic Sites & Gardens, the first permanent seat of colonial government in North Carolina, offers visitors an opportunity to experience over 200 years of American history and acres of period inspired gardens.

The City of Havelock, the second largest municipality in Craven County, is home to Cherry Point, the largest Marine Corps Air Station on the East Coast, employing 5,300 civilian workers. The Air Station is home of the 2nd Marine Aircraft Wing and sits on 13,164 acres of land in Craven County. The Fleet Readiness Center (FRC) East (formerly known as NADEP), one of six fleet readiness centers operated by the U. S. Navy, sits on nearly 150 acres on board Marine Corps Air Station Cherry Point. FRC East is the largest industrial employer in eastern North Carolina. The base is also the location of Halyburton Naval Health Clinic.

Over time, the County has become less dependent on agriculture as the mainstay of the economic base and has revealed itself as a desirable destination for tourists, drawn by abundant opportunities for conventions, golf, sailing, beaches, fishing, hunting, and touring over 150 historic landmarks. The County's reputation as a desirable retirement community is a direct result of its popularity as a tourist destination. This has resulted in a constant growth of residential development aimed at retirees.

The financial reporting entity includes all the funds of the primary government (Craven County), as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the primary government. The Coastal Carolina Regional Airport Authority (formerly Craven Regional Airport Authority), Craven County Alcoholic Beverage Control Board, Craven County Tourism Development Authority and CarolinaEast Health System (formerly Craven Regional Medical Authority) are included as discretely presented component units in the reporting entity. However, the Craven County Board of Education, the Craven-Pamlico-Carteret Regional Library, Eastern Carolina Council of Governments, Craven Community College, and the Coastal Regional Solid Waste Management Authority have not met the criteria for inclusion in the reporting entity as component units and, accordingly, the financial information for these organizations is excluded from this report. Each of these entities publishes its own annual financial report to which the reader is referred.

THE LOCAL ECONOMY

Craven County's economy has experienced a downturn, as most others, during this recession. Economic conditions are beginning to show some improvement. Per capita personal income in Craven County increased by 6.9 percent, to \$33,242, for the calendar year 2007 (the latest information available). The change for the state of North Carolina in 2007 was 4.5 percent and nationally the change was 4.9 percent. The County's per capita income level is 99 percent of the state average and 86 percent of the national average. The County ranked nineteenth out of one hundred counties in the state in per capita income. The 1997-2007 average annual growth rate of per capita personal income for the County was 4.0 percent, while the average annual growth rate for the state was 3.7 percent and 4.3 percent for the nation. While these percentages reflect 2007 data, prior to conditions worsening, they are still a positive indicator when compared to the state and national amounts.

The number of building inspections performed by the Craven County Inspection Department was down 26 percent in 2009 from 2008 as a result of the slowdown in the housing market. The number of inspections was also down 26 percent in 2008 from 2007. In the past two years this number has decreased by 55 percent from the peak period of 2006. This decline is indicative of the decline of construction in the area and nationwide. These amounts do not reflect the numbers of the two municipalities which have their own inspection departments.

Government is the largest single employer in the County with 32.5 percent of all jobs, up two percent from a year ago. This increased percentage is not due to a significant increase in government employment (which remained relatively flat), but to a decline in private industry employment of approximately 7.4 percent. The private sectors with the greatest decline in employment include transportation (down 23 percent), manufacturing (down 19 percent), and construction (down 17 percent). A few sectors, such as health care, food services and recreation experienced slight gains in employment in the past year. The U.S. Marine Corps Air Station at Cherry Point provides employment for a total work force of 13,984 personnel, including 5,300 civilian jobs. The number of civilian jobs at the Fleet Readiness Center East (the single largest employer east of I-95) located at Cherry Point Marine Corps Air Station was down two percent from the previous year. The total payroll for the base in calendar 2008, including Fleet Readiness Center East, was \$1.27 billion while the total economic impact of the Marine Corps Air Station at Cherry Point, including the FRC East, was \$1.87 billion for the state of North Carolina. The military and the local community have developed a strong relationship from which both have benefited. After government, other large employment categories in the County are retail and wholesale trade providing 14.4 percent, health care and social assistance with 17.2 percent, manufacturing with 9.2 percent, and accommodation and food services with 9.2 percent of the total work force.

The unemployment rate in Craven County increased to 6.1 percent annual average for calendar year 2008 from 4.3 percent in 2007. The statewide average for calendar year 2008 was 6.3 percent. Employment at all of the major manufacturing employers in the County was down from the previous year. The largest loss of manufacturing jobs was at Hatteras Yachts where employment fell from 700 to less than 200. Recently, several of the major manufacturers, such as Moen and BSH, have begun to bring some of the laid off workers back to work. In July, 2009 the unemployment rate hit a peak of 10.1 and declined to 9.8 in August, 2009.

BSH Home Appliances, a major manufacturer in the County, with production of dishwashers, cooktops, ranges and laundry equipment, was recognized by the EPA and the U.S. Department of Energy for its leadership in developing energy and water efficient appliances. BSH is the only U.S. manufacturer to have the Energy Star designation on all its product models in every major appliance category rated in the program. BSH recently began production of a new mid-priced dishwasher which took over two years to develop. Formerly BSH produced only high-end priced dishwashers, named best in class by Consumer Reports for the past nine years. In August, 2009, they introduced their new front-loading Vision clothes washing machines. This product line was the first BSH product conceived, designed, engineered and produced completely at the New Bern facility. BSH Home Appliances began operations in Craven County in 1997 in a 50,000 square foot facility with 24 employees and now operates out of 1,410,000 square feet and employs over 900 people in Craven County. About 500,000 dishwashers are produced at the facility each year. A \$200 million expansion was completed in 2004 to manufacture ranges and clothes washers and dryers. In 2005, the County conveyed approximately 61 acres in the Craven County Industrial Park to BSH for the construction of the 590,000 square foot logistics center. The building has a value of approximately \$23 million and BSH employs 36 people at the logistics center. BSH is the second largest taxpayer in the County (behind Weyerhaeuser) and the largest non-governmental employer in the County.

In 2009, Carolina Technical Plastics Corporation (CTP) completed a 51,000 square foot expansion at their facility which added \$5 million of investment to their facility. They currently employ 65 people and supply plastic molded goods to the appliance industry and automotive industry. They have grown from four plastic injection molding machines to twenty one with the latest expansion. BSH is one of their largest customers in the home appliance industry, primarily the laundry segment. The location and growth of BSH was one of the deciding factors in CTP locating in Craven County.

In June, 2009, a German manufacturer, Drahtzug Stein Holding Company, began production in Craven County employing 65 people. The Company produces wire dishwasher baskets and coats them with powdered nylon which is bonded to the basket by heating. Again, BSH was the primary factor in this new company locating here. The Company has invested between \$16 and \$18 million to begin production here in the Craven County. The Company leased the former Amital Manufacturing building directly across the street from BSH. Once full capacity is reached at the plant, two million polyamide-covered steel dishwasher baskets a year will be produced.

PCS Phosphate, the largest private employer in neighboring Beaufort County, received a permit in June, 2009 to mine an additional 11,000 acres of land which will allow them to continue operations until 2045. Their current permit obtained in the 1990's was a 20 year permit and was soon to expire. Since 1965, the Company has mined over 7,000 acres. The Company had been working for six years to get the additional permit. They employ a total of 1100 people of which over 40 percent are from Craven and Pamlico counties. It is one of the largest phosphate facilities in the world and the single largest user of the Morehead City Port. In addition to mining, the company has refining facilities, fertilizer materials plants, an animal feed supplement plant, and purified phosphoric acid plants.

With many historic sites and homes, 40 miles of navigable rivers, the Croatan National Forest, and abundant lakes and wildlife, the County continues to emphasize and capitalize on tourism. Tryon Palace, the first State Capitol, was authentically reconstructed in the 1950's and is considered the main attraction in the downtown historic district of the City of New Bern. The State of North Carolina has begun construction on an education/visitor center for the Tryon Palace situated between the Palace and the Hilton (formerly the Sheraton Hotel), near the Convention Center. The site will be an attractive addition to the waterfront development of downtown New Bern and is expected to open in mid 2010. The County contributed over a million dollars to the interactive museum/education center project.

Domestic tourism in Craven County generated an economic impact of \$105 million in calendar year 2008. State and local tax revenues from travel to Craven County amounted to \$7.97 million which represents an \$81.52 tax savings to each county resident. New hotel properties have opened or are near completion during the past year. Springhill Suites, a Marriot property with 109 rooms, opened in late 2008 and a new Candlewood Suites, with 74 rooms on the former location of the Economy Inn is near completion. The number of available rooms will increase by 141 with the addition of these two properties. In addition to the new properties, major renovations were completed at the Hilton Riverfront Hotel (formerly the Sheraton Grand Hotel).

The New Bern Riverfront Convention Center, located in historic downtown New Bern, was constructed by the County at a cost of \$12 million and opened in August of 2000. The facility is approximately 45,000 square feet and houses a 12,000 square foot ballroom designed to seat and serve groups up to 1,500. The site is adjacent to one of the major hotel facilities in the downtown area and within walking distance of two other hotels and several bed and breakfast facilities. Operating revenues decreased to \$608,000 in fiscal 2009, down from \$704,000 last year. The decrease was due to cancellations of several large conventions scheduled for the year. These cancellations were due to economic conditions, many were state agencies or associations which due to budget constraints were unable to

hold the events. The Convention Center hosted 223 groups during fiscal 2009, including the North Carolina Association of County Commissioners in August 2008. The Center incurred an operating deficit of \$205,000 in fiscal 2009, up from \$154,000 in fiscal 2008. The total budgeted deficit was \$237,000. The Center was not built with the expectation that it would generate a direct profit but to provide an economic stimulus for the area. The Center generated approximately \$10.4 million of economic impact to the community during the fiscal year ended June 30, 2009. The debt incurred for the Center is serviced through the increase in occupancy tax enacted in November 1996 from 3 percent to 6 percent.

Construction of new homes continues, at a much slower pace, in a large subdivision opened in 2006 in Craven County. The subdivision, Carolina Colours, is being developed on a 2,000 acre site bordering the 161,000 acre Croatan National Forest and is located within the municipal limits of the City of New Bern. The subdivision will eventually have 2,000 home sites, an 18 hole golf course, 50 different neighborhoods, 13 miles of sidewalks, five acres of green space, retail spaces, and a commons area pavilion. The building development is expected to continue for ten years and have a \$600 million tax impact for the County which would generate \$3.8 million in County property taxes.

During June, 2009 local officials participated in a ribbon cutting ceremony for the NC 43 Connector, a 2.5 mile stretch of highway. It connects NC 55 and US 70 in the northwest part of New Bern. The total cost of the project was \$35 million and was part of the incentive package between the State of North Carolina and BSH Home Appliances. It provides an easy access for the manufacturing facility to their central distribution center in the Industrial Park. In October 2008, Weyerhaeuser Real Estate Company announced plans to develop a 600 acre development with a thousand residential units, shopping and a hotel near the NC 43 connector and Highway 70 in New Bern. The residential area will be a mix of houses, patio homes and townhouses. There also is a 35 acre site for apartments.

MAJOR INITIATIVES

For the Year. The County's General Fund balance increased by \$962,962, or 3.7 percent, in fiscal 2009. The County's unreserved General Fund balance at June 30, 2009, represents 23.0 percent of actual expenditures and transfers out for fiscal year 2009. The unreserved General Fund balance at June 30, 2008 represented 18.5 percent of expenditures and transfers out. The reasons for the increase in this percentage are: the addition to fund balance for fiscal 2009 of approximately \$1 million; a decrease of \$2.6 million in the reserved by state statute fund balance, due to a decrease in receivables (primarily sales tax); and a decrease in total expenditures and transfers out of \$3.6 million. The tax rate for fiscal 2009 remained unchanged at \$.61 per \$100 of property valuation. Property values increased from \$6.7 billion to \$6.9 billion, or 3 percent countywide.

Due to budget constraints the County did not make an appropriation to the capital reserve fund during fiscal 2009, however, the reserve fund was used to pay for approximately \$1.8 million of capital items. The capital reserve was established to provide funds that will be required for upcoming capital projects. Some of the projects funded during the year included a parking lot at the community college, lighting of athletic fields and rest rooms at Creekside and Northwest Craven parks, and the completion of the fiber optic network.

Rather than decreasing fund balance, as the budget projected by \$1.5 million, the County added approximately \$1.0 million to its fund balance for the fiscal year ending June 30, 2009. This swing of \$2.5 million was a result of actual expenditures in the general fund being \$5.8 million below budget while revenues were only \$3.3 million below budget. The savings in expenditures were principally in three areas: General Government expenditures were \$1 million below budget, Health Department expenditures were \$.76 million below budget and Social Services expenditures were \$2.7 million below budget. Revenues with the largest shortage included sales tax and charge for services.

Both of these were due to continued worsening economic conditions. Proactive steps taken early in the fiscal year, including a soft hiring freeze, reduction of capital expenditures and reduction of travel made the addition to fund balance possible in a very difficult economic time.

In 2006, the County agreed to partner with the Board of Education, the Community College and the cities of Havelock and New Bern to design a fiber optic network to connect all the Board of Education buildings (schools, offices, maintenance facilities), the two college campuses in New Bern and Havelock, as well as, County and municipal buildings to provide a much more efficient communication infrastructure. The impetus for the project was the need of the schools for substantially more band width for communication than presently existed. Each entity will recognize savings in communication costs and the potential for expansion is significantly improved. The cities of Havelock and New Bern allowed the use of existing fiber in their corporate limits where available. The project was originally broken into three phases: 1) to provide a fiber connection between New Bern and Havelock, 2) to connect the schools within the two cities and 3) to connect the remaining five schools not in the municipal limits. In 2007, the County borrowed \$2.2 million in a COPS issue to finance this project. During 2007, the project was put out to bid and the low bidder for phase one, two and a part of phase three (two of the five schools) was Corning, the manufacturer of the fiber optic cable in the amount of approximately \$1.5 million. Because of the low bid the County was able to connect the remaining three schools through a wireless solution with funds on hand and also add other sites in the rural part of the County including two branch library sites. The County was able to do all three phases of the fiber project and the wireless portion of the project for the original amount allocated. The fiber installation was completed in fiscal 2009 and all 22 schools in the County, the two college campuses, and many county facilities are now up and running on the fiber or the wireless network. In addition, as an addendum to the contract, the County appropriated an additional \$165,000 out of the Capital Reserve Fund in fiscal 2008 to construct a fiber loop between all the buildings on the New Bern campus of the Community College. This was completed in fiscal 2009 and allows them quicker response time, more band width, and the ability to utilize VOIP technology for data and voice communications. The entities will save approximately \$250,000 per year on phone line costs that will be replaced by this project. During fiscal 2009, this project was recognized by the North Carolina Association of County Commissioners as one of the Outstanding Programs of the year.

In 2007, the Board of Commissioners approved a request from the Board of Education to fund approximately \$8.25 million of construction at three school facilities. Additions and renovations were completed in early fiscal 2009 at Grover C. Fields Middle School's new media center and J. T. Barber Elementary School's expansion of the media center and administration area. Also completed during the year was a replacement of the public school bus maintenance facility. Additionally, \$750,000 was approved to purchase land in the New Bern/Havelock corridor for a future high school. There is no current schedule for this school, but land is becoming very expensive and scarce in the corridor and the decision to buy the land and hold it was made by the Board of Commissioners. To date the land has not been purchased. Also, \$470,000 was approved for the replacement of telephone and intercom systems at ten schools bringing the total of these school projects to slightly over \$9.5 million. This amount was borrowed in the COPS issue closed in August 2007. The Board of Education continues to evaluate sites for the high school. The telephone and intercom projects were completed in fiscal 2009.

The current jail was originally built in 1982 to house approximately 78 inmates and was later double bunked in areas to provide capacity for approximately 121 inmates. The work release center, constructed in 2001 at a remote location, can house up to 40 inmates. The average daily inmate population is now approximately 200. The work release center has provided some relief, but was never expected to be the ultimate answer to the problem. During 2006, the County engaged a construction manager and an architect to design a new facility. The judicial center project went out to bid during fiscal 2007 and the low bid was \$26.8 million, approximately \$4 million over the architect's estimate. Value engineering reduced this cost to approximately \$25.4 million. A contract was signed with Devere, Inc. for this amount during September, 2007. The facility will include a 292 bed jail, Sheriff's office, magistrate's office and courtroom, and a district courtroom. In fiscal 2007, the County contracted for the site preparation separately from the construction of the building. The site work and water lines were completed in fiscal 2008. The general contractor began construction in November 2007 and was substantially completed in July, 2009. The judicial center was constructed on a 110 acre site near the industrial park and is the first building constructed on the site. Land is available for additional County buildings should the need arise. The County borrowed \$30 million in the previously mentioned COPS issue, of August 2007, to finance the judicial center. The project has been constructed within budget and should allow the County to transfer a substantial portion of the \$2.5 million it advanced to the project back to the Capital Reserve Fund.

In 2009, the County continued construction on a new recreation park in the western part of the County. The land was acquired in 2006 for approximately \$130,000. The County received a Parks and Recreation Trust Fund (PARTF) grant from the State in the amount of \$65,250 to cover approximately half the cost of the 70 acre site near West Craven High School. The Board of Education donated 20 adjoining acres to the County resulting in a total of 90 acres to be used for the park. The County was approved for an additional PARTF grant in the amount of \$500,000 to be used for construction of the park. The County borrowed the matching \$500,000 as part of the previously mentioned COPS issue in 2007. During 2007, the site grading was completed. In 2008, construction of the access road and two parking lots, four softball/baseball fields (two of which are lighted), one football field, a playground area, maintenance building, and six tennis courts were completed. These items were funded from the previously mentioned grant, as well as, an additional \$158,000 from the June 30, 2008 budget. In fiscal 2009, \$227,000 was appropriated in the annual budget to light the other two ball fields, install fencing around ball fields, provide an irrigation system and pave the entrance road, as well as, construct restrooms.

Currently, two airlines serve the Coastal Carolina Regional Airport in Craven County. The total number of enplanements for all airlines was down 7% for the first six months of calendar 2009. US Air continues to fly to Charlotte and Philadelphia out of New Bern and Delta flies to Atlanta from the Airport. During fiscal 2008, the Airport Authority acquired two large tracts of land adjacent to the airport at a total cost of approximately \$4 million. The County borrowed \$1.8 million in the 2007 COPS issue for the purchase of one tract and the Airport provided the approximate \$2 million for the other tract from its fund balance. The Airport Authority will repay the \$1.8 million over a three year period from FAA grants, as well as, repay its fund balance from FAA grants for the second piece of property. Both of these tracts were acquired to provide a buffer from development around the airport. One of the tracts is part of the long range expansion plans of the Authority for additional hangar space. There are no plans to develop the other tract at this time. A new General Aviation terminal facility for private and corporate aircraft using fixed base operation was completed and opened in July, 2008. This facility was a much needed improvement with the continuing growth of aircraft based at the airport and the increasing number of aircraft coming into the airport for corporate purposes. The Airport Authority was able to obtain a \$250,000 grant from the State DOT to assist with this public private partnership. In August, 2008 an expansion of the parking lot was completed. Design work has been completed to make improvements to the runway safety area for runway 22.

Fiscal 2009 was the second (of three) year(s) of implementing legislation passed by the General Assembly in 2007 to relieve North Carolina counties from paying a portion of the non-Federal piece of Medicaid costs. North Carolina was the last state to address the issue of requiring counties to participate in the costs, even though counties had no ability to change or create policy or benefits. The legislation required counties to give up approximately 60% of their revenue from the State Public School Capital Building Fund in 2008 only (ADM funds). Counties had to make this money up for schools from the savings they realized from the Medicaid assumption by the State. The legislation also called for counties to exchange one quarter of a cent of sales tax beginning October 2008 and another one quarter of a cent in October, 2009. The State assumed the Medicaid costs beginning 25 percent in October 2007, 50 percent October, 2008 and 100 percent in October, 2009. The legislation further holds counties harmless from giving up more than they save and guarantees a \$500,000 savings per year for each county. The savings for Craven County in fiscal 2008 was \$500,000 and \$1,717,000 in fiscal 2009. This was the result of savings of \$2.9 million in Medicaid costs and a reduction of \$1.2 million in sales tax revenue. The same legislation gave counties the authority to enact a .4 percent land transfer tax or an additional one quarter cent sales tax if approved by a voter referendum. The Craven County Board of Commissioners has decided not to seek either of these additional revenues at present.

In fiscal 2009, the County completed a \$724,000 project replacing software and hardware for the E-911 system, Sheriff and jail records, and field reporting for the Sheriff's department which allows deputies to file reports from remote locations. The project was completed on schedule and in budget.

A major construction project was completed at the New Bern campus of the Craven Community College during the year. In fiscal 2005, the State of North Carolina included an appropriation of \$7.4 million over two years for the construction of a state of the art facility used to train students and manufacturing employees in robotics and automation at Craven Community College. The State had pledged its support for the advanced manufacturing training center in 2001 as part of an incentive package for German manufacturer BSH Home Appliance to expand the facilities in New Bern. Ground was broken for the facility in April, 2006 and classes began during January of this fiscal year. The 30,000 square foot building has five laboratories and three classrooms. The building also includes classrooms for the Early College, a partnership with the public school system which gives students the opportunity to graduate high school and obtain an associate degree during the five year program. The program takes 50 ninth graders each year and is in the third year of operation. When fully implemented, in 2010, there will be 200 students in the program at the college campus.

During the fiscal year the name of the Craven Regional Medical Center was officially changed to CarolinaEast Health Center to more accurately reflect the coverage area of the hospital. The Center recently opened a \$24.6 million vertical expansion and renovation which adds 37 beds to the facility. The project also adds more space for kidney care and orthopedic patients and converts all medical/surgical rooms to private status. The project has been in the works for three years and makes the hospital a 350-bed, five story facility.

For the Future. The budget for fiscal 2010 was adopted with a tax rate of \$.61 per hundred dollars of valuation, the same rate as fiscal 2006 through 2009. The estimate of property values for fiscal 2010 is \$7.02 billion, an increase of .53 percent over the prior year's actual valuation. Budgeted expenditures of the General Fund were reduced by 8.8 percent to \$89.9 million and budgeted revenues are \$89.5 million. One million dollars was appropriated from the County's fund balance to balance the budget.

In 2009, the County acquired approximately 133 acres of land from the North Carolina Coastal Land Trust to create a nature park. The Trust acquired the property for approximately \$1.1 million. The total cost to the County for the land was approximately \$30,000 for closing costs. The land will be left in its natural state for the most part, as required by the covenants. There are plans to build a gravel parking area, picnic areas including a shelter, restroom facilities, boardwalks, observation towers and walking trails through the park. In September, 2009 the County learned it will receive a \$500,000 grant from the Parks and Recreation Trust Fund for the project. The grant, which normally requires a dollar for dollar match, will be matched by the value of the land. The grant will fund all of the currently planned improvements to the park. The 2,000 feet of water frontage on the Upper Broad Creek will provide a fishing area and the park will offer hiking, nature observation and bird watching.

In the upcoming year construction will begin on the airport's Runway 22 runway safety area as well as final planning, permitting and construction on Runway 4 runway safety areas. Design work will begin on improvement of the airfield lighting.

Plans at the Community College for fiscal 2010 include several new programs. The college started classes this fall with 50 students in the composites program at the Havelock campus which will train people to meet the needs at Fleet Readiness Center East, as well as, Spirit Aerosystems in Kinston. Spirit is expected to begin production in the summer of 2010 of components of the fuselage and wings of Airbus' A350XWB aircraft. They will then be transported by flatbed trucks to the rail line to the Morehead City port where they will be shipped to France for assembly. Spirit's facility, currently under construction in the Global Transpark, will employ approximately 1100 people when production begins. The composite technology will also be used on the new F-35B Joint Strike Fighter, as well as, the V-22 Osprey. Both of these aircraft are maintained and repaired at Fleet Readiness Center East in Craven County. The students will be trained as lab technicians or lab testing specialists, employable in the carbon fiber, plastics and fiberglass industries. Many former Hatteras Yachts employees are currently enrolled in the program. The response to the program has been more than was expected.

The Community College also is in the process of equipping a new nursing simulation lab. The new lab, occupying 2,000 square feet allows nurses to simulate a patient experiencing respiratory and cardiac failure by the use of ten computerized mannequins that can be programmed for various medical scenarios based on what the students are learning in class. The lab will open in January, 2010. The new lab includes a debriefing room where students can watch a DVD of their performance of working with the mannequins which include a child mannequin, a baby, a pregnant female that can give birth, and high-tech mannequin called the METI iStan that can sweat, cry, vomit and respond to the quality of care provided by the students. The \$400,000 project is being funded by grants from CarolinaEast Health System (formerly Craven Regional Medical Center) and the Harold H. Bate Foundation.

Upcoming plans for the County water system include the continued alternate water source project in response to restrictions imposed by the State limiting the volume of water that users of the Black Creek aquifer may withdraw. All entities currently using the Black Creek are mandated to make a 25 percent reduction in the Black Creek withdrawals by 2008, 50 percent reduction by 2013, and 75 percent reduction by 2018 (if required). Craven County made the decision to meet the 25% reduction by putting wells into the Pee Dee aquifer. The water from the Pee Dee wells proved to be sufficient to attain the desired ratio of 30 percent Pee Dee water to 70 percent Black Creek water with five new wells. The quality of the water is also good enough to blend with the Black Creek water and require no additional treatment. The five production wells were drilled on the same sites as the five Black Creek wells and are currently in production. These five wells have provided sufficient water to reach the goal of the 25 percent reduction mandated for 2008.

The Pee Dee aquifer wells will not allow the County to meet the 2013 goal of 50% reduction from the Black Creek aquifer. The County is forced to find another water source to meet the goal. In 2008, the County engaged an engineer to update a plan of future demands on the system to allow the decision of how to meet the next required reduction. This study was completed during fiscal 2009 and the recommendation was to proceed with wells in the Castle Hayne aquifer. During 2009, the County drilled test wells in the Castle Hayne aquifer near the Carolina Pines subdivision between New Bern and Havelock. This water will require advanced treatment and the need for a water treatment plant located on the east side of the Trent River to provide water for all customers on that side of the river. The engineer has been authorized to continue work on this project. The next steps involve acquiring land for the plant and up to twelve wells. The plant will be built to provide 3.0 million gallons of water per day in phase one by 2013, and another 1.5 million gallons per day in phase two by 2018. The estimated cost of the total project is approximately \$35 million, \$27 million of which pertains to phase one. The County is considering re-instituting a capital reserve fee to help finance this project. Rate increases will also likely be required over the next several years to cover the debt service for this project when completed. The existing Black Creek and Pee Dee wells will serve all customers on the western side of the river.

On January 1, 2009 an inclining water rate schedule was implemented and was primarily intended as an incentive to conservation of water. This schedule has a higher rate for heavier users of water. Most customers who use less than the average amount of water a month experienced no increase and some even a decrease in their monthly bill.

In 2010, New Bern, the county seat of Craven County will celebrate its 300th anniversary. A committee has been planning the celebration for over a year and has many events planned for the entire year. The replacement of the drawbridge across the Trent River into downtown New Bern is scheduled to be completed in December, 2009. This was a three year project by DOT and when completed will allow traffic to once again enter the downtown area directly from Highway 70. The Broad Street renovation, in downtown, is also scheduled for completion in December, 2009. This project involved constructing a median which will be landscaped, wider sidewalks and underground utility lines. The project also will help alleviate the parking shortage in downtown by providing parking on Broad Street and only one lane for traffic.

FINANCIAL INFORMATION

The management of Craven County is responsible for establishing and maintaining an internal control structure designed to assure that the assets of the County are protected from loss, theft or misuse and to assure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal and state financial assistance, the County also is responsible for assuring that an adequate internal control structure is in place to assure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, and to determine that the County has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2009, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls. In addition to the above mentioned internal control structure, the County maintains budgetary controls. The objective of these budgetary controls is to assure compliance with legal provisions embodied in the annual budget ordinance adopted by the Board of County Commissioners. Activities of the General Fund, Debt Service Fund, and certain special revenue funds are included in the annual budget ordinance. Financial plans covering the term of the project are adopted for those projects that are expected to require more than a fiscal year for completion. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level in the General Fund and the special revenue funds. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end; however, encumbrances generally are re-appropriated as part of the following year's budget. As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Cash Management. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit commercial paper, federal and State government securities, banker's acceptances or the North Carolina Capital Management Trust (a money market mutual fund established for North Carolina local governments). At all times, consideration was given to earning the highest yields on investments while maintaining the safety and liquidity of those monies.

Interest earned on investments, in all funds of the primary government, was \$1,951,843 for the year. The investment yield on the portfolio for the year was 2.49 percent as compared to 4.96 percent last year. The cash and investment portfolio balance at June 30, 2009, was \$51.8 million, compared to \$70.6 million at June 30, 2008. The decrease in the ending balance was due to expending the proceeds from the COPS issue of 2007 for various capital projects. The County portfolio at June 30, 2009 was composed of the following mix: money market deposits 79 percent, certificate of deposits 10 percent, North Carolina Capital Management Trust 6 percent, and demand deposits 5 percent. The County receives a very favorable interest rate on the money market account, exceeding that which could be earned on other short term instruments.

Risk Management. Craven County provides protection from liability and casualty risks through a combination of partially self-funded programs, joint risk management pools and commercial coverage. The County chose in 1990 to enter into a self-funded health insurance program, with administrative services provided through a contract administrator. The County uses an internal service fund to account for the self-funded health insurance. In the government-wide statements the internal service fund is combined with the governmental funds. The County increased health insurance premiums by five percent in fiscal 2009. Health insurance claims payments decreased by \$70,000 in fiscal 2009 compared to fiscal 2008. The increase in premiums and decrease in claims resulted in the health insurance plan ending the year with excess revenue of \$429,000. The health insurance plan had a fund balance of \$791,000 at the end of fiscal 2009. Risk to the County is restricted by a specific stop-loss limit of \$125,000 per individual per year for fiscal 2009 and fiscal 2010. This protection is provided through coverage acquired from a commercial underwriter. The County established a reserve of \$350,000 for incurred but not reported claims at June 30, 2009. This was a decrease of \$70,000 from the reserve at the end of the prior year.

During fiscal 2009, the County continued its participation in the risk management pool operated by the North Carolina Association of County Commissioners for liability and property coverage. In fiscal 2003, the County contracted with a third-party administrator for workers' compensation claims and chose to partially self-insure this coverage. This coverage is also accounted for in the internal service fund. The County limits its risk by purchasing reinsurance, which for the year ended June 30, 2009, provided individual loss limits of \$400,000. A reserve of \$37,642 was established at June 30, 2009 for estimated claims incurred but not paid. The workers' compensation fund ended the year with a fund balance of \$1,510,802 available for future claims. Flood insurance on the Convention Center, the Administration Building, and the Water Maintenance Building, which are located in flood zones, was obtained through a commercial carrier.

OTHER INFORMATION

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the County of Craven for its comprehensive annual financial report for the fiscal year ended June 30, 2008, the nineteenth consecutive year this award was received. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Independent Audit. Under Section 159-34 of North Carolina General Statutes, the County is required to provide for an annual audit by an independent certified public accountant. The accounting firm of McGladrey and Pullen, LLP, CPAs, was selected by the County to perform this audit. McGladrey & Pullen, LLP audited the Financial Section and reported on the County's compliance with federal and state award programs contained in the Compliance section

Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the entire Craven County Finance Department: Aletta Brown, Assistant Finance Officer, Karla Wright, Christy Foreman, Rosie Brinson, Andrea Brookins, Donna Nelson, Rosemary Osterhus, Nancy Dawson, and Craig Warren. Also of significant assistance in the preparation of the report were Brian Dunn, Carole Earwood, Parker O'Daniel and Brian Leden of McGladrey & Pullen, LLP.

The information presented in this report illustrates the progressive leadership and support provided by the Craven County Board of Commissioners. Without the Board's guidance and initiative, the financial activities of Craven County would not be able to operate in a fiscally stable and responsible manner.

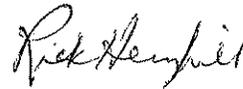
Respectively submitted,

Harold Blizzard

A handwritten signature in black ink, appearing to read 'Harold Blizzard', with a large, stylized loop at the end.

County Manager

Rick Hemphill

A handwritten signature in black ink, appearing to read 'Rick Hemphill', with a stylized, cursive script.

Finance Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Craven County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

CRAVEN COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2009

**BOARD OF
COMMISSIONERS**

JASON R. JONES
Chairman
Cove City

THERON MCCABE
Vice-Chairman
Havelock

STEVE TYSON
New Bern

M. RENÉE SISK
River Bend

PERRY L. MORRIS
Vanceboro

JOHNNIE SAMPSON, JR.
New Bern

LEE K. ALLEN
Havelock

COUNTY OFFICIALS

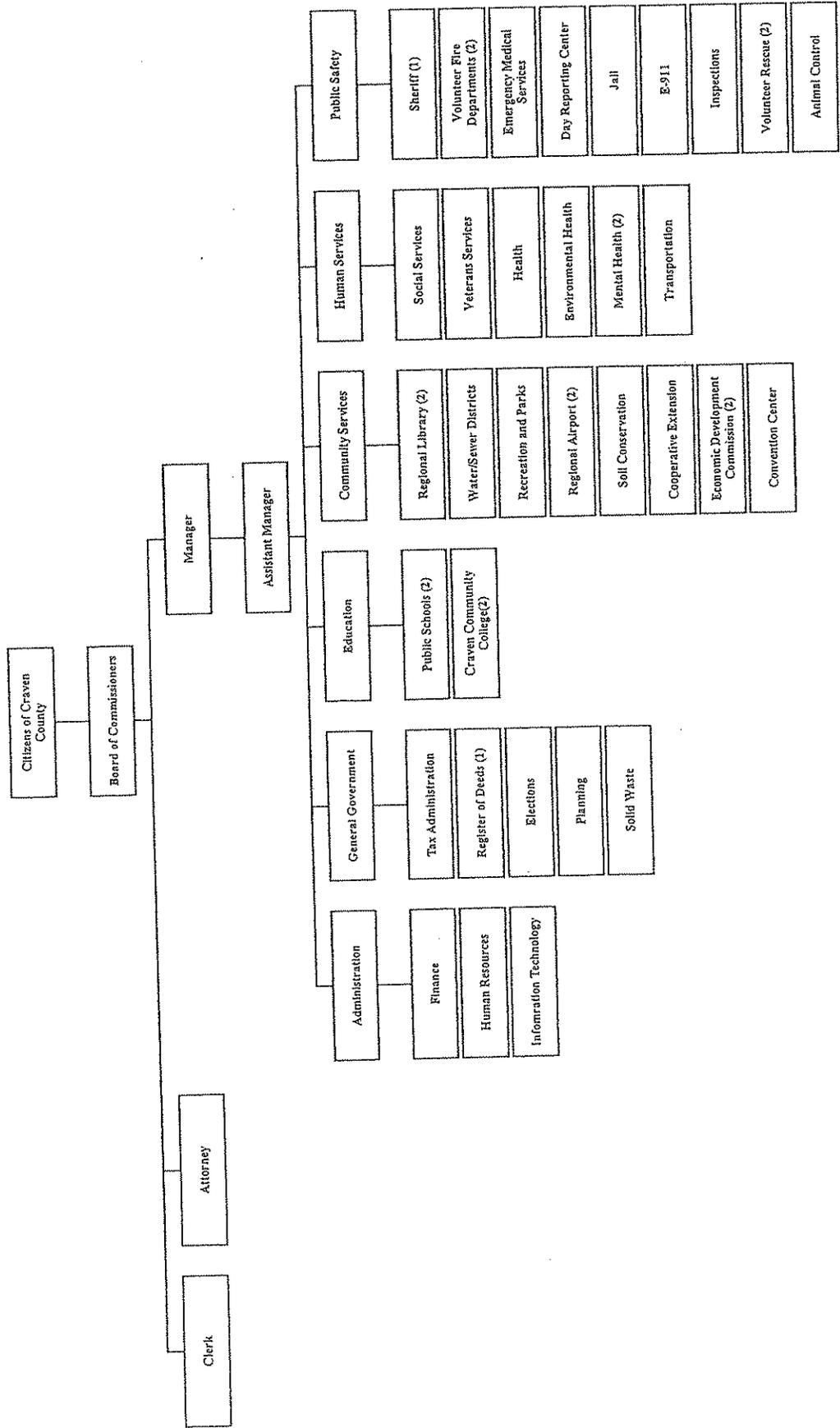
HAROLD BLIZZARD
County Manager

RICHARD F. HEMPHILL
Finance Officer

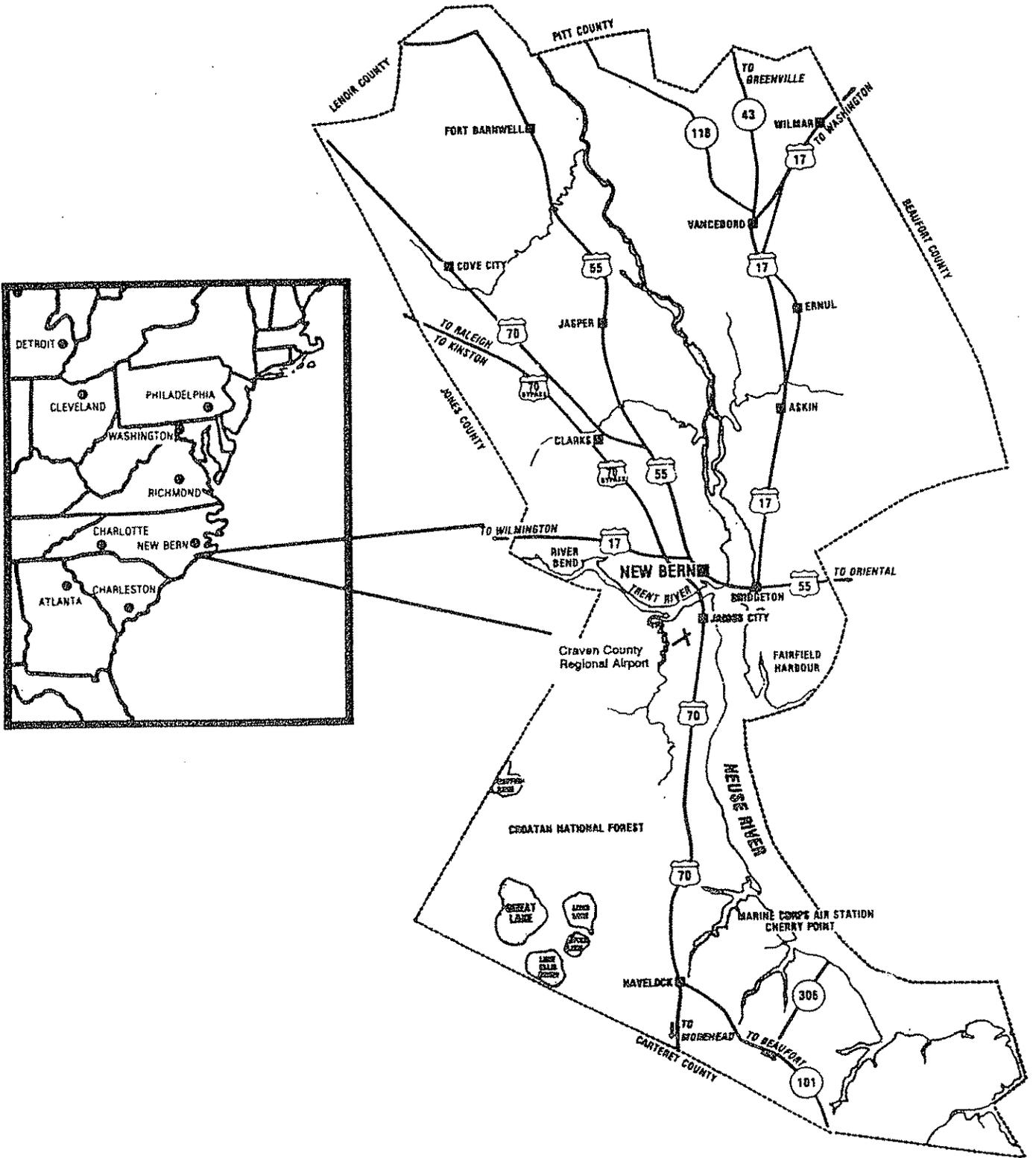
SHERRI RICHARD
Register of Deeds

JERRY MONETTE
Sheriff

Craven County Organizational Chart



Craven County, North Carolina



Crauen County



FINANCIAL SECTION

- Report of Independent Certified Public Accountants
- Management Discussion & Analysis
- Basic Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information

Craven County



**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of County Commissioners
Craven County
New Bern, 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 Craven County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Craven County's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. The financial statements of CarolinaEast Health System and Craven County Alcoholic Beverage Control Board were not audited in accordance with *Government Auditing Standards*. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Craven County, North Carolina as of June 30, 2009, 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.

As described in Note 13 to the financial statements, the County initially adopted Governmental Accounting Standards Board Statement No. 45 for its fiscal year ended June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the other required supplementary information on pages 20 through 34 and page 97 through 98 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Craven County, North Carolina's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and State awards and passenger facility charges is presented for additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the State Single Audit Implementation Act and the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

New Bern, North Carolina
November 4, 2009

Craven County



MANAGEMENT'S DISCUSSION & ANALYSIS

Craven County
Management's Discussion and Analysis (Unaudited)
June 30, 2009

As management of Craven County, we offer readers of Craven County's financial statements this narrative overview and analysis of the financial activities of Craven County for the fiscal year ended June 30, 2009. 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

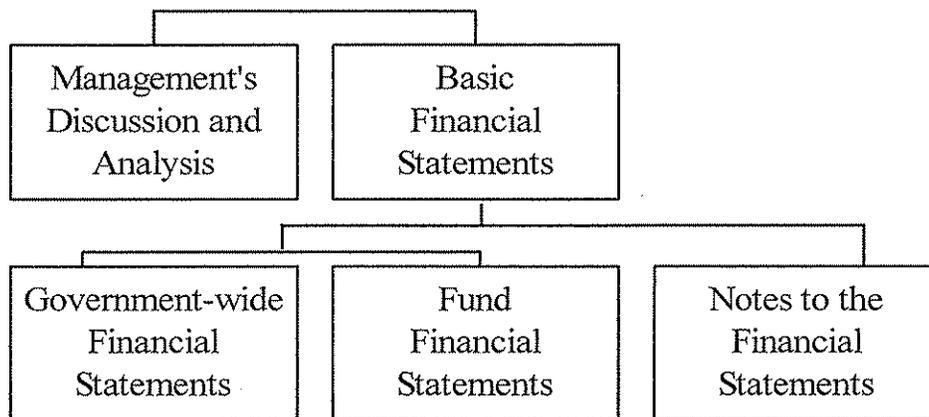
- The assets of Craven County exceeded its liabilities at the close of the fiscal year by \$48,914,250.
- The government's total net assets increased by \$3,468,149. Of this amount, \$1,045,760 was the increase in the net assets of the Water Fund and \$923,786 was the increase in net assets of the Internal Service Fund used for partially self insured risk management. The net assets of the Internal Service Fund are combined with the governmental funds for purposes of the government wide statements. The remaining amount of the increase in net assets occurred in the General Fund and resulted from a significant decrease in spending. Expenses were down over \$5 million from the previous year.
- The net assets of the governmental activities are lower than one would expect due to the method used in North Carolina to record the debt and asset related to school buildings. Under North Carolina law, the County is responsible for providing capital funding for the public schools and community college. The assets funded by the County are owned by the public school system and community college and are not recorded as an asset of the County. The County, however, does recognize a liability for the debt issued to fund these projects. As of June 30, 2009, the outstanding balance of school related debt was \$55,635,000.
- As of the close of the current fiscal year, Craven County's governmental funds reported combined ending fund balances of \$42,291,444 a decrease of \$21,725,453 for the year. All of this decrease was in capital project funds and was due to expending most of the loan proceeds from the 2007 COPS issue. At the end of last year approximately \$19.5 million of unexpended proceeds from the borrowing was in fund balances. The General Fund balance increased by \$962,962 in fiscal 2009. Actual expenditures of the General Fund were \$5,356,054 less than the budgeted expenditures and actual revenues were \$3,249,021 less than budgeted revenues. The decrease in revenues was primarily in sales tax and charges for services, particularly fees related to real estate such as inspection fees and register of deeds fees. The lower than anticipated expenditures were primarily in the General Government, Health, and Social Services Departments and were due to cost saving measures implemented during the year. The County saved approximately \$1.7 million as a result of the State's continuing assumption of the non-federal portion of Medicaid. The State is assuming the County's portion of Medicaid cost over a three year period in return for taking a half cent of sales tax over the three year period. Approximately 78 percent of the total governmental funds fund balance, or \$33,088,580 is available at June 30, 2009 for spending at the government's discretion (unreserved fund balance). In 2008, unreserved fund balance was \$51,322,000 approximately 80 percent of the total fund balance.

- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$21,350,921, or 23.0 percent, of total General Fund expenditures (including transfer outs) for the fiscal year. In 2008, unreserved fund balance in the General Fund was \$17,781,000, or 18.5 percent of total expenditures. The total General Fund balance was increased by \$962,962. The increase in the percentage of expenditures was due partially to the addition to fund balance, as well as, a \$3.6 million decrease in total expenditures, and a \$2.7 million decrease in fund balance reserved by state statute. This reserve amount went down because of the lower receivable balance at June 30, 2009 for the three months of sales tax (April-June) which are recorded in the fiscal year but received in July, August, and September from the State.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Craven 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. 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 to enhance the reader's understanding of the financial condition of Craven County.

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements 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, using the full-accrual basis of accounting, in a manner similar to a private-sector business.

The next statements 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 fund statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes are essential to a full understanding of the data provided in the government-wide and fund financial statements because they 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, 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.

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, education, human services, environmental services, economic and physical development, and general administration. Property tax, sales tax, and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. For Craven County, only the water utility is reported as a business activity.

The final category is component units. CarolinaEast Medical Center (formerly Craven Regional Medical Center) is a public hospital operated by the CarolinaEast Health System. The County Commissioners appoint the governing board of the Health System and own the property upon which the hospital is built. The land is leased for \$1 per year to the Health System by the County. The Craven County Tourism Development Authority (TDA) and the Coastal Carolina Regional Airport Authority (formerly Craven Regional Airport Authority) are separate legal entities. The County is financially accountable for the TDA, as the TDA derives its revenues through a special room occupancy tax authorized and revocable by the County Commissioners. The Airport Authority governing board is appointed by the County Commissioners and the County is responsible for financing any operating deficits of the Authority. Although legally separate from the County, the Craven County Alcoholic Beverage Control Board is a component unit of the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on pages 35 and 36 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 the resources that have been segregated for specific activities or objectives. Craven 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 Craven County can be divided into three categories: governmental funds, proprietary fund and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using the accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental funds 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.

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

Proprietary Funds – Craven County has only two proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Craven County uses an enterprise fund to account for its water utility activity. This fund is the same as the separate activity shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for its risk management activity. Because this operation benefits predominately governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 48 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Craven County's progress in funding its obligation to provide pension benefits to law enforcement personnel. Required supplementary information can be found following the Financial Statements and Notes to the Financial Statements of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Craven County exceeded liabilities by \$48,914,250 as of June 30, 2009. As of June 30, 2008, the net assets of Craven County were \$45,446,101. The County's net assets increased by \$3,468,149 for the fiscal year ended June 30, 2009.

The invested in capital assets, net of related debt category is defined as the County's investment in County owned capital assets (e.g. land, buildings, vehicles, equipment, and water system infrastructure) net of accumulated depreciation, less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for current spending. Although the County's investment in its capital assets is reported net of 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 County's investment in capital assets net of related debt, increased by \$2,787,017 over the prior year. Capital assets added during the fiscal year totaled \$20.5 million, most of which was construction in progress at year end and relates to the Judicial Center project. Total debt decreased by \$6.7 million, due to the normal amortization of debt through regular payments. The assets net of debt of the business activities were relatively unchanged.

The second category of net assets is restricted net assets. This category represents resources that are subject to specific external legal restrictions that limit the County's ability to access and use these funds beyond the purpose for which they were provided. Sales tax proceeds restricted for school debt service and statutorily restricted revenues are typical of the type of items included in this category. This category of net assets decreased by \$730,641 this year as a result of lower assets in the debt service fund used to retire school debt. This decrease was caused by declining sales tax revenues and the withholding of two quarters of Public School Building Capital Fund (ADM money) by the State.

The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2009, the unrestricted deficit of \$7,441,242 is attributable to the County's outstanding debt incurred for use by the Craven Community College and the Craven County Board of Education (the "schools") to construct, renovate, and equip schools. Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its legal obligation to provide the schools capital funding by using a mixture of County funds and debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. Even though the debt issued has been issued to finance capital outlay and construction for the schools, the Governmental Accounting Standards Board has determined that it is not capital debt for the County since it is not financing assets owned by the County. As a result, the school debt is reportable within the unrestricted category of net assets rather than as part of the category invested in capital assets, net of related debt. The unrestricted net assets (deficit) consist of the following:

School system debt	\$ (55,635,000)
All other	48,193,758
Total unrestricted (deficit)	<u>\$ (7,441,242)</u>

Craven County's Net Assets

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 51,897,302	\$ 74,236,068	\$ 10,645,681	\$ 9,540,634	\$ 62,542,983	\$ 83,776,702
Capital assets, net	68,258,520	50,866,028	19,710,395	19,962,461	87,968,915	70,828,489
Total assets	120,155,822	125,102,096	30,356,076	29,503,095	150,511,898	154,605,191
Long-term liabilities/schools	55,635,000	59,460,000	-	-	55,635,000	59,460,000
Long-term liabilities/other	40,172,548	42,191,950	1,625,969	1,863,135	41,798,517	44,055,085
Other liabilities	3,674,183	5,198,444	489,948	445,561	4,164,131	5,644,005
Total liabilities	99,481,731	106,850,394	2,115,917	2,308,696	101,597,648	109,159,090
Net assets:						
Invested in capital assets, net of related debt	33,675,755	31,120,067	18,330,655	18,099,326	50,387,912	49,219,393
Restricted	4,349,082	5,079,723			4,349,082	5,079,723
Unrestricted (deficit)	(17,350,746)	(17,948,088)	9,909,504	9,095,073	(5,822,744)	(8,853,015)
Total net assets	\$ 20,674,091	\$ 18,251,702	\$ 28,240,159	\$ 27,194,399	\$ 48,914,250	\$ 45,446,101

The impact on unrestricted net assets, caused by the inclusion of the school debt without the corresponding assets, was partially offset by the following positive factors:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 98.10, down slightly from 98.23 the previous year but higher than the statewide average of 97.38 percent for the previous year.
- General Fund actual expenditures were less than budgeted expenditures by \$5,356,000. This was due to steps taken during the fiscal year to reduce expenditures by implementing a soft hiring freeze, restricting travel and capital outlay. The actions taken to control expenditures successfully offset revenues ending \$3,249,000 below budget and resulted in an addition to the General Fund Balance of \$963,000.
- An increase of 3.6 percent in property values countywide, as of January 1, 2009, resulted in an increase of \$1,392,000 of additional property tax revenue for fiscal 2009.

Craven County Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$13,236,970	\$13,063,977	\$3,609,669	\$3,387,837	\$16,846,639	\$16,451,814
Operating grants and contributions	17,246,445	19,195,643			17,246,445	19,195,643
Capital grants and contributions	2,014,940	529,725			2,014,940	529,725
General revenues:						
Property taxes	43,814,430	42,236,411			43,814,430	42,236,411
Sales and use taxes	16,796,425	20,131,706			16,796,425	20,131,706
Other	3,725,092	5,526,546	347,602	596,526	4,072,694	6,123,072
Total revenues	<u>96,834,302</u>	<u>100,684,008</u>	<u>3,957,271</u>	<u>3,984,363</u>	<u>100,791,573</u>	<u>104,668,371</u>
Expenses:						
General government	7,785,402	6,568,743			7,785,402	6,568,743
Public safety	14,166,850	13,475,510			14,166,850	13,475,510
Environmental protection	5,576,352	5,369,403			5,576,352	5,369,403
Economic and physical development	3,138,650	3,447,939			3,138,650	3,447,939
Human services	31,436,005	32,544,458			31,436,005	32,544,458
Culture and recreation	3,201,411	2,070,824			3,201,411	2,070,824
Education	24,746,401	33,000,753			24,746,401	33,000,753
Interest on long term debt	4,457,642	3,716,568			4,457,642	3,716,568
Water and sewer districts			2,814,711	2,378,268	2,814,711	2,378,268
Total expenses	<u>94,508,713</u>	<u>100,194,198</u>	<u>2,814,711</u>	<u>2,378,268</u>	<u>97,323,424</u>	<u>102,572,466</u>
Increase in net assets before transfers	2,325,589	489,810	1,142,560	1,606,095	3,468,149	2,095,905
Transfers	96,800	70,150	(96,800)	(70,150)	-	-
Increase in net assets	2,422,389	559,960	1,045,760	1,535,945	3,468,149	2,095,905
Net assets, beginning of year	<u>18,251,702</u>	<u>17,691,742</u>	<u>27,194,399</u>	<u>25,658,454</u>	<u>45,446,101</u>	<u>43,350,196</u>
Net assets, end of year	<u>20,674,091</u>	<u>\$18,251,702</u>	<u>\$28,240,159</u>	<u>\$27,194,399</u>	<u>\$48,914,250</u>	<u>\$45,446,101</u>

Governmental activities. Governmental activities increased the County's net assets by \$2,422,389. The increase in net assets was caused by a decrease in expenses of \$5,685,485 compared to fiscal 2008. Key elements of this decrease are as follows:

- Education accounted for the largest decrease in expenses, (\$8.2 million), and was a result of funding provided for the construction of the three public school projects in the prior year. Over \$10.3 million dollars was expended in 2008 for these projects, while only \$2.8 million was spent in 2009. Additionally the amount paid, by the County, to the Craven Community College was down by \$1.8 million in fiscal 2009. In the prior year the County funded a commitment for the new Business and Technology Building of \$2 million.
- The other significant decrease in expenses was in human services, (\$1.1 million). Spending for the County's portion of Medicaid was lower by \$2.3 million due to the arrangement with the State to take over all of the non-federal cost of Medicaid in exchange for a half cent of county sales tax.

- There were some increases in expenses which offset these reductions. General government spending was up in: elections due to 2008 election; information technology due to implementation of new software package for law enforcement and new data storage solution; and tax assessor due to the upcoming revaluation. Public safety expenses increased due to additional costs in the Sheriff's department and jail preparing for the upcoming move to the new facility, and also due to additional funding for the volunteer rescue squads by the County. Culture and recreation increased due to the County fulfilling its commitment of one million dollars toward the new Tryon Palace History Education Center. Interest expense increased due to a full year of debt service for the 2007 COPS issued in fiscal 2008.
- Revenues decreased in fiscal 2009, compared to 2008, by \$3.9 million in two primary areas. Sales tax was down over 16 percent for the County. Ten percent of this decline was due to the economic conditions and six percent was due to the agreement with the State to exchange a half cent of sales tax for the Medicaid costs. The County actually experienced a \$1.7 million savings on the Medicaid/sales tax swap in 2009 due to giving up lower than normal sales tax revenues and not having to fund higher than normal Medicaid expense. Investment earnings were also down this year, due to lower interest rates and a smaller portfolio. The portfolio decreased as a result of spending most of the unexpended proceeds left from the 2007 COPS issue.

Business-type activities. Business-type activities, the County's water utility, increased Craven County's net assets by \$1,045,760.

- Total revenue decreased by \$27,000 compared to the prior year. Most of this decrease was due to a lower return on investments. Charge for services was up by \$222,000 or 6.5 percent. This increase was due partially to new customers but mostly to the implementation, in January 2009, of an inclining rate schedule. Many customers, who use small amounts of water, actually experienced a decrease in their bill while bills of larger users of water increased. The projection in the rate calculation estimated an overall 5 percent increase in revenues and this was very close to the actual results.
- Operating income decreased from 35.29% of revenue to 25.46% this year primarily due to an increase in operating expenses resulting from preliminary costs associated with the search for a new water source. Approximately \$100,000 was expended on the water source evaluation in fiscal 2009. Utility costs were also higher due to the addition of the five Pee Dee aquifer wells.

- The State has mandated reductions in the amount of water withdrawn from the Black Creek aquifer used by the County as its primary source of water. During the fiscal year, the County brought on line five wells in the Pee Dee aquifer to meet the required 25 percent reduction by August, 2008. The Pee Dee water is mixed with the Black Creek water on the existing well sites. This project was funded on a pay as you go basis. The next required reduction, an additional 25 percent, must be completed by August, 2013. The County is currently working to meet this goal and current plans will require the County to build a water treatment plant and drill wells into the Castle Hayne aquifer. The Castle Hayne aquifer is a much shallower aquifer and the water has high organic and mineral content requiring treatment. Currently the Black Creek and Pee Dee water only requires the addition of chlorine. The County plans to locate these wells and treatment plant on the south side of the Trent/Neuse Rivers and use the existing Black Creek and Pee Dee wells to serve customers on the north side. This would eliminate the need to pump water across the river, but will result in higher operating costs and require a corresponding increase in water rates to cover the estimated cost of servicing debt for the \$27 million project. The County is considering re-instituting a capital reserve fee for new taps. The water utility continues to develop an aggressive conservation program to reduce water consumption and withdrawals from the current aquifer. The inclining rate structure was one aspect of this program.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Craven County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Craven 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 Craven County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$21,350,921, an increase of \$3,570,022, while total fund balance increased by \$962,962 to \$26,712,102. The increase in the General Fund balance for the year was 3.7 percent. 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 General Fund balance represents 23.0 percent of total General Fund expenditures (including transfers out), while total fund balance represents 28.8 percent of that same amount. The increase in the percentage of expenditures, from 18.5 percent in 2008 to 23.0 percent in 2009, was previously explained in the Financial Highlights section of this document.

At June 30, 2009, the governmental funds of Craven County reported a combined fund balance of \$42,291,444, a 33.4 percent decrease from last year. All of this decrease was in capital project funds and was due to expending most of the loan proceeds from the 2007 COPS issue. At the end of last year approximately \$19.5 million of unexpended proceeds from the borrowing was in fund balances.

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 increased revenues by \$2.1 million including the following:

- Intergovernmental revenues increased by approximately \$1,613,000 from the original budget and consisted of the following items. Over \$168,000 of additional pass through grants were received from the state for various agencies after the original budget was adopted. In addition a grant for \$112,000 was received from the State Department of Elections for equipment for the County election department. A grant of \$107,000 of CDBG money for repetitive flood improvements was received from the state. Grant increases during the year, from the state for: the Health Department accounted for over \$301,000 of the increase; CARTS accounted for \$80,000; and the Department of Social Services overhead reimbursement for \$258,000. Subsidized day care revenues increased by \$166,000 during the year, and assistance for energy grants increased by \$321,000. It is not unusual for the State to make more funds available in these programs as the year progresses.
- Charges for services budgeted amounts increased by \$494,000 during the year. Collection of fees for the volunteer rescue squads accounted for \$245,000 of this amount. Fees collected by the Register of Deeds were increased by \$31,000 during the year to reflect a new fee instituted by the State. Fees for services provided by CARTS increased \$124,000.

Expenditures in the final budget were increased by approximately \$4.0 million from the original budget. Of this amount, \$2.1 million was discussed above in the revenue changes. The increase in expenditures also included \$446,000 of additional funds being appropriated from the General Fund balance during the year including: \$147,000 of fund balance for matching Department of Insurance grants for the volunteer rescue squads and fire departments; \$37,000 was appropriated from fund balance to cover the cost of the general election in 2008; legal expenses relating to the convention center resulted in an additional \$100,000 being appropriated; \$81,000 was appropriated from fund balance to cover expenses related to the E-911 system; \$25,000 was appropriated for the New Bern 300th anniversary celebration; and \$29,000 of additional fund balance was appropriated to cover law enforcement supplemental retirement benefits due to unanticipated retirements of three employees. The remaining increase in budgeted expenditures was the result of appropriating transfers in from the Capital Reserve Fund to the General Fund for \$1.0 million for the Tryon Palace History Education Center and \$300,000 for a parking lot at Craven Community College.

Proprietary Funds. Craven County's proprietary funds statements (water utility) provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water Fund increased during the fiscal year by \$.8 million to \$9.9 million. This was a result of an operating income of \$.9 million for the year, \$.3 million less than the previous year. Factors concerning the finance of this fund have already been addressed in the discussion of Craven County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Craven County's capital assets for its governmental and business-type activities as of June 30, 2009, totaled \$87,968,915 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water production and distribution infrastructure.

Major capital asset transactions during the year included:

- Purchase new vehicles for the Sheriff department, maintenance and CARTS
- Construction of the new judicial center project
- Construction and equipment acquisition at new park in western portion of County
- Completion of the Pee Dee aquifer wells
- Evaluation of additional water sources (test wells in Castle Hayne aquifer)
- Acquisition of new hardware and software in information technology department

Craven County's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$7,817,458	\$7,783,556	\$210,425	\$207,676	\$8,027,883	\$7,991,232
Buildings	37,328,298	37,315,561	563,318	563,318	37,891,616	37,878,879
Improvements	6,539,669	4,302,071	28,903,205	27,956,624	35,442,874	32,258,695
Machinery and equipment	5,371,220	5,548,435	231,700	347,763	5,602,920	5,896,198
Vehicles	5,080,138	4,827,525	208,168	185,509	5,288,306	5,013,034
Construction in progress	31,373,749	14,823,271	109,839	590,422	31,483,588	15,413,693
Total	93,510,532	74,600,419	30,226,655	29,851,313	123,737,187	104,451,732
Less accumulated depreciation	25,252,012	23,734,391	10,516,260	9,888,851	35,768,272	33,623,242
Total net of depreciation	\$68,258,520	\$50,866,028	\$19,710,395	19,962,459	\$87,968,915	\$70,828,489

Additional information on the County's capital assets can be found in Note 3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2009, Craven County had total bonded general obligation debt outstanding of \$33,800,000. Of this amount, \$33,555,000 is debt backed by the full faith and credit of the County. Included in this amount is \$780,000 of general obligation debt issued by the County on behalf of the Coastal Carolina Regional Airport Authority, a discretely presented component unit of the County, and shown as debt belonging to the Airport Authority on their financial statements. (This debt is not shown in the table below). Of the total bonded general obligation debt, \$245,000 is debt backed by the full faith and credit of two water and sewer districts, blended component units of the County.

Craven County's Outstanding Debt

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
G. O. bonds	\$32,775,000	\$35,335,000	\$245,000	\$377,000	\$33,020,000	\$35,712,000
Installment debt	58,144,921	62,006,933	1,373,498	1,486,135	59,518,419	63,493,068
Total long debt	\$90,919,921	\$97,341,933	\$1,618,498	\$1,863,135	\$92,538,418	\$99,205,068

Craven County's total bonded and installment debt decreased by \$6,666,650 (6.7 percent) during the past fiscal year. This decrease was the result of making regularly scheduled payments of that amount. No new debt was issued during the year.

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 balance remaining of the legal debt margin for Craven County is \$467,371,457.

Additional information regarding Craven County's long-term debt can be found in Note 4 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect current economic conditions of the County:

- The annual average unemployment rate for calendar year 2008 was 6.1 percent in the County, compared with a State rate of 6.3 percent. The rate increased to 10.1% at the end of July, 2009 and declined to 9.8% at the end of August, 2009.
- The number of building inspections performed by the County Inspections Department in fiscal 2008 was down 26% percent from 2008 and 55% from the peak in 2006 due to the sharp decline in the housing market. Housing market conditions continue to be adversely affected by the lack of credit and uncertainty with the economy although not to the extent that many areas of the country have experienced. Housing prices have not fallen significantly although sales have slowed. The County will revalue all property as of January 1, 2010. Preliminary numbers show significant increases in values since the last revaluation in 2002.
- Per capita income for the years 1997-2007 for Craven County shows an average annual growth rate of 4.0 percent, while the average annual growth rate for the State, during the same period, was 3.7 percent and 4.3 percent for the nation. The County's per capita income increased 6.9 percent in calendar 2007 (the latest year information is available) while the State increased 4.5 percent and the nation by 4.9 percent. The County's per capita income level is 99 percent of the state average and 86 percent of the national average.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: The County has approved a \$90.5 million General Fund budget for fiscal year 2010. This is down \$4.1 million from the budget originally adopted for fiscal 2009. The budget was adopted with no increase in the ad valorem tax rate of 61 cents per \$100 of property valuation.

Property values are estimated to increase only slightly, .29 percent, over last year's estimate, resulting in little additional property tax revenue. The budget for fiscal 2010 includes several new positions at the new detention center which were deemed to be required to operate the larger facility. Other operating expenses for the detention center were increased by approximately \$250,000 due to the increased size of the new facility. Capital outlay has been restricted to items which are absolutely necessary and cannot be delayed. Funding for the public schools, community college, and library all remained at the funding level provided in fiscal 2009.

In order to balance their own budget, the State negatively impacted counties budgets. Several county revenue sources such as ADM funds, reimbursement for housing state inmates, medical expense of state inmates, and two thirds of county's beer and wine excise tax, were taken away. Other items, normally state expenses, were moved to counties, such as cost of housing probation personnel, reduction in funding of social services administration, and salaries and occupancy cost of child support enforcement personnel. These items are expected to impact the County by \$1.5 million in 2010 and \$1.6 million in 2011. The County had already adopted the 2010 budget when some of these items became known and this resulted in the County using an additional \$430,000 of fund balance to offset these revenue losses and additional expenses.

The Judicial Center will be occupied in December, 2009, somewhat later than originally scheduled. The delay was due to several construction issues which have all been resolved. The facility will alleviate an overcrowding situation at the current detention center, as well as, provide new facilities for the Sheriff's Department and a new District Courtroom. The Board of Education continues to look for suitable land in the Havelock/New Bern corridor for a new high school and possibly a middle school. The construction of the school could be several years later than the purchase of the land.

County staff is closely monitoring all revenues and expenditures as a result of the current economic conditions. Sales tax was budgeted at a reduced level from the actual receipts in fiscal 2009, which were down from 2008. Certain expenditures at social services were budgeted to increase as a result of more people being unemployed and eligible for services. The department is experiencing an increase in the number of people attempting to qualify for benefits at present.

Business-type Activities: There were no rate increases or unusual items included in the budget for fiscal 2010 for the County water function. A rate change was enacted effective January 1, 2009, implementing the inclining rate scale. Work will continue on the alternate water supply project in fiscal 2010 by acquiring land for wells and a treatment plant, drilling test wells into the Castle Hayne aquifer, and designing the plant. Additional rate increases will be required in the future.

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 the Finance Officer, Craven County, 406 Craven Street, New Bern, North Carolina, 28560.

BASIC FINANCIAL STATEMENTS

Craven County



CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS

June 30, 2009

	Primary Government		Component Units				
	Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Craven County Regional Airport Authority	CarolinaEast Health System	Craven County ABC Board
ASSETS							
Cash and cash equivalents	\$ 28,748,766	\$ 9,650,947	\$ 38,399,713	\$ 165,610	\$ 1,466,051	\$ 13,121,527	\$ 792,481
Short-term investments	8,237,834	-	8,237,834	-	-	51,578,906	524,994
Restricted short-term investments	5,178,182	-	5,178,182	-	-	-	-
Accounts receivables (net)	1,768,155	749,734	2,517,889	-	312,507	31,669,880	-
Taxes receivables (net)	5,967,380	-	5,967,380	-	-	-	-
Accrued interest receivable	515,757	-	515,757	-	-	-	-
Due from other government	-	245,000	245,000	-	-	-	-
Inventories	-	-	-	-	-	-	-
Prepaid items	1,713	-	1,713	-	-	6,226,549	711,301
Deferred charges - issuance costs	710,988	-	710,988	-	-	1,987,698	16,237
Deferred charges - refunding	768,527	-	768,527	-	-	-	-
Long-term cash and investments	-	-	-	-	-	133,408,245	-
Other assets	-	-	-	-	-	243,285	-
Capital assets:							
Land and construction in progress	39,191,207	320,264	39,511,471	-	10,670,779	19,769,971	175,451
Other capital assets, net of depreciation/amortization	29,067,313	19,390,131	48,457,444	-	12,943,423	80,740,079	1,027,309
Total capital assets	68,258,520	19,710,395	87,968,915	-	23,614,202	100,510,050	1,202,760
Total assets	120,155,822	30,356,076	150,511,898	165,610	25,392,760	338,746,140	3,247,773
LIABILITIES							
Accounts payable	2,475,593	142,148	2,617,741	-	19,182	22,330,546	492,598
Accrued salaries and benefits	557,732	10,654	568,386	-	13,826	11,794,905	27,468
Unearned revenue	149,465	330,904	480,369	-	-	18,750	-
Accrued interest payable	491,393	6,242	497,635	-	25,699	271,391	-
Long-term liabilities:							
Due within one year	7,888,436	162,637	8,051,073	-	1,137,389	565,482	-
Due in more than one year	87,919,112	1,463,332	89,382,444	-	2,367,179	3,405,898	-
Total liabilities	99,481,731	2,115,917	101,597,648	-	3,563,275	38,386,972	520,066
NET ASSETS							
Invested in capital assets, net of related debt	33,675,755	18,330,655	52,006,410	-	20,115,081	96,562,545	1,202,760
Restricted for:							
Debt service-education	3,317,971	-	3,317,971	-	-	-	-
Public safety	1,009,361	-	1,009,361	-	-	-	-
Other purposes	21,750	-	21,750	-	-	-	280,999
Unrestricted (deficit)	(17,350,746)	9,909,504	(7,441,242)	165,610	1,714,404	203,796,623	1,243,948
Total net assets	\$ 20,674,091	\$ 28,240,159	\$ 48,914,250	\$ 165,610	\$ 21,829,485	\$ 300,359,168	\$ 2,727,707

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

Craven County, North Carolina

Statement of Activities

For the Fiscal Year Ended June 30, 2009

Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses			Capital Grants and Contributions	Primary Government		Component Units			
	Charges for Services	Operating Grants and Contributions			Governmental Activities	Business-type Activities	Tourism Development Authority	Craven County Regional Airport Authority	CarolinaEast Health System	Craven County Board
Primary government:										
Governmental:										
General government	\$ 7,785,402	\$ 1,295,547	\$ 1,355,699	\$ 104,129	\$ (5,030,027)	\$ -	\$ (5,030,027)			
Public safety	14,166,850	2,375,313	551,977	-	(11,239,560)	-	(11,239,560)			
Social services	23,190,078	905,238	13,472,526	199,612	(8,618,702)	-	(8,618,702)			
Economic and physical development	3,138,650	1,009,269	24,755	106,721	(1,997,905)	-	(1,997,905)			
Environmental protection	5,576,352	2,720,503	169,132	-	(2,686,717)	-	(2,686,717)			
Health	8,245,927	4,872,707	1,697,356	-	(1,745,864)	-	(1,745,864)			
Cultural and recreation	3,201,411	58,393	45,000	50,000	(3,048,018)	-	(3,048,018)			
Education	24,746,401	-	-	1,560,478	(23,185,923)	-	(23,185,923)			
Interest on long-term debt	4,457,642	-	-	-	(4,457,642)	-	(4,457,642)			
Total governmental activities	94,508,713	13,236,970	17,246,445	2,014,940	(62,010,358)	-	(62,010,358)			
Business-type:										
Water	2,814,711	3,609,669	-	-	-	794,958	794,958			
Total business-type activities	2,814,711	3,609,669	-	-	-	794,958	794,958			
Total primary government	\$ 97,323,424	\$ 16,846,639	\$ 17,246,445	\$ 2,014,940	\$ (62,010,358)	\$ 794,958	\$ (61,215,400)			
Component units:										
Tourism Development Authority	\$ 528,103	\$ 421,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Airport Authority	2,609,005	1,957,369	2,151,798	-	-	-	1,500,162	-	-	-
Medical Authority	213,397,767	216,112,037	-	-	-	-	-	-	-	-
ABC Board	5,571,492	5,792,862	-	-	-	-	-	2,714,270	-	-
Total component units	\$ 222,106,367	\$ 224,283,323	\$ 2,151,798	\$ -	\$ -	\$ -	\$ 1,500,162	\$ 2,714,270	\$ -	\$ 221,370
General revenues:										
Taxes:										
Property taxes, levied for general purposes					43,814,430		43,814,430			
Local option sales tax					16,796,425		16,796,425			
Other taxes and licenses					766,861		766,861			
Investment earnings (losses), unrestricted					1,375,589	239,026	1,614,615			
Miscellaneous, unrestricted					1,582,642	108,576	1,691,218			6,911
Transfers					96,800	(96,800)	-			-
Total general revenues and transfers					64,432,747	250,802	64,683,549			6,911
Change in net assets					2,492,389	1,045,760	3,468,149			228,281
Net assets-beginning					18,251,702	27,194,399	45,446,101			2,499,426
Net assets-ending					\$ 20,674,091	\$ 28,240,159	\$ 48,914,250			\$ 2,727,707

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

CRAVEN COUNTY, NORTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009**

	General	Judicial Center Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 16,093,756	\$ 2,856,313	\$ 6,897,323	\$ 25,847,392
Short-term investments	7,627,141	-	610,693	8,237,834
Restricted short-term investments	-	3,608,365	1,569,817	5,178,182
Taxes receivable	5,927,052	-	40,328	5,967,380
Accounts receivable	1,244,443	337,228	186,484	1,768,155
Due from other funds	-	-	852,832	852,832
Total assets	<u>\$ 30,892,392</u>	<u>\$ 6,801,906</u>	<u>\$ 10,157,477</u>	<u>\$ 47,851,775</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 747,876	\$ 1,339,697	\$ 16	\$ 2,087,589
Accrued salaries and benefits	557,732	-	-	557,732
Due to other funds	852,832	-	-	852,832
Deferred revenue	2,021,850	-	40,328	2,062,178
Total liabilities	<u>4,180,290</u>	<u>1,339,697</u>	<u>40,344</u>	<u>5,560,331</u>
Fund balances:				
Reserved for:				
State statute	5,258,842	337,228	186,484	5,782,554
Debt service	-	-	3,317,971	3,317,971
Future law enforcement expenditures	80,589	-	-	80,589
Register of deeds	21,750	-	-	21,750
Unreserved:				
Designated for subsequent year's expenditures, reported in:				
General fund	979,722	-	-	979,722
Special revenue funds	-	-	742,288	742,288
Capital project funds	-	5,124,981	5,870,390	10,995,371
Undesignated, reported in:				
General fund	20,371,199	-	-	20,371,199
Total fund balances	<u>26,712,102</u>	<u>5,462,209</u>	<u>10,117,133</u>	<u>42,291,444</u>
Total liabilities and fund balances	<u>\$ 30,892,392</u>	<u>\$ 6,801,906</u>	<u>\$ 10,157,477</u>	<u>\$ 47,851,775</u>

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

CRAVEN COUNTY, NORTH CAROLINA

**Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2009**

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

Fund balance at June 30, 2009 - total governmental funds (page 36)	\$ 42,291,444
Capital assets used in governmental activities that are not current financial resources and therefore are not reported in the funds.	68,258,520
Other assets are not available to pay for current-period expenditures and therefore are not recognized in the funds.	1,995,272
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included governmental activities in the statement of net assets.	2,515,083
Liabilities for earned but deferred revenues in the fund.	1,912,713
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(96,298,941)</u>
Net assets of governmental activities at June 30, 2009 (page 35)	<u>\$ 20,674,091</u>

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

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2009

	General	Judicial Center Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 42,146,854	\$ -	\$ 1,569,451	\$ 43,716,305
Sales	16,211,309	-	585,116	16,796,425
Tourism Room	-	-	766,861	766,861
Intergovernmental	17,626,557	-	1,634,828	19,261,385
Charges for services	13,037,199	-	493,655	13,530,854
Interest	760,291	345,442	216,118	1,321,851
Miscellaneous	1,255,713	337,228	-	1,592,941
Total revenues	91,037,923	682,670	5,266,029	96,986,622
EXPENDITURES				
Current:				
General government	8,361,653	-	331,665	8,693,318
Public safety	11,446,520	17,540,232	2,555,116	31,541,868
Environmental protection	5,478,700	-	-	5,478,700
Economic and physical development	2,623,499	-	97,036	2,720,535
Health	7,983,542	-	-	7,983,542
Social services	23,149,487	-	-	23,149,487
Culture and recreation	3,548,392	-	35,315	3,583,707
Education	21,935,698	-	2,810,703	24,746,401
Debt service:				
Principal	2,697,014	-	3,725,000	6,422,014
Interest	1,844,183	-	2,645,120	4,489,303
Total expenditures	89,068,688	17,540,232	12,199,955	118,808,875
Excess of revenues over (under) expenditures	1,969,235	(16,857,562)	(6,933,926)	(21,822,253)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,583,503	-	3,859,575	6,443,078
Transfers out	(3,589,776)	-	(2,756,502)	(6,346,278)
Total other financing sources (uses)	(1,006,273)	-	1,103,073	96,800
Net change in fund balances	962,962	(16,857,562)	(5,830,853)	(21,725,453)
FUND BALANCES:				
Beginning	25,749,140	22,319,771	15,947,986	64,016,897
Ending	\$ 26,712,102	\$ 5,462,209	\$ 10,117,133	\$ 42,291,444

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

CRAVEN COUNTY, NORTH CAROLINA

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2009**

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

Net change in fund balances - total governmental funds (page 38)	\$ (21,725,453)
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.	17,402,791
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is to decrease net assets.	(10,299)
Change in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	107,798
The issuance of long-term debt (e.g., bonds, leases) provide 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, however, 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 those differences in the treatment of long-term debt and related items.	5,723,766
Internal service fund is used by management to charge the costs of risk management to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	<u>923,786</u>
Change in net assets of governmental activities (page 35)	<u>\$ 2,422,389</u>

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

**CRAVEN COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE, BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2009

(Page 1 of 3)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 42,617,131	\$ 42,617,131	\$ 42,146,854	\$ (470,277)
Sales	17,285,000	17,285,000	16,211,309	(1,073,691)
Intergovernmental	16,541,523	18,155,018	17,626,557	(528,461)
Charges for services	13,521,000	14,014,554	13,037,199	(977,355)
Interest	1,002,000	1,002,000	760,291	(241,709)
Miscellaneous	1,165,825	1,213,241	1,255,713	42,472
Total revenues	92,132,479	94,286,944	91,037,923	(3,249,021)
EXPENDITURES				
General government:				
Commissioners	448,677	447,942	430,157	17,785
Administration	621,000	518,344	503,859	14,485
Human resources	408,654	413,564	398,641	14,923
Information technology	1,002,129	1,112,956	1,038,535	74,421
Finance	766,642	793,199	778,913	14,286
Elections	245,336	395,998	376,841	19,157
Tax assessor	926,890	925,175	856,049	69,126
Tax collections	510,902	517,728	493,737	23,991
Register of deeds	1,047,510	1,082,724	872,592	210,132
Public buildings	251,433	286,333	285,998	335
Housekeeping	246,867	243,198	240,088	3,110
Court facilities	236,858	236,858	212,510	24,348
GIS/Mapping	317,191	318,052	309,046	9,006
Maintenance	433,913	447,486	446,114	1,372
Non-departmental	1,642,311	1,627,729	1,118,573	509,156
Total general government	9,106,313	9,367,286	8,361,653	1,005,633
Public safety:				
Animal control	342,428	341,258	335,308	5,950
Medical examiner	69,000	69,000	64,800	4,200
Sheriff	5,091,940	5,195,045	5,102,595	92,450
Criminal Justice Partnership Program	-	99,543	96,924	2,619
Jail	3,008,372	3,017,872	2,952,798	65,074
Communications	496,814	501,924	424,095	77,829
Fire marshal/ Emergency management	334,478	347,260	278,376	68,884
Inspections	524,835	526,920	435,497	91,423
Volunteer rescue squads	1,370,845	1,762,092	1,739,302	22,790
Special appropriation	16,825	16,825	16,825	-
Total public safety	11,255,537	11,877,739	11,446,520	431,219

Continued

**CRAVEN COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE, BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2009

(Page 2 of 3)

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Environmental protection:				
Solid waste	\$ 3,947,871	\$ 3,949,406	\$ 3,820,472	\$ 128,934
Environmental health	1,254,815	1,267,251	1,200,325	66,926
Soil conservation	117,386	119,326	117,733	1,593
Cooperative extension	345,705	363,625	340,170	23,455
Total environmental protection	<u>5,665,777</u>	<u>5,699,608</u>	<u>5,478,700</u>	<u>220,908</u>
Economic and physical development:				
Planning	524,938	717,601	695,485	22,116
Economic Development Commission	578,778	593,377	539,685	53,692
Convention Center	1,163,803	1,274,076	1,172,333	101,743
Other-Airport	69,750	69,750	69,750	-
Other-Legal	100,000	200,000	146,246	53,754
Total economic and physical development	<u>2,437,269</u>	<u>2,854,804</u>	<u>2,623,499</u>	<u>231,305</u>
Health:				
Dental	297,940	313,751	301,736	12,015
Maternity	1,123,242	1,126,242	1,087,307	38,935
Child health	1,362,055	1,383,648	1,236,061	147,587
Risk Reduction	121,481	235,981	211,398	24,583
WIC	487,366	541,270	468,160	73,110
Adult Health Services	37,500	66,033	64,093	1,940
Vector Control	154,878	169,878	143,424	26,454
Communicable Disease	147,198	139,879	135,355	4,524
Bio-Terrorism	55,960	55,960	54,730	1,230
Family planning	458,980	463,546	409,445	54,101
Home health	2,154,243	2,194,243	1,951,496	242,747
Mental health	272,827	275,827	274,653	1,174
Other - unclassified	1,704,827	1,755,952	1,645,684	110,268
Total health	<u>8,378,497</u>	<u>8,722,210</u>	<u>7,983,542</u>	<u>738,668</u>
Social services:				
Transportation	1,499,688	1,728,837	1,487,651	241,186
Administration	2,097,064	2,193,095	2,084,830	108,265
Employment assistance	2,911,895	2,870,421	2,818,376	52,045
Adult/child services	1,402,362	1,415,625	1,293,364	122,261
Veterans services	132,154	132,326	130,464	1,862
Senior services	502,505	504,221	439,491	64,730
Public assistance payments	8,483,622	8,948,922	8,053,036	895,886
TANF	7,307,031	7,527,919	6,356,291	1,171,628
Other - unclassified	419,361	487,406	485,984	1,422
Total social services	<u>24,755,682</u>	<u>25,808,772</u>	<u>23,149,487</u>	<u>2,659,285</u>

Continued

**CRAVEN COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE, BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2009

(Page 3 of 3)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
Culture and recreation				
Recreation	\$ 1,167,699	\$ 1,212,556	\$ 1,174,564	\$ 37,992
Libraries	1,208,255	1,210,755	1,209,078	1,677
Special appropriation	188,582	188,582	164,750	23,832
Tryon Palace Education Center	-	1,000,000	1,000,000	-
Total culture and recreation	<u>2,564,536</u>	<u>3,611,893</u>	<u>3,548,392</u>	<u>63,501</u>
Education, schools				
Public schools - current expenditures	17,444,838	17,409,775	17,405,568	4,207
Public schools - capital outlay	900,000	900,000	900,000	-
Community college	<u>3,330,130</u>	<u>3,630,130</u>	<u>3,630,130</u>	<u>-</u>
Total education	<u>21,674,968</u>	<u>21,939,905</u>	<u>21,935,698</u>	<u>4,207</u>
Debt service:				
Principal	2,746,858	2,698,341	2,697,014	1,327
Interest	<u>1,844,339</u>	<u>1,844,184</u>	<u>1,844,183</u>	<u>1</u>
Total debt service	<u>4,591,197</u>	<u>4,542,525</u>	<u>4,541,197</u>	<u>1,328</u>
Total expenditures	<u>90,429,776</u>	<u>94,424,742</u>	<u>89,068,688</u>	<u>5,356,054</u>
Excess of revenues over expenditures	<u>1,702,703</u>	<u>(137,798)</u>	<u>1,969,235</u>	<u>2,107,033</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,278,643	2,728,340	2,583,503	(144,837)
Transfers out	<u>(4,037,752)</u>	<u>(4,072,243)</u>	<u>(3,589,776)</u>	<u>482,467</u>
Total other financing sources (uses)	<u>(2,759,109)</u>	<u>(1,343,903)</u>	<u>(1,006,273)</u>	<u>337,630</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	(1,056,406)	(1,481,701)	962,962	2,444,663
Appropriated fund balance	<u>1,056,406</u>	<u>1,481,701</u>	-	<u>(1,481,701)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	962,962	<u>\$ 962,962</u>
FUND BALANCE				
Beginning			<u>25,749,140</u>	
Ending			<u>\$ 26,712,102</u>	

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

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Aggregate Nonmajor Funds	Eliminations	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 9,650,947	\$ -	\$ -	\$ -	\$ 9,650,947	\$ 2,901,374
Accounts receivable, net of allowance for doubtful accounts	749,734	-	-	-	749,734	1,713
Capital lease receivable-current	-	113,341	5,538	(118,879)	-	-
Due from other government-current	-	-	50,000	-	50,000	-
Total current assets	10,400,681	113,341	55,538	(118,879)	10,450,681	2,903,087
Noncurrent Assets:						
Due from other government-noncurrent	-	-	195,000	-	195,000	-
Capital lease receivable-noncurrent	-	1,228,911	31,950	(1,260,861)	-	-
Capital assets:						
Land	210,428	-	-	-	210,428	-
Improvements other than buildings	28,903,205	-	-	-	28,903,205	-
Buildings	563,318	-	-	-	563,318	-
Machinery and equipment	439,868	-	-	-	439,868	-
Construction in progress	109,836	-	-	-	109,836	-
Less accumulated depreciation	(10,516,260)	-	-	-	(10,516,260)	-
Total capital assets (net of accumulated depreciation)	19,710,395	-	-	-	19,710,395	-
Total noncurrent assets	19,710,395	1,228,911	226,950	(1,260,861)	19,905,395	-
Total assets	30,111,076	1,342,252	282,488	(1,379,740)	30,356,076	2,903,087
LIABILITIES						
Current liabilities:						
Accounts payable	142,148	-	-	-	142,148	388,004
Accrued salaries and benefits	10,654	-	-	-	10,654	-
Accrued interest payable	-	6,029	213	-	6,242	-
Customer deposits payable	330,904	-	-	-	330,904	-
Installment notes payable-current	-	107,312	5,325	-	112,637	-
General obligation bonds payable-current	-	-	50,000	-	50,000	-
Obligations under capital lease-current	118,879	-	-	(118,879)	-	-
Total current liabilities	602,585	113,341	55,538	(118,879)	652,585	388,004
Noncurrent liabilities:						
Other postemployment benefit liability	7,471	-	-	-	7,471	-
Installment notes payable	-	1,228,911	31,950	-	1,260,861	-
General obligation bonds payable	-	-	195,000	-	195,000	-
Obligations under capital lease	1,260,861	-	-	(1,260,861)	-	-
Total noncurrent liabilities	1,268,332	1,228,911	226,950	(1,260,861)	1,463,332	-
Total liabilities	1,870,917	1,342,252	282,488	(1,379,740)	2,115,917	388,004
NET ASSETS						
Invested in capital assets, net of related debt	18,330,655	-	-	-	18,330,655	-
Unrestricted	9,909,504	-	-	-	9,909,504	2,515,083
Total net assets	\$ 28,240,159	\$ -	\$ -	\$ -	\$ 28,240,159	\$ 2,515,083

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

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2009**

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Aggregate Nonmajor Funds		
OPERATING REVENUES					
Charges for services	\$ 3,609,669	\$ -	\$ -	\$ 3,609,669	\$ 4,450,140
Miscellaneous	108,576	-	-	108,576	1,226
Total operating revenues	<u>3,718,245</u>	<u>-</u>	<u>-</u>	<u>3,718,245</u>	<u>4,451,366</u>
OPERATING EXPENSES					
Cost of services	1,927,645	-	-	1,927,645	3,581,319
Depreciation and amortization	843,949	-	-	843,949	-
Total operating expenses	<u>2,771,594</u>	<u>-</u>	<u>-</u>	<u>2,771,594</u>	<u>3,581,319</u>
Operating income	<u>946,651</u>	<u>-</u>	<u>-</u>	<u>946,651</u>	<u>870,047</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	239,026	-	-	239,026	53,738
Interest expense	-	(38,817)	(4,300)	(43,117)	-
Total net nonoperating revenues (expenses)	<u>239,026</u>	<u>(38,817)</u>	<u>(4,300)</u>	<u>195,909</u>	<u>53,738</u>
Income (loss) before transfers	<u>1,185,677</u>	<u>(38,817)</u>	<u>(4,300)</u>	<u>1,142,560</u>	<u>923,785</u>
Transfers in	16,200	38,817	4,300	59,317	-
Transfers out	(156,117)	-	-	(156,117)	-
Total transfers in (out)	<u>(139,917)</u>	<u>38,817</u>	<u>4,300</u>	<u>(96,800)</u>	<u>-</u>
Change in net assets	<u>1,045,760</u>	<u>-</u>	<u>-</u>	<u>1,045,760</u>	<u>923,785</u>
Total net assets - beginning	<u>27,194,399</u>	<u>-</u>	<u>-</u>	<u>27,194,399</u>	<u>1,591,298</u>
Total net assets - ending	<u>\$ 28,240,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,240,159</u>	<u>\$ 2,515,083</u>

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

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Fund	Northwest		Total	
		Craven Water and Sewer District	Aggregate Nonmajor Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,602,371	\$ -	\$ -	\$ 3,602,371	\$ 4,453,828
Payments to customers and suppliers	(1,092,651)	-	-	(1,092,651)	(3,669,718)
Payments to employees	(654,963)	-	-	(654,963)	-
Net cash provided by operating activities	1,854,757	-	-	1,854,757	784,110
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition & construction of capital assets	(725,671)	-	-	(725,671)	-
Proceeds from sale of capital assets	6,516	-	-	6,516	-
Repayment of installment notes and bonds	-	(107,312)	(87,325)	(194,637)	-
Payments on obligations under capital lease payable	(194,637)	-	-	(194,637)	-
Proceeds from investment in direct finance leasing	-	107,312	87,325	194,637	-
Interest paid	(44,018)	-	-	(44,018)	-
Net cash used in capital and related financing activities	(957,810)	-	-	(957,810)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(96,800)	-	-	(96,800)	-
Net cash used in noncapital financing activities	(96,800)	-	-	(96,800)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds (purchase) of short-term investments	8,450,000	-	-	8,450,000	1,700,000
Interest on cash and investments	239,026	-	-	239,026	53,738
Net cash provided by investing activities	8,689,026	-	-	8,689,026	1,753,738
Net increase in cash and cash equivalents	9,489,173	-	-	9,489,173	2,537,848
CASH AND CASH EQUIVALENTS					
Beginning	161,774	-	-	161,774	363,526
Ending	\$ 9,650,947	\$ -	\$ -	\$ 9,650,947	\$ 2,901,374
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 946,651	\$ -	\$ -	\$ 946,651	\$ 870,047
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	843,949	-	-	843,949	-
Loss on disposal of assets	127,272	-	-	127,272	-
Change in assets and liabilities:					
Accounts receivable	(115,874)	-	-	(115,874)	2,461
Accounts payable	67,231	-	-	67,231	(88,399)
Customer deposits payable	(14,472)	-	-	(14,472)	-
Net cash provided by operating activities	\$ 1,854,757	\$ -	\$ -	\$ 1,854,757	\$ 784,109
SUPPLEMENTAL SCHEDULE OF FINANCING ACTIVITIES					
Repayment of installment notes and bonds by other governments	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ -

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

CRAVEN COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2009

	<u>All Agency Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 104,136
Total assets	<u>\$ 104,136</u>

LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 104,136
Total liabilities	<u>\$ 104,136</u>

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

Craven County



NOTES TO FINANCIAL STATEMENTS

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from or cannot be included in the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

Craven County



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Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting

Nature of operations:

Craven County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under General Statute 153A-10. The County is located near the coast in eastern North Carolina, with its seat of government in the City of New Bern. The County is responsible for providing a full range of governmental services, including police and fire protection to residents in unincorporated areas of the County, health and social services, recreational programs, ambulance services, recycling operations, and operational and capital funding support for the public school systems.

Reporting entity:

As required by accounting principles generally accepted in the United States of America, these financial statements present the County (primary government) and its component units, legally-separate entities for which the County is financially accountable. The four discretely presented component units presented below are reported in separate columns in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Craven County Tourism Development Authority. The Craven County Tourism Development Authority ("Tourism Development Authority") is governed by members appointed by the County Commissioners, the New Bern Board of Aldermen, the Havelock Board of Commissioners, and non-profit agencies. The County is financially accountable for the Tourism Development Authority, as the Tourism Development Authority derives its revenues through a special room occupancy tax authorized and revocable by the County Commissioners. The Tourism Development Authority does not issue separate financial statements.

Coastal Carolina Regional Airport Authority. The Coastal Carolina Regional Airport Authority ("Airport Authority") was established by a joint agreement between the City of New Bern and the County pursuant to state statute. The governing board is selected by the County Commissioners and the County is responsible for financing any operating deficits of the Airport. The County must approve issuance of any revenue bonds. The Airport Authority does not issue separate financial statements.

CarolinaEast Health System. The Craven County Commissioners established the CarolinaEast Health System ("Health System") to provide medical services to County residents. The Commissioners select the Health System's governing board. In addition, Craven County leases land and improvements to The Health System for \$1 per year "in perpetuity", and therefore does not record these assets in the County's financial statements. The Health System's financial statements are presented as of and for the year ended September 30, 2008 as if it were a proprietary fund. Complete financial statements for the Health System may be obtained at 2000 Neuse Boulevard, New Bern, NC 28561.

Craven County Alcoholic Beverage Control Board. The Craven County Alcoholic Beverage Control Board ("ABC Board") is governed by a board appointed by the County Commissioners. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. The ABC Board's financial statements are presented as of and for the year ended June 30, 2009 as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained at 3493 Martin Drive, New Bern, NC 28561.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

Blended component units are separate legal entities whose operations are so intertwined with Craven County that they are, in substance, the same as Craven County. The County's blended component units are the following water and sewer districts, which have been established to provide water and sewer services to the residents of the respective districts:

Neuse River Water and Sewer District
Township 6 Water and Sewer District
Pembroke Water and Sewer District

Northwest Craven Water and Sewer District
Tuscarora Rhems Water and Sewer District
East Craven Water and Sewer District

The County has entered into an agreement with each existing District, which will encompass additional Districts as they are created, that transfers all assets, liabilities (excluding bonded indebtedness, loans, and installment notes), operational rights, and responsibilities to Craven County. In consideration for this agreement, the County has agreed to pay the Districts an amount equal to debt service costs for the respective Districts for the duration of the respective bonds, loans, and notes.

The County maintains the Districts' assets, provides water operations and makes payments on outstanding debts on behalf of the respective Districts. Therefore, the County's financial statements reflect the assets and debts in the Craven County Water Fund. The Board of County Commissioners sits as the Board of each District. No separate financial statements are issued by these Districts as they have no operations, only certain outstanding debt that is paid on their behalf by Craven County pursuant to the agreement noted above. The outstanding liabilities of the Districts are presented in individual statements along with the other proprietary funds, and the balances within the District and the corresponding balances in the Craven County Water fund are eliminated through internal balances.

The agreement terminates with each district at the time there is no outstanding debt. At this point the County has the option to purchase for \$1 all of the real and personal property owned by the districts. There is no outstanding debt for Tuscarora Rhems Water and Sewer District or East Craven Water and Sewer District. The County has exercised its option to purchase the real and personal property of these two districts.

Craven County Finance Corporation:

Craven County Finance Corporation (CCFC) is a nonprofit public benefit corporation. The Corporation was organized and shall be operated exclusively for the purpose of providing debt financing for the County, to fulfill various statutory obligations involving, but not limited to, purchase and sale, construction and/or lease of real estate and improvements, facilities, and equipment. County debt and debt payments are made by the County's governmental funds. CCFC is a blended component unit and does not issue separate financial statements.

Summary of significant accounting policies:

The basic financial statements of Craven County, North Carolina (government) have been prepared in conformity with accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

Basis of Presentation

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

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

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

The County reports the following major governmental funds:

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.

Judicial Center Fund. This is used to account for capital project revenues and expenditures related to the new judicial center.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

The government reports the following major enterprise funds:

Water Fund. This is used to account for the operation of water services provided throughout Craven County.

Northwest Craven Water and Sewer District. Established to provide water and sewer services to the residents of this district.

The County reports the following other 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 the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Juvenile Restitution Fund, which accounts for State monies to be expended for services to juveniles; the Department of Motor Vehicle Interest Fund, which accounts for 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; and the Municipal Property Tax Fund, which account for registered motor vehicle and real property taxes that are billed and collected by the County for various municipalities within the County.

Internal Service Fund. This fund is used to finance and account for the County's health and dental insurance and workers' compensation program information.

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 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 Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

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 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 recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. State shared revenues, sales tax, property taxes, federal grants funding federal mandates, and most donations are examples of non-exchange transactions.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes receivable are not accrued as a 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, Craven 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 registered motor vehicles 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 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2009 because they are intended to finance the County's operations during the 2010 fiscal year.

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

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

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.

Budgets and Budgetary Accounting

In accordance with the North Carolina Local Government Budget and Fiscal Control Act, the County follows these procedures in establishing the budgetary data reflected in the financial report:

- 1) The County Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operational budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) The budget is legally enacted through passage of an ordinance by June 30 each year.

The Board of Commissioners may amend the budget ordinance at any time after its adoption as long as the amended ordinance continues to meet the requirements of North Carolina's "Local Government Budget and Fiscal Control Act". No amendment may change the property tax levy unless the Board of Commissioners is so ordered by competent authority. During the year, several supplementary appropriations to the original budget were necessary. Individual amendments to the ordinance were not material in relation to the original appropriations, and all amendments were legally made. The budget amounts shown in the basic financial statements include the original budget as adopted at July 1, 2008, and the budget as amended at June 30, 2009.

Under State statute, actual expenditures cannot exceed budgetary appropriations at the level at which the budget ordinance is formally approved. The County's budget ordinance authorizes expenditures by department total (the legal level of control) for all funds, including the enterprise funds. All budgets, including the enterprise funds' budgets, are fixed in nature. For internal management purposes, the budgets are detailed by line item within each department and entered into the accounting records. Comparisons of actual expenditures to budget are made on an ongoing basis. All budgets are prepared using the modified accrual basis of accounting.

The County Manager is authorized to transfer appropriations within a fund up to \$20,000; however, the governing board must approve any revisions that alter total expenditures of any fund or exceed \$20,000. Annual appropriated budgets are adopted for the General Fund, certain Special Revenue Funds (all fire districts funds), the Debt Service Fund, and all Proprietary Funds. The budget for Capital Projects Funds authorize activity for the life of each individual project. All annual appropriations lapse at fiscal year end, whereas all project appropriations lapse at the end of the project.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

The budget, as authorized for the General Fund, includes certain receipts to be received for and disbursed to, or on behalf of, other entities, or individuals, by the County as fiscal agent. For financial reporting purposes, these agency receipts and disbursements are reclassified to a separate agency fund.

The budgets for the enterprise funds are prepared on a modified accrual basis of accounting which excludes depreciation expense and recognizes purchases of capital assets as current expenditures. For financial reporting purposes, the activity of the enterprise funds has been reported using the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America. CarolinaEast Health System and Craven County Alcoholic Beverage Control Board (proprietary discrete component units) do not report budget data in their financial statements.

Assets, Liabilities, and Fund Equity

Cash and Investments. The County pools cash resources of all funds and invests these funds jointly, including certain funds of the Airport Authority and the Tourism Development Authority, to facilitate disbursement and investment activities and to maximize investment income. Each fund owns a pro rata share of the cash and investments pool.

The County and all component units other than the CarolinaEast Health System report money market investments, if any, with a maturity of more than one year at acquisition and non money market investments at fair value as determined by quoted market prices. The North Carolina Capital Management Trust ("NCCMT") cash portfolio's securities are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

Investment earnings of the pool are allocated to all funds based on the individual fund's average cash balances outstanding during the month.

For the purposes of the County's proprietary fund types statement of cash flows, all highly liquid investments outside of the pool with an original maturity of three months or less when purchased are considered to be cash equivalents. For amounts in the County's cash and investment pool, since cash pools have the general characteristics of demand deposit accounts in that the individual funds may deposit additional cash at any time and withdraw cash at any time without prior notice or penalty, such cash and investments are considered to be cash.

The CarolinaEast Health System has investments in debt and marketable equity securities, all of which are reported at their fair value. Debt securities consist of obligations of the U.S. Government as well as corporate bonds and commercial paper. Marketable equity securities consist primarily of common stocks that are traded or listed on national exchanges. Both realized and unrealized gains and losses on all debt and marketable equity securities are included in nonoperating income. Interest and dividends on investments in debt and equity securities are included in nonoperating income when earned.

Restricted short-term investments. The unexpended bond proceeds of the County's 2007 Certificates of Participation are classified as restricted assets within the Judicial Center, Fiber Optic Project and Schools Special Project Funds because their use is completely restricted to the various purposes for which the bonds were originally issued.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

Ad Valorem Taxes. In accordance with North Carolina General Statutes [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles at July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January of the preceding fiscal year. The majority of the County's property tax collections occur during December and early January each year. The taxes outstanding at June 30 are therefore delinquent. To the extent that County property tax revenues result in current receivables as defined by the Governmental Accounting Standards Board (GASB), they are recognized when levied.

Delinquent ad valorem taxes receivable are reported in the financial statements net of an allowance for uncollectible accounts of \$100,000 in the General Fund. The allowance approximates, based on past experience, the percentage of the original levy which has normally been uncollectible. Net delinquent ad valorem taxes receivable are offset by deferred revenue in the governmental fund statements because they cannot be considered a resource which can be used to finance current operations.

Allowance for Doubtful Accounts. Allowances for doubtful accounts are maintained on all types of receivables which historically experience uncollectible accounts.

Exclusive of ad valorem taxes, the following summarizes other allowances for doubtful accounts by fund and receivable type at June 30, 2009:

	Component Unit CarolinaEast Health System
Patient receivables (at September 30, 2008)	\$ 13,306,080

Interfund Receivables/Payables. During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements.

Inventories. Inventories of the Health System and the ABC Board in the government-wide statement of net assets are valued at the lower of cost, on a first-in, first-out (FIFO) basis, or market. The Health System inventory consists of expendable items, including pharmaceuticals and general supplies, held for sale to patients or consumption. The Health System inventories are recorded as expenses when consumed rather than when purchased. The ABC Board inventory consists of alcoholic beverages held for sale.

Prepaid Items. Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items.

Long-term cash and investments. Assets whose use is limited reported by the Health System include assets and accrued interest receivables set aside by the Health System Board for future capital improvements over which the Board retains control and assets held by a trustee under bond indenture agreements.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

Bond Issuance Costs and Refunding. Bond issuance costs and refunding gains and losses are deferred and amortized over the term of the bonds using the effective interest method in the government-wide financial statements and in proprietary funds. These costs relate to the 2007 Certificates of Participation issued in the Governmental funds.

Intangible Assets. Intangible capital assets consists of goodwill of the Health System associated with cost in excess of fair value of the net assets of certain entities acquired in purchase transactions. Goodwill is being amortized on a straight-line basis over 5 to 30 years. At each financial statement date, the Health System evaluates goodwill for impairment.

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost in the government-wide financial statements and in proprietary funds. Donated capital assets are recorded at their fair value at date of donation. Minimum capitalization cost is \$5,000 for all capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are not recognized in the governmental fund statements. These statements report capital items as expenditures as incurred.

The County and its component units follow the policy of capitalizing interest as a component of the cost of business-type activity capital assets constructed for their own use in accordance with the guidelines of GASB COD.1400.111, and other related components.

When the County leases capital assets to a discretely presented component unit for a nominal amount, the County reports those capital assets and related depreciation in the component unit. Depreciation of all depreciable capital assets is charged as an expense against their operations. Accumulated depreciation is reported in the statement of net assets. Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives of the individual assets:

Buildings	25-50 Years
Improvements other than buildings	10-40 Years
Machinery and equipment and vehicles	5-10 Years

Capital assets of the Airport Authority, the Health System, and the ABC Board are depreciated over the estimated useful lives of the individual assets on a straight-line basis.

Compensated absences. For the County's government-wide financial statements and in proprietary fund statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County or its component units have made no accrual for sick leave since there is no obligation for accumulated sick leave until it is actually taken, as sick leave does not vest.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

Long-term obligations

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as another financing source and is not considered fund liabilities. These statements report debt service payments (including principal) as expenditures.

Deferred/Unearned revenue. The balance in deferred or unearned revenue on the governmental fund statements and unearned revenues on the government-wide statements of governmental activities at year-end is composed of the following elements:

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Prepaid taxes not yet earned	\$ 89,462	\$ 89,462
Prepaid fees	60,003	60,003
Property taxes receivable, net (General)	1,742,723	-
Property taxes receivable, net (Special Revenue)	40,328	-
Recycling fees receivable	129,662	-
Total deferred revenue	\$ 2,062,178	\$ 149,465

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 fund balance 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 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.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

The governmental funds classify fund balances as follows:

Reserved

Reserved by State statute - portion of fund balance 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.

Reserved for debt service – portion of fund balance available for retirement of long-term debt.

Reserved for law enforcement expenditures – portion of fund balance available for appropriation which has been designated to be restricted to law enforcement purposes.

Reserved for Register of Deeds – portion of fund balance available for appropriation which has been designated to be restricted for Register of Deeds technology needs.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2009-2010 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

Craven County, North Carolina

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

Reconciliation of Government-wide and Fund Financial Statements

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

The governmental 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 \$(21,617,353) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 93,510,530
Less accumulated depreciation	25,252,010
Net capital assets	<u>68,258,520</u>
Accrued interest receivable less the amount claimed as unearned revenue in the governmental fund statements as well as deferred charges for bond issuance and refunding costs as these funds are not available and therefore deferred in the fund statements.	1,995,272
Liabilities for revenue not susceptible to accrual but earned therefore deferred in the fund statements but not in the government-wide statements.	1,912,713
Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the statement of net assets for the governmental activities.	2,515,083
Long term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not recorded in the fund statements:	
Installment notes financing	(58,144,921)
Bonds financing	(32,775,000)
Deferred bonds premium	(1,881,583)
Accrued interest payable	(491,393)
Other postemployment benefits	(450,412)
Compensated absences	(2,169,341)
Net pension obligation	(386,291)
Total adjustment	<u>\$ (21,617,353)</u>

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity, Significant Accounting Policies and Basis of Accounting (Continued)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – 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 \$24,147,842 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 19,806,486
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	(2,403,695)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, retirements, and donations)	(10,299)
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 statements	6,422,013
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(222,938)
Long-term net pension obligations and other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(460,154)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	28,650
Bond refunding costs, premiums and other similar items, are amortized in the government-wide statements but not in the fund statements because they do not use current resources	(43,805)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	107,798
Internal service fund is used by management to charge the costs of risk management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	923,786
Total adjustment	<u>\$ 24,147,842</u>

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments

At June 30, 2009, the primary government's cash and investments (excluding agency funds – see below) are comprised of the following:

Cash on hand	\$	20,525
Carrying value of deposits		38,379,188
Investments and restricted short-term investments		13,416,016
	\$	<u>51,815,729</u>

Statement of net assets reconciliation:

Cash and cash equivalents	\$	38,399,713
Short-term investments		8,237,834
Restricted short-term investments		5,178,182
	\$	<u>51,815,729</u>

Deposits:

The deposits of the County and its component units are made in Board designated official depositories and are secured as required by General Statute 159-31. They may designate as an official depository, any bank or savings and loan institution whose principal office is located in North Carolina. They may also establish time deposits in the form of NOW accounts, SuperNOW and money market accounts and certificates of deposit.

All deposits of the County and its component units 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 units' agents in the units' name. 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 units, 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 noninterest 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 units or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the units under the pooling method, the potential exists for 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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. All deposits of the County rest with banks that have chosen the pooling method. The County, the ABC Board, the Tourism Development Authority, the Airport Authority and the Health System do not have policies regarding custodial credit risk for deposits.

At June 30, 2009, the County's (primary government) deposits had a carrying amount of \$38,379,188 and a bank balance of \$39,365,111. Of the bank balance, \$250,000 was covered by federal depository insurance and \$39,115,111 was covered by collateral held under the pooling method.

At June 30, 2009, the County's agency fund deposits had a carrying amount of \$104,136 and a bank balance of \$114,514. The bank balance was covered by collateral held under the pooling method.

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

Component Unit Information

At June 30, 2009, both the carrying amount and bank balance of deposits for the Tourism Development Authority was \$165,610. The bank balance was covered by collateral held under the pooling method.

At June 30, 2009, both the carrying amount and bank balance of deposits for the Airport Authority was \$1,466,051. The bank balance was covered by collateral held under the pooling method.

At June 30, 2009, the carrying amount of deposits for the ABC Board was \$1,305,175 and the bank balance was \$1,287,456. Of the bank balance, \$714,516 was covered by federal depository insurance and \$572,940 was covered by collateral held under the pooling method.

At September 30, 2008, the carrying amount of deposits for the Health System was \$11,055,979 and the bank balance was \$12,183,557. Of the bank balance, \$253,996 was covered by federal depository insurance and \$11,929,561 was covered by collateral held under the pooling method.

Investments:

State law [G.S. 159-30(c)] authorizes the County, the ABC Board, the Tourism Development Authority, the Airport Authority, and the Health System 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). In addition to the above, the Health System may invest in other property or securities in which trustees, guardians, executors, administrators, and others acting in a fiduciary capacity may legally invest funds under their control.

As of June 30, 2009, \$8,156,017 of the County's investments was held in the North Carolina Capital Management Trust (NCCMT) Cash Portfolio. Total investments included on the statement of net assets presentation of investments also includes \$5,260,000 which is invested in certificates of deposit with a financial institutions.

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the County's investment portfolio to maturities of less than 5 years. Also maturity dates are to be staggered to avoid undue concentration in specific maturity sectors.

Credit Risk: State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on managing credit risk. Instead, the County informally utilizes the State Law to minimize credit risks. As of June 30, 2009, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAA by Standard & Poor's as of June 30, 2009.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no policy on custodial credit risk. There are no amounts of uninsured and unregistered investments for which the securities are held by the counterparty, or by its safekeeping department or agent.

Concentration of Credit Risk: The County places no limit on the amount that the County may invest in any one issuer. More than 5 percent of the County's investments are in each of the following: North Carolina Capital Management Trust–Cash Portfolio (100%).

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

As of September 30, 2008, the Health System had the following investments and maturities (Amounts are in thousands):

CarolinaEast Health System Investment Type	Fair Value	<Than 1 Year	1-5 Years	6-10 Years	11-20 Years	>Than 20 Years
US Government Treasury Notes	\$ 11,385	\$ 644	\$ 4,096	\$ 6,645	\$ -	\$ -
US Government Agencies	17,742	-	10,349	2,670	4,076	647
Asset Backed CMO's	11,120	1,711	4,883	2,309	2,217	-
Corporate Bonds	51,567	149	31,660	7,963	2,088	9,707
Equity Securities	69,991	N/A	N/A	N/A	N/A	N/A
Hedge Fund	16,175	N/A	N/A	N/A	N/A	N/A
Short Term Cash Equivalents*	5,692	N/A	N/A	N/A	N/A	N/A
NC Capital Management Trust*	2,534	N/A	N/A	N/A	N/A	N/A
NC Capital Management Trust - Bank of New York Trustee	842	N/A	N/A	N/A	N/A	N/A
Total	\$ 187,048	\$ 2,504	\$ 50,988	\$ 19,587	\$ 8,381	\$ 10,354

* These amounts include \$2,061,008 which is included in cash and cash equivalents.

Interest Rate Risk: As a means of limiting its exposure to fair value losses, mortgage backed securities or other asset backed securities will never comprise more than 30% of the fixed income portfolio. Corporate debt securities will never comprise more than 50% of the fixed income portfolio. The maximum maturity of any non-mortgage backed fixed income instrument will not exceed 10 years without the approval of the Health System's Board. Investment managers should not exceed a 7-year expected weighted average maturity for investments in mortgage backed paper and government agencies including Ginnie Maes, Freddie Macs or Fannie Maes.

Credit Risk: The Health System's investment policy requires corporate obligations to meet the commercial paper rating of A1 by Moody's or P1 by S&P and bond rating in the "BBB" category or better by S&P, Moody's, and Fitch. "BBB" securities will be limited to 10% of the fixed income portfolio. No single "BBB" issue will be greater than \$500,000 face value at purchase. Obligations of the U.S. Government or explicitly guaranteed by the U.S. Government are generally not considered to have credit risk.

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

As of September 30, 2008, the total quality ratings for the above holdings were as follows:

Holdings	AAA	AA	A	BBB	BB	B	Total
Asset Backed CMO's	100.00%						100.00%
Corporate Bonds	36.84%	17.18%	34.20%	11.78%			100.00%
Short Term Cash Equivalents	100.00%						100.00%
NC Capital Management Trust	100.00%						100.00%
NC Capital Management Trust - Bank of New York Trustee	100.00%						100.00%

Concentration of Credit Risk: The Health System's investment policy states individual cumulative debt instruments by any one issuer shall be confined to a maximum of 5% of the fixed income portfolio.

Equity Investment Guidelines: Each equity holding will be limited to 5% of the equity portfolio determined at the time of investment.

Permissible types of equity investments include equities of U.S. and foreign companies listed on the NYSE, ASE and NASDAQ traded OTC securities to include common and preferred and convertible preferred stocks. Equity investments may also include publicly traded mutual funds, unit trusts and other common investment funds comprised of commingled securities listed on the NYSE, ASE and NASDAQ traded OTC securities.

Alternative Assets: A fund of funds hedge fund is employed to offer diversification as an investment alternative with low correlation to fixed income and equity securities. A fund of funds performance is measured against the performance of an appropriate hedge fund index.

Other Investment Guidelines: The primary portfolio shall contain no derivatives to enhance the overall yield of the stock or bond portfolio. The Alternative Asset class may use derivatives. Investment managers must maintain compliance with State of North Carolina laws and regulations, and all other applicable laws, rules and regulations.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2009 was as follows:

	Capital Assets			Capital Assets
	June 30, 2008	Additions	Retirements	June 30, 2009
Governmental Activities				
Capital assets, not being depreciated:				
Land, other	\$ 7,783,557	\$ 37,109	\$ (3,208)	\$ 7,817,458
Construction in progress	14,823,271	18,249,236	(1,698,758)	31,373,749
Total capital assets not being depreciated	\$ 22,606,828	\$ 18,286,345	\$ (1,701,966)	\$ 39,191,207
Capital assets, being depreciated:				
Buildings	\$ 37,315,561	\$ 12,733	\$ -	\$ 37,328,294
Vehicles	4,827,525	712,450	(459,835)	5,080,140
Equipment	5,548,435	267,864	(445,079)	5,371,220
Other improvements	4,302,071	2,237,598	-	6,539,669
Total capital assets being depreciated	51,993,592	3,230,645	(904,914)	54,319,323
Less accumulated depreciation for:				
Buildings	14,874,632	1,342,743	-	16,217,375
Vehicles	3,559,597	542,004	(440,998)	3,660,603
Equipment	4,264,245	275,647	(445,079)	4,094,813
Other improvements	1,035,918	243,301	-	1,279,219
Total accumulated depreciation	23,734,392	2,403,695	(886,077)	25,252,010
Total capital assets, being depreciated, net	\$ 28,259,200	\$ 826,950	\$ (18,837)	\$ 29,067,313
Business-type Activities				
Capital assets, not being depreciated:				
Land, other	\$ 207,676	\$ 2,752	\$ -	\$ 210,428
Construction in progress	590,423	657,223	(1,137,810)	109,836
Total capital assets not being depreciated	\$ 798,099	\$ 659,975	\$ (1,137,810)	\$ 320,264
Capital assets, being depreciated:				
Buildings & other improvements	\$ 28,519,942	\$ 1,151,882	\$ (205,299)	\$ 29,466,525
Vehicles	185,509	42,407	(19,749)	208,167
Equipment	347,763	9,216	(125,280)	231,699
Total capital assets being depreciated	29,053,214	1,203,505	(350,328)	29,906,391
Less accumulated depreciation for:				
Buildings & other improvements	9,439,884	812,717	(75,618)	10,176,983
Vehicles	120,374	26,446	(19,749)	127,071
Equipment	328,594	4,786	(121,174)	212,206
Total accumulated depreciation	9,888,852	843,949	(216,541)	10,516,260
Total capital assets, being depreciated, net	\$ 19,164,362	\$ 359,556	\$ (133,787)	\$ 19,390,131

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 451,471
Public safety	582,750
Social Services	352,448
Economic and physical development	426,843
Health	401,380
Environmental protection	81,013
Culture and recreation	107,790
Total depreciation expense, governmental activities	<u>\$ 2,403,695</u>

Business-type activities:

Water Fund	<u>\$ 843,949</u>
Total depreciation expense-business-type activities	<u>\$ 843,949</u>

Discretely presented component units

The following is a summary of the capital assets of the Airport Authority at June 30, 2009:

Capital assets, not being depreciated:

Land	\$ 9,309,813
Construction in Progress	1,360,966
Total capital assets, not being depreciated	<u>10,670,779</u>

Capital assets, being depreciated:

Buildings	9,949,192
Improvements other than buildings	13,101,499
Machinery, equipment, and vehicles	1,700,635
Total capital assets being depreciated	<u>24,751,326</u>

Less accumulated depreciation	11,807,903
Total capital assets being depreciated, net	<u>12,943,423</u>
Capital assets, net	<u>\$ 23,614,202</u>

Title to the real property occupied by the Airport Authority rests with Craven County. The land is leased to the Airport Authority for an annual rent of one dollar through a lease signed November 1, 1993 and expiring October 31, 2013.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets (Continued)

The following is a summary of the Health System capital asset activity for the year ended September 30, 2008:

	Year Ended September 30, 2008			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,844,655	\$ 882,209	\$ -	\$ 3,726,864
Construction in progress	11,664,739	13,861,854	(9,483,486)	16,043,107
Total capital assets, not being depreciated	14,509,394	14,744,063	(9,483,486)	19,769,971
Capital assets, being depreciated/amortized				
Intangible assets	15,727,713	-	-	15,727,713
Land improvements	3,766,782	-	-	3,766,782
Building and fixtures	98,195,956	3,812,546		102,008,502
Equipment	117,031,565	9,776,481	(4,402,060)	122,405,986
Total capital assets being depreciated	234,722,016	13,589,027	(4,402,060)	243,908,983
Less accumulated depreciation/amortization for:				
Intangible assets	(7,425,236)	(518,423)	-	(7,943,659)
Land improvements, building and fixtures, and equipment	(144,710,365)	(14,839,152)	4,324,272	(155,225,245)
	(152,135,601)	(15,357,575)	4,324,272	(163,168,904)
Total capital assets being depreciated/amortized, net	82,586,415	(1,768,548)	(77,788)	80,740,079
Medical Authority capital assets, net	\$ 97,095,809	\$ 12,975,515	\$ (9,561,274)	\$ 100,510,050

All depreciation is directly or indirectly in relation to the provision of healthcare services. The Health System has active construction projects as of September 30, 2008. The projects include various building renovations and information systems installations. As of September 30, 2008, the Health System has outstanding commitments for construction in progress for approximately \$13,600,000, of which approximately \$534,000 was included in accounts payable related to work in progress completed but not yet paid.

Craven County, North Carolina

Notes to Financial Statements

Note 3. Capital Assets (Continued)

Legal title to the Health System's property and equipment, except equipment purchased by the Health System from unrestricted funds, is held by Craven County. The facilities are leased to the Health System, under a lease agreement which expires in 2024, for an annual rental of one dollar. In the event of dissolution of the Health System or its failure to function as an Health System and to operate as required in the lease, all of its monies, properties and assets shall revert to Craven County.

Net assets invested in capital assets, net of related debt, as of September 30, 2008 are as follows:

Capital assets, as above	\$ 100,510,050
Capital related debt (Note 4)	3,947,505
	<u>\$ 96,562,545</u>

The following is a summary of the capital assets of the ABC Board at June 30, 2009:

Capital assets, not being depreciated:	
Land	\$ 175,451
Construction in progress	0
Total capital assets not being depreciated	<u>\$ 175,451</u>
Capital assets, being depreciated:	
Buildings	\$ 1,029,246
Furniture & equipment	435,014
Leasehold improvements	4,907
Automotive equipment	74,264
Total capital assets being depreciated	<u>1,543,431</u>
Less accumulated depreciation	516,122
Total capital assets being depreciated, net	<u>\$ 1,027,309</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations

General obligation bonds and bond anticipation notes:

General obligation bonds are direct obligations and pledge the full faith and credit of the County or Water and Sewer District that issued the debt. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year. General obligation bonds payable currently outstanding are as follows:

Purpose	Stated Interest Rates	Amounts
General government bonds:		
The County's general obligation bonds payable at June 30, 2009 are comprised of the following individual issues:		
\$28,000,000 2002 School Facility Serial Bonds with installments due on November 1 (interest only) and May 1 (principal of \$1,100,000 to \$2,300,000 plus interest) through May 1, 2023	4.5% - 5.0%	\$ 22,500,000
\$13,855,000 2004 General Obligation Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$330,000 to \$1,325,000 plus interest) through June 1, 2017	2.5% - 3.75%	9,075,000
\$1,800,000 2001 Community College Facility Serial Bonds with installments due on December 1 (interest only) and June 1 (principal of \$100,000 to \$200,000 plus interest) through June 1, 2019	4.6% - 4.7%	1,200,000
		<u>32,775,000</u>
Proprietary (Water and Sewer Districts) bonds:		
\$325,000 Neuse River Water and Sewer District bonds with installments due September 1 (interest only) and March 1 (principal of \$5,000 to \$20,000 plus interest) through March 2016	5.25% - 5.5%	125,000
\$600,000 Pembroke Water and Sewer District bonds with installments due November 1 (interest only) and May 1 (principal of \$30,000 plus interest) through May 2013	6.00%	120,000
		<u>245,000</u>
		<u>\$ 33,020,000</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

The annual debt service requirements for general obligation bonds are as follows:

Year Ending June 30	Governmental Activities		Business-type activities	
	Principal	Interest	Principal	Interest
2010	\$ 2,525,000	\$ 1,453,463	\$ 50,000	\$ 13,965
2011	2,500,000	1,359,613	50,000	11,115
2012	2,475,000	1,263,763	50,000	8,255
2013	2,445,000	1,166,969	50,000	5,375
2014	2,425,000	1,066,444	20,000	2,475
2015 – 2019	12,105,000	3,802,275	25,000	1,650
2020 – 2023	8,300,000	970,000	-	-
Total	<u>\$ 32,775,000</u>	<u>\$ 11,082,527</u>	<u>\$ 245,000</u>	<u>\$ 42,835</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Loans and installment notes payable:

Purpose	Interest Rates	Amount
General government:		
Human Services Complex	3.59%	\$ 1,029,921
Convention Center	4.72%	6,280,000
New School/School Projects/Fiber Optic	4.5%-5.0%	22,860,000
Law Enforcement Center/Park/Tryon Palace	4.5%-5.0%	27,975,000
Total General Government		<u>58,144,921</u>
Enterprise:		
Water line expansion project- Northwest Craven Water and Sewer District	3.82% - Clean water note	54,395
Water line expansion project- Township 6 Water and Sewer District	3.43% - Clean water note	37,275
Water line expansion project- Northwest Craven Water and Sewer District	2.66% - Drinking Water Revolving Loan	1,281,828
Total Enterprise		<u>1,373,498</u>
Total loans and installment notes payable		<u>\$ 59,518,419</u>

The Human Services Complex note is payable in monthly installments consisting of principal and interest in the amount of \$44,576 at the interest rate terms described above. The note is collateralized by the land and building.

The Convention Center project note is payable in semi-annual installments consisting of principal payments ranging from \$252,500 to \$385,000 plus interest. The note is collateralized by the convention center land and building.

The New School/School Projects/Fiber Optic debt is a portion of the Certificates of Participation, Series 2007 issued in August, 2007 in the full amount of \$57,635,000. Principal on this portion is due in annual installments of \$1,270,000. The Law Enforcement Center/Park/Tryon Palace debt is also a portion of the Certificates of Participation, Series 2007. Principal on this portion is due in annual installments ranging between \$1,550,000 and \$1,560,000. Interest with respect to the 2007 Certificates is payable on each June 1 and December 1 at rates ranging from 4.5%-5%. The remaining \$1,800,000 issued was used by the Airport Authority as discussed later in this note.

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

The water line expansion note for Northwest Craven is for the purpose of expanding the water distribution service. The note is payable in annual installments consisting of principal in the amount of \$27,198 plus interest. The note is collateralized by the water lines.

The water line expansion note is for the purpose of providing water line extensions to the Westgate Subdivision located in Township No. 6. The note is payable in annual installments of \$5,325 plus interest. The note is collateralized by the water lines.

The drinking water revolving loan is for the purpose of providing water line extension in the Northwest Craven Water & Sewer District. The note is payable in annual installments of \$80,114 plus interest. The note is collateralized by the water lines.

The annual debt service requirements for installment notes payable are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 3,841,167	\$ 2,775,021	\$ 112,637	\$ 37,453
2011	3,878,754	2,606,838	112,637	34,100
2012	3,380,000	2,439,460	85,439	30,748
2013	3,405,000	2,283,403	85,439	28,434
2014	3,435,000	2,123,911	85,439	26,120
2015 – 2019	17,630,000	8,179,744	411,222	96,445
2020 – 2024	14,115,000	4,231,500	400,571	42,621
2025 – 2027	8,460,000	846,000	80,114	2,131
Total	<u>\$ 58,144,921</u>	<u>\$ 25,485,877</u>	<u>\$ 1,373,498</u>	<u>\$ 298,052</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Changes in long-term liabilities:

Changes in long-term obligations for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 35,335,000	\$ -	\$ 2,560,000	\$ 32,775,000	\$ 2,525,000
Deferred premium on new debt	1,987,064		105,481	1,881,583	-
Loans and installment notes	62,006,934	-	3,862,013	58,144,921	3,841,167
Law enforcement pension obligation	376,549	9,742	-	386,291	-
Other postemployment benefit obligation	-	585,304	134,892	450,412	-
Compensated absences	1,946,403	1,745,207	1,522,269	2,169,341	1,522,269
Governmental activity Long-term liabilities	<u>\$ 101,651,950</u>	<u>\$ 2,340,253</u>	<u>\$ 8,184,655</u>	<u>\$ 95,807,548</u>	<u>\$ 7,888,436</u>
Due within one year					\$ 7,888,436
Due in more than one year					87,919,112
Total Governmental Activities					<u>\$ 95,807,548</u>
Business-type activities:					
General obligation bonds	\$ 377,000	\$ -	\$ 132,000	\$ 245,000	\$ 50,000
Other postemployment benefit obligation	-	14,527	7,056	7,471	-
Loans and installment notes	1,486,135	-	112,637	1,373,498	112,637
	<u>\$ 1,863,135</u>	<u>\$ 14,527</u>	<u>\$ 251,693</u>	<u>\$ 1,625,969</u>	<u>\$ 162,637</u>
Due within one year					\$ 162,637
Due in more than one year					1,463,332
Total Business-type Activities					<u>\$ 1,625,969</u>

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

State statutes provide for a legal debt limit of 8 percent of the County's assessed value of taxable property. The County has utilized \$87,601,949 of its legal debt limitation of \$554,973,406, leaving a legal debt margin of \$467,371,457 at June 30, 2009.

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Component Unit Information:

General obligation bonds and bond anticipation notes:

The Airport Authority currently has the following general obligation bond outstanding:

Purpose	Stated Interest Rate		Amount
Airport Terminal General Obligation Bonds	4.70%		\$ 780,000
	Principal	Interest	Total
During the Year Ending June 30,			
2010	\$ 150,000	\$ 36,660	\$ 186,660
2011	150,000	29,610	179,610
2012	175,000	22,560	197,560
2013	175,000	14,335	189,335
2014	130,000	6,110	136,110
	<u>\$ 780,000</u>	<u>\$ 109,275</u>	<u>\$ 889,275</u>

Loans and installment notes payable:

Enterprise:	Stated Interest Rate	Amount
Airport Terminal	4.09%	\$ 1,847,833
Airport Land	4.5% - 5%	900,000
		<u>2,747,833</u>
(Less) Unamortized charges		(28,712)
Net		<u>\$ 2,719,121</u>

The Airport Terminal note is payable in annual installments consisting of principal and interest in the amount of \$416,673 at the interest rate terms described above. The note is collateralized by the airport terminal.

The Airport Land note is a portion of the 2007 Certificates of Participation used for land acquisition, payable in annual installments consisting of principal and interest ranging from \$262,500 to \$695,000 through 2011, at the interest rate terms indicated above.

Long-term liabilities for the Airport Authority also include \$5,447 of liabilities accrued for other postemployment benefits. See note 13 for more information regarding other postemployment benefits.

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

The annual debt service requirement for the component unit installment note payable is as follows:

During the Year Ending June 30,	Principal	Interest	Total
2010	\$ 994,568	\$ 117,105	\$ 1,111,673
2011	608,805	70,368	679,173
2012	373,522	43,151	416,673
2013	389,063	27,610	416,673
2014	381,875	11,534	393,409
Total	\$ 2,747,833	\$ 269,768	\$ 3,017,601

The Health System had the following bonds payable at September 30, 2008:

Health Care Facilities Revenue Notes, Series 1993:

7.5% interest payable annually on November 1, maturing through 2013 \$ 3,947,505

The series 1993 revenue notes are limited obligations of the Health System and are collateralized solely from the net revenue of the Health System.

Annual debt service requirements, including mandatory sinking fund requirements, at September 30, 2008 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2009	\$ 544,933	\$ 296,063	\$ 840,996
2010	585,803	255,193	840,996
2011	629,738	211,258	840,996
2012	676,968	164,028	840,996
2013	727,741	113,255	840,996
2014	782,322	58,673	840,995
	<u>\$ 3,947,505</u>	<u>\$ 1,098,470</u>	<u>\$ 5,045,975</u>

The total current and long-term liabilities presented for the Authority in the Statement of Net Assets includes certain other liabilities totaling \$23,875.

Interest expense charged to operations was \$80,633, while \$223,080 of interest was capitalized for the year-ended September 30, 2008.

Craven County, North Carolina

Notes to Financial Statements

Note 5. Interfund Assets/Liabilities and Transfers

Amounts due from/to funds at June 30, 2009 were as follows (balances within fund types are eliminated):

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	852,832
		<u>\$ 852,832</u>

The due from /to between the Debt Service Fund and General Fund represents the year-end accruals for certain sales taxes which will be received and transferred within the first 3 months of the year-ended June 30, 2010.

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as operating transfers, and are reported as other financing sources (uses) in the Governmental Funds and nonoperating revenues (expenses) in the Proprietary Funds. Transfers within fund types have been eliminated.

The following is a detailed schedule of government interfund transfers for the year ended June 30, 2009:

Transfers out:	Transfers In:					
	General Fund	Non-Major Governmental Funds	Water Fund	Northwest Craven Water and Sewer District	Aggregate Non-Major Funds	Total
General Fund	\$ -	\$ 3,573,576	\$ 16,200	\$ -	\$ -	\$ 3,589,776
Non-Major Governmental Funds	2,470,503	285,999	-	-	-	\$ 2,756,502
Water Fund	113,000	-	-	38,817	4,300	\$ 156,117
Total Transfers out	\$ 2,583,503	\$ 3,859,575	\$ 16,200	\$ 38,817	\$ 4,300	\$ 6,502,395

Transfers consist primarily of the following:

- \$3,470,451 From General Fund to Non-Major Governmental Funds primarily for future debt retirement of school bonds.
- \$1,799,795 From County Reserve Fund (Non-Major Governmental Funds) to General Fund primarily to provide funds for the Tryon Palace Education Center and capital project expenditures on the community college.

Notes to Financial Statements

Note 6. Deferred Compensation Plan

County Plan:

The County offers its employees three deferred compensation plans in accordance with Internal Revenue Code Section 457. One plan is administered by the National Association of Counties (NACO), with Public Employees Benefit Services Corporation (PEBSCO.) acting as its agent in fulfilling certain of the administrative and marketing requirements. The plan, available to all permanent County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The second plan, administered by the International City Managers Association Retirement Corporation (ICMA/RC), is available to all permanent County employees who wish to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The third plan, administered by the American General Financial Group – VALIC, is available to all permanent County employees who wish to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In January 1997, the County amended the plans in accordance with the provisions of IRC Section 457(g). On that date, assets of the plans were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribes that the County no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the County's financial statements in a prior year.

Note 7. Joint Ventures

The County participates in a joint venture with the City of New Bern to operate the New Bern/Craven County Library. The County appoints five board members of the ten-member board. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2009. During the year ended June 30, 2009, the County appropriated \$972,514 to the library. In addition to the New Bern/Craven County Library, the County appoints board members to the three other Craven County municipal library boards. Total funding for these libraries was \$236,564. Complete financial statements for the New Bern/Craven County Library can be obtained from the Library's administrative offices at 400 Johnson Street, New Bern, NC 28560.

The County, in conjunction with Carteret County and Pamlico County, participates in the Coastal Regional Solid Waste Management Authority. Craven County appoints three members of the seven-member board. The Waste Management Authority is a joint venture established to provide solid waste management within these counties. The County has an ongoing financial responsibility for the Waste Management Authority because it and the other counties are legally obligated under the intergovernmental agreement that created the Waste Management Authority to honor any deficiencies in the event that proceeds from other sources are insufficient. The County did not contribute any funds to the Waste Management Authority during the fiscal year ended June 30, 2009. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2009. Complete financial statements for the Waste Management Authority can be obtained from the Waste Management Authority's administrative offices at 7400 Old Highway 70 West, Cove City, NC.

Craven County, North Carolina

Notes to Financial Statements

Note 7. Joint Ventures (Continued)

The County, in conjunction with Jones, Pamlico, Bertie, Gates, Hertford, Northampton, Pitt and Beaufort Counties, participates in a joint venture to operate East Carolina Behavioral Health ("ECBH"). Two members from each County serve on the board of eighteen members. The County has an ongoing financial responsibility for the joint venture because ECBH's continued existence depends on the participating governments' funding in conjunction with funding from the State of North Carolina. None of the participating governments have any equity interest in ECBH, so no equity interest has been reflected in the financial statements at June 30, 2009. The County appropriated \$274,653 to the Center during the fiscal year ended June 30, 2009, which included money received from the ABC Board designated for alcohol education. Complete financial statements for ECBH can be obtained from ECBH's administrative offices at 405 Middle Street, New Bern, NC 28560.

The County, in conjunction with the State of North Carolina and the Craven County Board of Education, participates in a joint venture to operate Craven Community College. The County appoints five members of the eleven-member board of trustees of the Community College. The college is included as a component unit of the State of North Carolina. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial 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. Of the last general obligation bond issue for this purpose, \$1,200,000 is still outstanding. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$3,255,130 and \$375,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2009. In addition, the County made debt service principal payments of \$100,000 during the fiscal year ended June 30, 2009. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the financial statements at June 30, 2009. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 800 College Court, New Bern, NC 28562.

Note 8. Jointly Governed Organizations

The County, in conjunction with nine other counties and 26 municipalities, established the Eastern Carolina Council ("Council") formerly known as Neuse River Council of Governments. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board.

The County, in conjunction with two other counties, governs the operations of the Craven-Pamlico-Carteret Regional Library. Each participating government appoints three board members to the nine-member board. The County has no ongoing financial responsibility for the joint venture because the library's continued existence depends on the State of North Carolina's 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, 2009.

Notes to Financial Statements

Note 8. Jointly Governed Organizations (Continued)

The County, in conjunction with 12 other counties, governs the North Carolina Eastern Region Development Commission. Its purpose is to allow participating counties, including Craven County, which have the potential to derive direct economic benefits from the North Carolina Eastern Region, to create a special economic development district, known as the North Carolina Eastern Region Development Zone. The Commission's primary responsibility is to promote economic development within the territorial jurisdiction of the Zone by fostering development projects to provide land, buildings, facilities, programs, information and data systems, and infrastructure requirements for business and industry in the North Carolina Eastern Region Development Zone. The Commission is governed by 42 voting members, consisting of three members from Craven County and each of the 12 other participating counties, and three members appointed by the Global TransPark Authority. The voting members from each of the counties are appointed by the Board of County Commissioners of the respective counties. The Commission is responsible for a nonexpendable trust fund consisting of an initial State appropriation of \$7.5 million and 85% of the quarterly distributions of the \$5 motor vehicle license fees collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and will be collected for a period of five years. The principal balance of the trust funds are nonexpendable and will revolve as loans are made and repaid to the Commission. At June 30, 2009, the portion of the trust available to be loaned exclusively to Craven County was \$2,029,594.

Note 9. Related Organization

The County's governing board is also responsible for appointing the members of the board of the Industrial Facilities and Pollution Control Authority, but the County's accountability for this organization does not extend beyond making these appointments. The Authority exists to issue and service revenue bond debt for private business for economic development purposes. Craven County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2009, there were industrial revenue bonds outstanding, with an aggregate principal amount payable of approximately \$560,000.

Craven County, North Carolina

Notes to Financial Statements

Note 10. Additional Social Welfare Expenditures

The benefit payments listed below were issued directly from the State to recipients of the County on its behalf. These amounts represent additional federal and State financial assistance to the residents of the County, but are not reflected in the financial statements because the County has no primary responsibilities beyond making eligibility determinations.

Medicaid	\$ 102,982,691
Temporary Assistance to Needy Families	898,748
Food stamps	13,817,050
Special Assistance	689,718
WIC	2,727,071
Other programs	837,055
	<u>\$ 121,952,333</u>

Note 11. Risk Management

The County 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 County's Internal Service Fund was established to account for a limited risk, self-insurance program to provide health benefits to County employees. Premiums are paid into the Internal Service Fund by all other funds (including amounts withheld from employees) and are available to pay claims and administrative costs of the program. The interfund premiums are based upon actuarial estimates of the amounts needed to pay prior and current year claims. An excess coverage insurance policy provides for individual claims in excess of \$125,000. A total of \$2,982,118 in claims was incurred for benefits during fiscal year 2009. Payments received from the insurer for claims over the limit of \$10,186 during fiscal 2009 and fiscal 2008, have been netted against the claims shown below. A receivable of \$1,713 and \$4,173 at June 30, 2009 and 2008, respectively were recorded to account for additional claims paid during the year for which reimbursement from the insurer had not yet been received. Changes in the fund's claims liability amounts (net refunds due) for the past two fiscal years were as follows:

	Net Liability at Fiscal Year Beginning	Current Claims and Changes in Estimates	Claim Payments	Net Liability at Fiscal Year End
2008-2009	\$ 415,827	\$ 2,982,118	\$ 3,049,296	\$ 348,649
2007-2008	381,408	3,155,753	3,121,334	415,827

Craven County, North Carolina

Notes to Financial Statements

Note 11. Risk Management (Continued)

During 2003, the County entered into a limited risk, self-funded workers' compensation claim program with administrative services provided by a third-party administrator. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. The interfund premiums are based upon estimates of amounts needed to pay prior and current year claims. An excess coverage insurance policy provides for individual claims in excess of \$400,000. A total of \$27,260 in claims was incurred for benefits during fiscal year 2009. Changes in the fund's claims liability amounts for the past two fiscal years were as follows:

	Net Liability at Fiscal Year Beginning	Current Claims and Changes in Estimates	Claim Payments	Net Liability at Fiscal Year End
2008-2009	\$ 56,403	\$ 27,260	\$ 45,452	\$ 38,211
2007-2008	335,185	119,269	398,051	56,403

The County participates in one risk financing pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement cost values of owned property subject to a blanket limit of \$58 million; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, and crime coverage of \$250,000 per occurrence. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The pool is reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$250,000 per occurrence for property and crime coverage.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and portions of which are designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County has purchased the NFIP coverage for three buildings, the Convention Center, the Administration Building, and the Water Maintenance Facility. These three buildings are in an "A" flood zone, the 100 year flood area. The County is also eligible to and has purchased commercial flood insurance for another \$4,500,000 of coverage for the Convention Center.

All County employees are covered under a \$250,000 blanket insurance policy for theft and crime. The Director of Finance is covered by a \$250,000 individual bond. The Tax collector, Register of Deeds and Sheriff are each individually bonded for \$100,000, \$50,000 and \$10,000, respectively.

Craven County ABC Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; 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 part of the past three years.

Craven County, North Carolina

Notes to Financial Statements

Note 11. Risk Management (Continued)

The Craven County Regional Airport Authority has property, general liability, and workers' compensation coverage. Employee health coverage is provided through the County's self-insurance program described above. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Effective January 1, 2001, the CarolinaEast Health System established a limited risk, self-insurance program to provide health benefits to the Health System's employees. The Health System is billed on a monthly basis for claims by Blue Cross Blue Shield, the plan administrator. The Health System carries stop-loss insurance through Blue Cross Blue Shield which has stop loss for individual claims in excess of \$150,000. The claims liability reported at year-end is based on the requirements of Governmental Accounting Standards Board Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the balance sheet date and the amount can be reasonably estimated.

Changes in the Health System's claims liability amount for retained risk for the fiscal years 2008 and 2007 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2007-2008	\$ 1,100,000	\$ 10,714,897	\$ 10,814,897	\$ 1,000,000
2006-2007	1,250,000	8,893,932	9,043,932	1,100,000

Total claims expense is partially offset by employee contributions.

Notes to Financial Statements

Note 11. Risk Management (Continued)

The Health System formerly had professional liability and/or workers' compensation insurance coverage with three insurance companies that are now in liquidation:

- PHICO Insurance Company ("PHICO"): Went into liquidation on February 1, 2002. Provided professional liability and workers' compensation coverage for Health System.
- Reliance Insurance Company ("Reliance"): Went into liquidation on October 31, 2001. Provided workers' compensation coverage for Health System.
- The Virginia Insurance Reciprocal ("ROA"): Went into liquidation on June 20, 2003. Provided workers' compensation coverage for Health System.

Following liquidation of each of these companies, responsibility for further defense and/or payments relating to cases and claims formerly insured by the companies was assumed by the North Carolina Insurance Guaranty Association ("Guaranty Fund" or "Fund"). The Fund handled the cases and claims and paid all costs and expenses relating thereto with limited input from the Health System.

The Fund notified the Health System that it was requesting reimbursement for both indemnity payments and defense expenses relating to cases and claims pertaining to all three former insurers pursuant to N.C.G.S. §58-48-50 (a1)(1). Such reimbursement claim was based on the Health System's having a net worth that exceeded \$50,000,000 on December 31 of the year in which each of the former insurers became insolvent.

The Health System notified the Guaranty Fund that it disputed the Guaranty Fund's legal position with regard to the Fund's right to reimbursement for all indemnity payments and defense expenses, including attorneys' fees, paid by the Fund in the subject cases and claims. Discussions continued between the Fund and Health System concerning this matter until the Fund initiated formal litigation by filing a declaratory judgment action on March 4, 2004.

Prior to the dispute between the Fund and the Health System, the Health System had established certain reserves to provide for payment of professional liability cases where the settlement or judgment would potentially exceed the statutory \$300,000 indemnity payment limit provided by the Fund. The amount of the reserve relating to each pending case was based upon assessment of the Health System's potential financial exposure for settlements or judgments that exceeded the indemnity provided by the Fund. The Health System reassessed the nature and extent of its reserves once the Health System became aware of the Fund's claim for reimbursement and in anticipation of the Health System having to eventually reimburse the Fund for all indemnity payments and all or part of defense expenses relating to cases and claims.

On September 29, 2004, the Fund and Health System agreed upon a resolution of the declaratory judgment action and entered into a formal Settlement Agreement and Release of All Claims.

As part of the settlement, the Health System paid the Fund \$82,671 during the fiscal year 2008.

Notes to Financial Statements

Note 11. Risk Management (Continued)

The Health System continues to maintain reserves to cover reimbursement obligations relating to those cases and claims that remain pending. These include several professional liability matters that may involve substantial exposure for both indemnity and defense expenses as well as multiple workers' compensation matters involving continued periodic benefits payments or that are the subject of pending judicial appeals. The nature and extent of these reserves are periodically reviewed for adequacy and reasonableness by management.

Professional Liability: The Health System spent \$860,977 for General, Professional, and Umbrella coverage in fiscal year 2008. These premiums represent a transfer of risk and are not determined retrospectively. The Health System also insures certain employed physicians and CRNA's under similar policies. These policies are occurrence basis policies, meaning claims are covered based on the date occurred versus when the claim was made.

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

Note 12. Retirement Systems

North Carolina Local Governmental Employees' Retirement System:

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

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The County, the Airport Authority and the ABC Board are required to contribute at an actuarially determined rate. The current rates for employees not engaged in law enforcement and for law enforcement officers as a percent of annual covered payroll are as follows:

	Employees Not Engaged In Law Enforcement	Employees Engaged In Law Enforcement
Craven County	4.90%	4.86%
Airport Authority	7.30%	
ABC Board	5.18%	

Craven County, North Carolina

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

North Carolina Local Governmental Employees' Retirement System:

The contribution requirements of members and of Craven County, the Airport Authority and the ABC Board are established and may be amended by the North Carolina General Assembly. Contributions to LGERS for these entities for the years ended June 30, 2009, 2008, and 2007 were as follows:

	2009	2008	2007
Craven County	\$ 1,223,716	\$ 1,109,216	\$ 1,042,343
Airport Authority	22,252	21,035	20,843
ABC Board	24,088	35,305	22,498

The contribution made by the County, The Airport Authority and the ABC Board equaled the required contributions for each year.

Law Enforcement Officers Special Separation Allowance:

Plan Description. Craven 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 Health System to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers of the County are covered by the Separation Allowance.

At December 31, 2008 the System's membership consisted of:

Retirees receiving benefits	9
Active plan members	70
Total	79

The Separation Allowance does not issue a stand-alone financial report.

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.

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

Craven County, North Carolina

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method, the level percent of pay closed amortization method over a remaining amortization period of 22 years, and market value asset valuation method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases or cost of living adjustments.

Funded Status and Funding Progress. As of December 31 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$924,441, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$924,441. The covered payroll (annual payroll of active employees covered by the plan) was \$2,793,133, and the ratio of the UAAL to the covered payroll was 33.1 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Annual Required Contribution	\$ 85,509
Interest on Net Pension Obligation	27,300
Adjustment to Annual Required Contribution	<u>(23,798)</u>
Annual Pension Cost	89,011
Employer Contributions made for fiscal year ending June 30, 2008	<u>79,269</u>
Increase in Net Pension Obligation	9,742
Net Pension Obligation, beginning of fiscal year	<u>376,549</u>
Net Pension Obligation, end of fiscal year	<u><u>386,291</u></u>

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	82,095	65.98%	344,779
6/30/2008	83,287	61.86%	376,549
6/30/2009	89,011	89.06%	386,291

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 Health System to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

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, 2009 were \$202,786, which consisted of \$140,746(required and actual) from the County and \$62,040 from the law enforcement officers.

Death Benefit Plan:

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employee' Retirement System (Death Benefit Plan), a multiple-employer, State administrated, 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 death 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. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit plan and not by the County, the County does not determine the number of eligible participants.

For the fiscal year ended June 30, 2009, the County made contributions to the State for death benefits of \$26,124. The County's required contributions for employees not engaged in law enforcement and law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

The County provides \$10,000 of group-term life insurance to all eligible employees.

Registers of Deeds' Supplemental Pension Fund:

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

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 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 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$8,269.

Craven County, North Carolina

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

Health System Plans:

CarolinaEast Health System sponsors and has a fiduciary responsibility for Craven Regional Medical Center Money Purchase Pension Plan (primary retirement plan), a noncontributory defined contribution plan for employees meeting certain eligibility requirements, based on a fixed percentage of the base earnings of the employee. A supplementary retirement plan, administered by Lincoln National Life Insurance Company and The Variable Annuity Life Insurance Company, also exists which is a contributory plan with the Health System matching a fixed percentage of base earnings, for each eligible employee. Both of these plans are single employer, defined contribution pension plans. The benefit to the employee under the primary plan is the Health System's contribution plus the investment earnings. The benefit to the employee under the supplemental plan is the employee's contribution, the Health System's contribution and the investment earnings on these contributions. Under the supplementary plan the employee's contribution is tax deferred.

The primary retirement plan is fully vested after 10 years of continuous employment. The supplementary retirement plan is fully vested after one year of continuous employment.

The Health System's contributions were calculated using covered payroll amounts of \$39,563,138 and \$42,010,775 for the primary and supplementary plans, respectively.

The total employer contributions of the Health System were \$3,956,314 and \$840,216 for the primary and supplementary plans, respectively, for the fiscal year ended September 30, 2008. The Health System's required contributions represented 10% and 2% of the covered payroll amount for the primary and supplementary plans, respectively.

The primary retirement plan issues a separate, stand-alone financial report which can be obtained by contacting Divd Cauble, V.P. of Finance, 2000 Neuse Boulevard, New Bern, N.C. 28562.

Note 13. Other Postemployment Benefits

Healthcare Benefits

Plan Description. The County provides certain post-employment health care and other benefits ("OPEB Plan") as a part of its total compensation package offered to attract and retain the services of qualified employees. These benefits are available to retirees who participate in LGERS (Local Government Employees' Retirement System) and who, at the time of their retirement, had at least 15 years of continuous creditable service with the County. The County provides coverage for these benefits through the County's partially self-funded health insurance plan. Employees who retire with 15 to 19 years of service with the LGERS and County may continue their coverage upon retirement at their cost. The County contributes a portion of the cost for all retirees who have at least 20 years of service with the LGERS, 15 of which is with the County. The amount contributed by the County increases with each year of service from 20 years to 30 years. A separate report was not issued for the plan.

Craven County, North Carolina

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

Membership of the OPEB Plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

	General Employees(*)	Law Enforcement Officers:
Retirees and dependents receiving benefits	32	4
Active plan members	532	61
Total	<u>564</u>	<u>65</u>

*The General employees group above includes active plan members for governmental activities, business-type activities, and the Airport Authority totaling 513, 13 and 6, respectively. The breakdown of retirees and dependents receiving benefits in the government and business-type activities is 30 and 2, respectively. There are currently no active retirees for the Airport Authority.

Funding Policy. The County pays a portion of the cost of coverage for the healthcare benefits paid to qualified retirees, based on length of service, under a County resolution that can be amended by the Governing Board of Commissioners. The County's members may elect dependent coverage as well, but at the expense of the retiree. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 2.69% of annual covered payroll. For the current year, the County contributed \$141,948 or 0.6% of annual covered payroll. The County has established an Internal Service Fund to account for a limited risk, self insurance program to provide health benefits to County employees. See Note 11. The County's obligation to contribute to OPEB Plan is established and may be amended by the Board of Commissioners.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the Internal Service Fund, which is maintained on the full accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Craven County, North Carolina

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution (1)	\$ 605,278
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>605,278</u>
Contributions made (1)	<u>(141,948)</u>
Increase (decrease) in net OPEB obligation	463,330
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year (1)	<u><u>\$ 463,330</u></u>

(1)The net OPEB obligation at June 30, 2009 consists of liabilities of \$450,412, \$7,471 and \$5,447 recorded in governmental activities, business type activities and the Airport Authority, respectively. This was computed by allocating the total annual required contribution by number of active and retired plan members for each function, less contributions made during the year for each. The annual required contribution was allocated as \$585,304, \$14,527 and \$5,447 to governmental activities, business-type activities and Airport Authority, respectively. Contributions in the current period were \$134,892 and \$7,056 related to governmental and business-type activities, respectively. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 605,278	23.5%	\$ 463,330

Funded Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$6,561,695. The covered payroll (annual payroll of active employees covered by the plan) was \$22,494,883, and the ratio of the UAAL to the covered payroll was 29.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

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

In the December 31, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 11.00 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, was 30 years.

Health System Plans:

Plan Description. CarolinaEast Health Center sponsors and has fiduciary responsibility for Craven Regional Medical Center Employee Benefit Trust, a single-employer, defined benefit OPEB plan established and governed by the Authority's governing board. A trust was established April 1, 2007 for this plan and has a plan year of January 1 to December 31. As such, the Plan's first fiscal year end was December 31, 2007. The Authority provides other postemployment benefits (OPEB) comprised of health care and group life insurance benefits to retirees of Craven Regional Medical Center who have at least 20 years of continuous full-time service, have attained the age of 55 and were employed prior to July 1, 1995. The Medical Center pays the full cost of coverage for these benefits until age 65. Also, retirees can purchase coverage for their spouse at the Authority's group rates. The Authority elected to discontinue the post-retirement benefit to individuals employed on or after July 1, 1995. The plan issues a stand-alone financial report. That report can be obtained by contacting David Cauble., V.P. of Finance, 2000 Neuse Boulevard, New Bern, N.C. 28562.

As of the actuarial valuation report dated April 1, 2007 the Health System's membership consisted of:

Retirees receiving benefits	40
Active plan members	285
Total	325

Funding Policy. Prior to April 1, 2007, the Authority funded these obligations on a pay-as-you-go basis. During 2007, the Authority funded the actuarially determined net OPEB obligation which was accrued at September 30, 2006 and made some interim pay-as-you-go benefit payments until the trust was funded and thereafter the annual required contributions determined in actuarial valuations.

Annual OPEB Cost and Net OPEB Obligation. The Authority's OPEB cost (expense) for the fiscal year ended September 30, 2008 was calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The most recent actuarial valuation is dated April 1, 2007.

Craven County, North Carolina

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

The Authority's annual OPEB cost components, the percentage of annual OPEB cost contributed to the trust, and its net OPEB obligation for the year ended September 30, 2008, 2007 and 2006 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (APC)</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/2006	\$4,300,137	0.00%	\$4,134,467
09/30/2007	\$444,193	986.50% *	\$0
09/30/2008	\$600,149	100.00%	\$0

* Includes initial funding for the net OPEB obligation for the year ended September 30, 2007.

Summary of Significant Accounting Policies. The plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Funded Status and Funding Progress. The plan was fully funded on April 1, 2007, the date the trust was established.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown below, presents multiyear trend information about whether actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Craven County, North Carolina

Notes to Financial Statements

Note 13. Other Postemployment Benefits (Continued)

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Total Unfunded Actuarial Accrued Liabilities</u>	<u>Actuarial Value of Assets as a Percentage of Actuarial Accrued Liabilities</u>
10/01/2005	\$0	\$4,165,329	\$4,165,329	0%
10/01/2006*	\$4,134,467	\$4,434,415	\$299,948	93.24%
04/01/2007	\$4,134,467	\$4,803,647	\$669,180	86.07%

*Although the trust was not established until April 1, 2007, this actuarial valuation report was for the period October 1, 2006 to September 30, 2007 and this amount was fully funded related to that period. The funding of the assets did not actually occur until April 1, 2007.

Methods and assumptions as of the latest actuarial valuations follow.

Valuation date	April 1, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, 1 year period
Remaining amortization period	0 years
Asset valuation method	Present Value
Actuarial assumptions:	
Investment rate of return	7.0%
Health care cost trend rates	10.0% down to 5%
Includes inflation at	3.00%
Cost-of-living adjustments	None

Craven County, North Carolina

Notes to Financial Statements

Note 14. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The County and Health System are defendants in various lawsuits. Management of the County and Health System and their respective legal counsels feel that these claims can be successfully defended and intend to resist the allegations of these matters in every way and do not plan to seek out-of-court settlements. In the event that judgments adverse to the interest of the County and the Health System should be rendered, management and its legal counsel feel any liability will be covered by existing insurance policies.

Note 15. Commitments

At June 30, 2009, the County had contractual commitments totaling approximately \$36,393,000 within the Capital Project Funds related to the projects being financed with 2007 Certificates of Participation, of which approximately \$34,570,314 was paid through June 30, 2009, leaving total outstanding commitments under these contracts of approximately \$1,822,686.

During the fiscal year ended June 30, 2009, the County entered into a 10-year lease agreement for a waste convenience center. At June 30, 2009, future minimum lease payments under this operating lease are as follows:

Year Ending June 30,	
2010	\$ 11,400
2011	11,400
2012	11,400
2013	11,400
2014	11,400
2015 - 2019	57,000
	<u>\$ 114,000</u>

Note 16. Pronouncements Issued Not Yet Implemented

In June, 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which requires that all intangible assets (for example easements, water rights, timber rights, patents, trademarks, and computer software) not specifically excluded by the scope of its provisions be classified as capital assets, and follow existing authoritative guidance relating to the accounting and financial reporting for capital assets. This guidance includes recognition in financial statements and amortization of intangible assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

Notes to Financial Statements

Note 16. Pronouncements Issued Not Yet Implemented (Continued)

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

The Health System must adopt Statements No. 51 and 54 by its fiscal years ending September 30, 2010 and 2011, respectively. Management has not currently determined what impact, if any, these statements may have on its financial statements. The County must adopt Statement No. 54 by its fiscal years ending June 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

- Schedule of Funding Progress for Law Enforcement Officers Special Separation Allowance
- Schedule of Employer Contributions for Law Enforcement Officers Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

Craven County



CRAVEN COUNTY, NORTH CAROLINA
Required Supplementary Information (Unaudited)

SCHEDULE OF FUNDING PROGRESS FOR LAW
ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
For the Fiscal Year Ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2002	-	639,440	639,440	-	1,915,001	33.39%
12/31/2003	-	691,726	691,726	-	2,092,891	33.05%
12/31/2004	-	739,711	739,711	-	2,083,589	35.50%
12/31/2005	-	714,832	714,832	-	2,231,390	32.04%
12/31/2006	-	699,460	699,460	-	2,293,461	30.50%
12/31/2007	-	781,597	781,597	-	2,434,754	32.10%
12/31/2008	-	924,441	924,441	-	2,793,133	33.10%

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR LAW
ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
For the Fiscal Year Ended June 30, 2008

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2000	42,472	68.1%
2001	55,288	48.9%
2002	61,538	44.8%
2003	64,552	56.1%
2004	71,794	52.7%
2005	78,890	71.6%
2006	80,873	80.9%
2007	78,085	69.4%
2008	79,477	64.8%
2009	85,509	92.7%

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 valuations follows.

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.5-12.3%
Includes inflation at	3.75%
Cost-of-living adjustments	None

Craven County
Other Postemployment Benefits
Required Supplementary Information (Unaudited)
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)
12/31/2007	-	\$ 6,561,695	\$ 6,561,695	0.00%	\$ 22,494,883	29.2%

Craven County
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 605,278	23.5%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined by assumption from an actuarial valuation as follows:

Valuation date	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of pay, open
Remaining amortization period	30 Years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return*	4.0%
Medical cost trend	11.00% - 5.00%
*Includes inflation at	3.75%
Cost-of living adjustments	None

OTHER SUPPLEMENTARY INFORMATION

Other financial information includes additional detailed analysis of particular aspects of the County's financial position and results of operations.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Other Detailed Fund Information

Craven County



CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2009

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2008	Additions	Collections Credits and Adjustments	Uncollected Balance June 30, 2009
2009		\$ 43,072,421	\$ 42,265,765	\$ 806,656
2008	\$ 724,186	-	498,548	225,638
2007	186,420	-	42,971	143,449
2006	132,528	-	17,358	115,170
2005	101,589	-	13,130	88,459
2004	118,573	-	16,635	101,938
2003	112,733	-	13,575	99,158
2002	106,050	-	15,240	90,810
2001	92,412	-	8,630	83,782
2000	95,177	-	7,516	87,661
1999	77,985	-	77,985	-
	\$ 1,747,653	\$ 43,072,421	\$ 42,977,353	\$ 1,842,721

Less allowance for uncollectible
ad valorem taxes receivable

100,000

\$ 1,742,721

Reconciliation with revenues:

Ad valorem taxes- General Fund \$ 42,146,853

Less: Collection of taxes older than ten years 10,107

Plus: Abatements and adjustments of prior
year taxes 840,607

Total collections and credits \$ 42,977,353

CRAVEN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2009

	County-wide			Total Levy	
				Property excluding Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
ORIGINAL LEVY:					
Property taxed at current year's rate	\$ 6,670,964,871	\$ 0.6100	\$ 40,687,168	\$ 37,346,394	\$ 3,340,774
Motor vehicles taxed at prior year's rate	310,608,574	0.6100	1,893,485	-	1,893,485
Penalties	-		87,558	87,558	-
	6,981,573,445		42,668,211	37,433,952	5,234,259
DISCOVERIES	66,368,801		404,210	404,210	-
	7,047,942,246		43,072,421	37,838,162	5,234,259
ABATEMENTS	(110,774,676)		(670,885)	(143,332)	(527,553)
Total property valuation	<u>\$ 6,937,167,570</u>				
Net Levy			42,401,536	37,694,830	4,706,706
Uncollected taxes at June 30, 2009			806,656	367,673	438,983
Current year's taxes collected			<u>\$ 41,594,880</u>	<u>\$ 37,327,157</u>	<u>\$ 4,267,723</u>
Current levy collection percentage			<u>98.10%</u>	<u>99.02%</u>	<u>90.67%</u>

COMBINING SCHEDULES OF NONMAJOR FUNDS

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2009

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 742,304	\$ 4,300,573	\$ 1,854,446	\$ 6,897,323
Short-term investments	-	-	610,693	610,693
Restricted short-term investments	-	1,569,817	-	1,569,817
Taxes receivable	40,328	-	-	40,328
Accounts receivable	186,484	-	-	186,484
Due from other fund	-	-	852,832	852,832
Total assets	<u>\$ 969,116</u>	<u>\$ 5,870,390</u>	<u>\$ 3,317,971</u>	<u>\$ 10,157,477</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 16	\$ -	\$ -	\$ 16
Deferred revenue	40,328	-	-	40,328
Total liabilities	<u>40,344</u>	<u>-</u>	<u>-</u>	<u>40,344</u>
Fund balances:				
Reserved for:				
State statute	186,484	-	-	186,484
Debt service	-	-	3,317,971	3,317,971
Unreserved, reported in:				
Special revenue funds	742,288	-	-	742,288
Capital project funds	-	5,870,390	-	5,870,390
Total fund balances	<u>928,772</u>	<u>5,870,390</u>	<u>3,317,971</u>	<u>10,117,133</u>
Total liabilities and fund balances	<u>\$ 969,116</u>	<u>\$ 5,870,390</u>	<u>\$ 3,317,971</u>	<u>\$ 10,157,477</u>

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2009

	Fire District Funds	Emergency Telephone System 911	Totals
ASSETS			
Cash and cash equivalents	\$ 227,532	\$ 514,772	\$ 742,304
Taxes receivable	40,328	-	40,328
Accounts receivable	154,252	32,232	186,484
Total assets	<u>\$ 422,112</u>	<u>\$ 547,004</u>	<u>\$ 969,116</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 16	\$ 16
Deferred revenue	40,328	-	40,328
Total liabilities	<u>40,328</u>	<u>16</u>	<u>40,344</u>
Fund balances:			
Reserved by State statute	154,252	32,232	186,484
Unreserved, designated for subsequent year's expenditures	227,532	514,756	742,288
Total fund balances	<u>381,784</u>	<u>546,988</u>	<u>928,772</u>
Total liabilities and fund balances	<u>\$ 422,112</u>	<u>\$ 547,004</u>	<u>\$ 969,116</u>

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2009**

	County Reserve	Fiber Optic Project Fund	Schools Special Project	Totals
ASSETS				
Cash and cash equivalents	\$ 4,300,573	\$ -	\$ -	\$ 4,300,573
Restricted short-term investments	-	153,699	1,416,118	1,569,817
Total assets	<u>\$ 4,300,573</u>	<u>\$ 153,699</u>	<u>\$ 1,416,118</u>	<u>\$ 5,870,390</u>
FUND BALANCES				
Fund Balances:				
Unreserved, designated for project expenditures	<u>\$ 4,300,573</u>	<u>\$ 153,699</u>	<u>\$ 1,416,118</u>	<u>\$ 5,870,390</u>

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009**

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 2,921,428	\$ -	\$ -	\$ 2,921,428
Intergovernmental	24,350	50,000	1,560,478	1,634,828
Charges for services	493,655	-	-	493,655
Interest	5,237	122,736	88,145	216,118
Total revenues	<u>3,444,670</u>	<u>172,736</u>	<u>1,648,623</u>	<u>5,266,029</u>
EXPENDITURES				
Current:				
General government	-	331,665	-	331,665
Public safety	2,555,116	-	-	2,555,116
Economic and physical development	97,036	-	-	97,036
Culture and recreation	-	35,315	-	35,315
Education	-	2,810,703	-	2,810,703
Debt service:				
Principal	-	-	3,725,000	3,725,000
Interest	-	-	2,645,120	2,645,120
Total expenditures	<u>2,652,152</u>	<u>3,177,683</u>	<u>6,370,120</u>	<u>12,199,955</u>
Excess of revenues over (under) expenditures	<u>792,518</u>	<u>(3,004,947)</u>	<u>(4,721,497)</u>	<u>(6,933,926)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	103,124	45,396	3,711,055	3,859,575
Transfers out	(670,708)	(2,085,794)	-	(2,756,502)
Total other financing sources (uses)	<u>(567,584)</u>	<u>(2,040,398)</u>	<u>3,711,055</u>	<u>1,103,073</u>
Net change in fund balances	224,934	(5,045,345)	(1,010,442)	(5,830,853)
FUND BALANCES:				
Beginning	<u>703,838</u>	<u>10,915,735</u>	<u>4,328,413</u>	<u>15,947,986</u>
Ending	<u>\$ 928,772</u>	<u>\$ 5,870,390</u>	<u>\$ 3,317,971</u>	<u>\$ 10,117,133</u>

CRAVEN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2009

	Fire District Funds	Emergency Telephone System 911	Occupancy Tax Fund	Totals
REVENUES				
Taxes	\$ 2,154,567	\$ -	\$ 766,861	\$ 2,921,428
Charges for services	-	493,655	-	493,655
Intergovernmental	24,350	-	-	24,350
Interest	-	4,354	883	5,237
Total revenues	2,178,917	498,009	767,744	3,444,670
EXPENDITURES				
Current:				
Public safety	2,408,154	146,962	-	2,555,116
Economic and physical development	-	-	97,036	97,036
Total expenditures	2,408,154	146,962	97,036	2,652,152
Excess of revenues over (under) expenditures	(229,237)	351,047	670,708	792,518
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From General Fund	103,124	-	-	103,124
To General Fund	-	-	(670,708)	(670,708)
Total other financing sources (uses)	103,124	-	(670,708)	(567,584)
Net change in fund balances	(126,113)	351,047	-	224,934
FUND BALANCES:				
Beginning	507,897	195,941	-	703,838
Ending	\$ 381,784	\$ 546,988	\$ -	\$ 928,772

CRAVEN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Fiscal Year Ended June 30, 2009

	County Reserve	Mapping Project	Northwest Craven Park Project Fund	Fiber Optic Project Fund	New Elementary School Project Fund	Schools Special Project	New World Software	Totals
REVENUES								
Intergovernmental	-	-	50,000	-	-	-	-	50,000
Interest	122,733	-	-	-	-	-	3	122,736
Total revenue	122,733	-	50,000	-	-	-	3	172,736
EXPENDITURES								
General government	-	44,326	-	-	-	-	287,339	331,665
Culture and recreation	-	-	35,315	-	-	-	-	35,315
Education	-	-	-	342,024	82,655	2,386,024	-	2,810,703
Total expenditures	-	44,326	35,315	342,024	82,655	2,386,024	287,339	3,177,683
Excess of revenues over (under) expenditures	122,733	(44,326)	14,685	(342,024)	(82,655)	(2,386,024)	(287,336)	(3,004,947)
OTHER FINANCING SOURCES								
Transfers in	45,396	-	-	-	-	-	-	45,396
Transfers out	(1,799,795)	(45,396)	-	-	(240,603)	-	-	(2,085,794)
Total other financing sources	(1,754,399)	(45,396)	-	-	(240,603)	-	-	(2,040,398)
Net change in fund balances	(1,631,666)	(89,722)	14,685	(342,024)	(323,258)	(2,386,024)	(287,336)	(5,045,345)
FUND BALANCES								
Beginning	5,932,239	89,722	(14,685)	495,723	323,258	3,802,142	287,336	10,915,735
Ending	4,300,573	-	-	153,699	-	1,416,118	-	5,870,390

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specified revenue sources (other than Special Assessments) or to finance specified activities as required by law or administrative regulation.

The following comprise the County's Special Revenue Funds:

- **Fire District Funds** – The Fire District Funds are used to account for the County's collection of tax revenues and related expenditures for each of the 11 fire districts.
- **Emergency Telephone System E-911 Fund** – The Emergency Telephone System E-911 Fund is used to account for the revenues and expenditures related to the emergency 911 system.
- **Occupancy Tax Fund** – The Occupancy Tax Fund is used to account for the receipt of occupancy tax legally restricted to be used for a convention center in New Bern, NC and a tourist center in Havelock, NC.

Craven County



Craven County, North Carolina

**Detailed Balance Sheet
All Fire District Funds**

June 30, 2009

	Riems	No. 1 Township	Tri- Community	Little Swift Creek	No. 3 Township	No. 5 Township	No. 6 Township	No. 7 Township	West New Bern	No. 9 Township	Sandy Point Service District	Totals
ASSETS												
Cash and cash equivalents	\$ 4,590	\$ 8,454	\$ 3,631	\$ 22,110	\$ 14,549	\$ 48,615	\$ 26,658	\$ 76,670	\$ 4,165	\$ 17,852	\$ 238	\$ 227,532
Taxes receivable	2,094	4,279	4,170	3,086	4,812	5,712	3,272	3,718	2,630	5,351	1,204	40,328
Accounts receivable	12,708	12,787	17,048	7,768	10,618	16,014	18,053	23,325	22,927	12,398	606	154,252
Total assets	\$ 19,392	\$ 25,520	\$ 24,849	\$ 32,964	\$ 29,979	\$ 70,341	\$ 47,983	\$ 103,713	\$ 29,722	\$ 35,601	\$ 2,048	\$ 422,112
LIABILITIES AND FUND BALANCES												
Liabilities:												
Deferred revenue	\$ 2,094	\$ 4,279	\$ 4,170	\$ 3,086	\$ 4,812	\$ 5,712	\$ 3,272	\$ 3,718	\$ 2,630	\$ 5,351	\$ 1,204	\$ 40,328
Total liabilities	2,094	4,279	4,170	3,086	4,812	5,712	3,272	3,718	2,630	5,351	1,204	40,328
Fund Balances:												
Reserved by State statute	12,708	12,787	17,048	7,768	10,618	16,014	18,053	23,325	22,927	12,398	606	154,252
Unreserved, designated for subsequent year's expenditures	4,590	8,454	3,631	22,110	14,549	48,615	26,658	76,670	4,165	17,852	238	227,532
Total fund balances	17,298	21,241	20,679	29,878	25,167	64,629	44,711	99,995	27,092	30,250	844	381,784
Total liabilities and fund balances	\$ 19,392	\$ 25,520	\$ 24,849	\$ 32,964	\$ 29,979	\$ 70,341	\$ 47,983	\$ 103,713	\$ 29,722	\$ 35,601	\$ 2,048	\$ 422,112

CRAVEN COUNTY, NORTH CAROLINA

DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL FIRE DISTRICT FUNDS

For the Fiscal Year Ended June 30, 2009

	Rhems	No. 1		Tri-Community	Little Swift Creek		No. 3		No. 5		No. 6		No. 7		West New Bern		No. 9		Sandy Point Service District	Totals
		Township	Township		Township	Township	Township	Township	Township	Township	Township	Township	Township	Township	Township	Township	Township	Township		
REVENUES																				
Taxes:																				
Property	\$ 132,547	\$ 134,475	\$ 172,463	\$ 75,593	\$ 115,454	\$ 166,500	\$ 165,365	\$ 220,895	\$ 262,049	\$ 119,519	\$ 4,591	\$ 1,569,451								
Sales	48,204	48,214	64,979	29,277	39,679	61,484	69,138	89,104	86,510	46,507	2,020	583,116								
Intergovernmental	-	24,350	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,350
Total revenues	180,751	207,039	237,442	104,870	155,133	227,984	234,503	309,999	348,559	166,026	6,611	2,178,917								
EXPENDITURES																				
Remittances to fire districts	197,496	212,550	268,789	117,304	165,669	240,414	250,000	321,796	371,500	179,435	-	2,324,953								
Workers' compensation	1,870	3,685	5,280	2,365	3,558	1,815	1,705	3,905	5,363	2,640	-	32,186								
Capital outlay	-	-	-	-	40,187	-	-	-	-	-	-	-								
Miscellaneous	1,026	1,026	1,026	1,026	1,597	1,025	1,025	1,025	1,026	1,026	-	10,828								
Total expenditures	200,392	217,261	275,095	120,695	211,011	243,254	252,730	326,726	377,889	183,101	-	2,408,154								
Excess of revenues over (under) expenditures	(19,641)	(10,222)	(37,653)	(15,825)	(55,878)	(15,270)	(18,227)	(16,727)	(29,330)	(17,075)	6,611	(229,237)								
OTHER FINANCING SOURCES (USES)																				
Transfers in (out):																				
From General Fund	5,385	5,069	6,962	3,087	44,383	6,738	7,498	9,698	9,163	4,900	241	103,124								
Between fire districts	-	(6,726)	7,000	6,726	3,000	2,195	(2,195)	-	-	(3,000)	(7,000)	-								
Total other financing sources (uses)	5,385	(1,657)	13,962	9,813	47,383	8,933	5,303	9,698	9,163	1,900	(6,759)	103,124								
Excess of revenues over (under) expenditures and other financing sources (uses)	(14,256)	(11,879)	(23,691)	(6,012)	(8,495)	(6,337)	(12,924)	(7,029)	(20,167)	(15,175)	(148)	(126,113)								
FUND BALANCES																				
Beginning	31,554	33,120	44,370	35,890	33,662	70,966	57,635	107,024	47,259	45,425	992	507,897								
Ending	\$ 17,298	\$ 21,241	\$ 20,679	\$ 29,878	\$ 25,167	\$ 64,629	\$ 44,711	\$ 99,995	\$ 27,092	\$ 30,250	\$ 844	\$ 381,784								

**CRAVEN COUNTY, NORTH CAROLINA
RHEMS FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 131,452	\$ 132,547	\$ 1,095
Sales	54,687	48,204	(6,483)
Total revenues	<u>186,139</u>	<u>180,751</u>	<u>(5,388)</u>
EXPENDITURES			
Remittances to fire districts	197,496	197,496	-
Workers' compensation	2,090	1,870	220
Miscellaneous	1,043	1,026	17
Total expenditures	<u>200,629</u>	<u>200,392</u>	<u>237</u>
Excess of revenue over (under) expenditures	(14,490)	(19,641)	(5,151)
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	6,490	5,385	1,105
Excess of revenues over (under) expenditures and other financing sources	(8,000)	(14,256)	(6,256)
Appropriated fund balance	8,000	-	(8,000)
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(14,256)</u>	<u>\$ (14,256)</u>
FUND BALANCE			
Beginning		<u>31,554</u>	
Ending		<u>\$ 17,298</u>	

**CRAVEN COUNTY, NORTH CAROLINA
NO 1. TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 134,285	\$ 134,475	\$ 190
Sales	51,476	48,214	(3,262)
Intergovernmental	24,350	24,350	-
Total revenues	<u>210,111</u>	<u>207,039</u>	<u>(3,072)</u>
EXPENDITURES			
Remittances to fire districts	212,550	212,550	-
Workers' compensation	3,900	3,685	215
Miscellaneous	1,043	1,026	17
Total expenditures	<u>217,493</u>	<u>217,261</u>	<u>232</u>
Excess of revenue over (under) expenditures	(7,382)	(10,222)	(2,840)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From General Fund	6,108	5,069	1,039
To Little Swift Creek Fire District Fund	(6,726)	(6,726)	-
Total other financing sources (uses)	<u>(618)</u>	<u>(1,657)</u>	<u>1,039</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	(8,000)	(11,879)	(3,879)
Appropriated fund balance	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(11,879)</u>	<u>\$ (11,879)</u>
FUND BALANCE			
Beginning		<u>33,120</u>	
Ending		<u>\$ 21,241</u>	

**CRAVEN COUNTY, NORTH CAROLINA
 TRI-COMMUNITY FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2009**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 175,269	\$ 172,463	\$ (2,806)
Sales	70,701	64,979	(5,722)
Total revenues	<u>245,970</u>	<u>237,442</u>	<u>(8,528)</u>
EXPENDITURES			
Remittances to fire districts	268,789	268,789	-
Workers' compensation	5,280	5,280	-
Miscellaneous	1,043	1,026	17
Total expenditures	<u>275,112</u>	<u>275,095</u>	<u>17</u>
Excess of revenue over (under) expenditures	(29,142)	(37,653)	(8,511)
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	8,389	6,962	1,427
From Sandy Point	8,588	7,000	1,588
Total other financing sources	<u>16,977</u>	<u>13,962</u>	<u>3,015</u>
Excess of revenues and other financing sources over (under) expenditures	(12,165)	(23,691)	(11,526)
Appropriated fund balance	<u>12,165</u>	<u>-</u>	<u>(12,165)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(23,691)</u>	<u>\$ (23,691)</u>
FUND BALANCE			
Beginning		<u>44,370</u>	
Ending		<u>\$ 20,679</u>	

**CRAVEN COUNTY, NORTH CAROLINA
LITTLE SWIFT CREEK FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 74,153	\$ 75,593	\$ 1,440
Sales	31,345	29,277	(2,068)
Total revenues	<u>105,498</u>	<u>104,870</u>	<u>(628)</u>
EXPENDITURES			
Remittances to fire districts	117,304	117,304	-
Workers' compensation	3,200	2,365	835
Miscellaneous	1,043	1,026	17
Total expenditures	<u>121,547</u>	<u>120,695</u>	<u>852</u>
Excess of revenue over (under) expenditures	<u>(16,049)</u>	<u>(15,825)</u>	<u>224</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	3,719	3,087	632
From Township No. 1 Fire District Fund	6,726	6,726	-
Total other financing sources	<u>10,445</u>	<u>9,813</u>	<u>632</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(5,604)</u>	<u>(6,012)</u>	<u>(408)</u>
Appropriated fund balance	<u>5,604</u>	<u>-</u>	<u>(5,604)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(6,012)</u>	<u>\$ (6,012)</u>
FUND BALANCE			
Beginning		<u>35,890</u>	
Ending		<u>\$ 29,878</u>	

CRAVEN COUNTY, NORTH CAROLINA
NO. 3 TOWNSHIP FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 114,263	\$ 115,454	\$ 1,191
Sales	42,607	39,679	(2,928)
Total revenues	<u>156,870</u>	<u>155,133</u>	<u>(1,737)</u>
EXPENDITURES			
Remittances to fire districts	165,669	165,669	-
Workers' compensation	4,165	3,558	607
Capital outlay	40,882	40,187	695
Miscellaneous	1,632	1,597	35
Total expenditures	<u>212,348</u>	<u>211,011</u>	<u>1,337</u>
Excess of revenue over (under) expenditures	(55,478)	(55,878)	(400)
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	40,882	40,187	(695)
From General Fund - Sales tax hold harmless	5,056	4,196	(860)
From Township No. 9 Fire District Fund	3,000	3,000	-
Total other financing sources	<u>48,938</u>	<u>47,383</u>	<u>(1,555)</u>
Excess of revenues and other financing sources over (under) expenditures	(6,540)	(8,495)	(1,955)
Appropriated fund balance	<u>6,540</u>	<u>-</u>	<u>(6,540)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(8,495)</u>	<u>\$ (8,495)</u>
FUND BALANCE			
Beginning		<u>33,662</u>	
Ending		<u>\$ 25,167</u>	

**CRAVEN COUNTY, NORTH CAROLINA
NO. 5 TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 164,370	\$ 166,500	\$ 2,130
Sales	68,422	61,484	(6,938)
Total revenues	<u>232,792</u>	<u>227,984</u>	<u>(4,808)</u>
EXPENDITURES			
Remittances to fire districts	240,414	240,414	-
Workers' compensation	1,815	1,815	-
Miscellaneous	1,042	1,025	17
Total expenditures	<u>243,271</u>	<u>243,254</u>	<u>17</u>
Excess of revenue over (under) expenditures	(10,479)	(15,270)	(4,791)
OTHER FINANCING SOURCES			
Transfers in:			
From Township No. 6	2,195	2,195	-
From General Fund - Sales tax hold harmless	8,119	6,738	(1,381)
Total other financing sources	<u>10,314</u>	<u>8,933</u>	<u>(1,381)</u>
Excess of revenues and other financing sources over (under) expenditures	(165)	(6,337)	(6,172)
Appropriated fund balance	<u>165</u>	<u>-</u>	<u>(165)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(6,337)</u>	<u>\$ (6,337)</u>
FUND BALANCE			
Beginning		<u>70,966</u>	
Ending		<u>\$ 64,629</u>	

**CRAVEN COUNTY, NORTH CAROLINA
NO. 6 TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 170,851	\$ 165,365	\$ (5,486)
Sales	76,141	69,138	(7,003)
Total revenues	<u>246,992</u>	<u>234,503</u>	<u>(12,489)</u>
EXPENDITURES			
Remittances to fire districts	250,000	250,000	-
Workers' compensation	2,300	1,705	595
Miscellaneous	3,727	1,025	2,702
Total expenditures	<u>256,027</u>	<u>252,730</u>	<u>3,297</u>
Excess of revenue over (under) expenditures	(9,035)	(18,227)	(9,192)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From General Fund	9,035	7,498	(1,537)
To Township No. 5	(2,195)	(2,195)	-
Total other financing sources (uses)	<u>6,840</u>	<u>5,303</u>	<u>(1,537)</u>
Excess of revenues and other financing sources (uses) over (under) expenditures	(2,195)	(12,924)	(10,729)
Appropriated fund balance	<u>2,195</u>	<u>-</u>	<u>(2,195)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(12,924)</u>	<u>\$ (12,924)</u>
FUND BALANCE			
Beginning		<u>57,635</u>	
Ending		<u>\$ 44,711</u>	

**CRAVEN COUNTY, NORTH CAROLINA
NO. 7 TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 219,160	\$ 220,895	\$ 1,735
Sales	98,477	89,104	(9,373)
Total revenues	<u>317,637</u>	<u>309,999</u>	<u>(7,638)</u>
EXPENDITURES			
Remittances to fire districts	321,796	321,796	-
Workers' compensation	3,905	3,905	-
Miscellaneous	3,952	1,025	2,927
Total expenditures	<u>329,653</u>	<u>326,726</u>	<u>2,927</u>
Excess of revenue over (under) expenditures	(12,016)	(16,727)	(4,711)
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	<u>11,686</u>	<u>9,698</u>	<u>(1,988)</u>
Excess of revenues and other financing sources over (under) expenditures	(330)	(7,029)	(6,699)
Appropriated fund balance	<u>330</u>	<u>-</u>	<u>(330)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(7,029)</u>	<u>\$ (7,029)</u>
FUND BALANCE			
Beginning		<u>107,024</u>	
Ending		<u>\$ 99,995</u>	

**CRAVEN COUNTY, NORTH CAROLINA
WEST NEW BERN FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 258,976	\$ 262,049	\$ 3,073
Sales	93,048	86,510	(6,538)
Total revenues	<u>352,024</u>	<u>348,559</u>	<u>(3,465)</u>
EXPENDITURES			
Remittances to fire districts	371,500	371,500	-
Workers' compensation	5,363	5,363	-
Miscellaneous	1,043	1,026	17
Total expenditures	<u>377,906</u>	<u>377,889</u>	<u>17</u>
Excess of revenue over (under) expenditures	(25,882)	(29,330)	(3,448)
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	<u>11,041</u>	<u>9,163</u>	<u>(1,878)</u>
Excess of revenues and other financing sources over (under) expenditures	(14,841)	(20,167)	(5,326)
Appropriated fund balance	<u>14,841</u>	<u>-</u>	<u>(14,841)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(20,167)</u>	<u>\$ (20,167)</u>
FUND BALANCE			
Beginning		<u>47,259</u>	
Ending		<u>\$ 27,092</u>	

**CRAVEN COUNTY, NORTH CAROLINA
NO. 9 TOWNSHIP FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 116,916	\$ 119,519	\$ 2,603
Sales	49,762	46,507	(3,255)
Total revenues	<u>166,678</u>	<u>166,026</u>	<u>(652)</u>
EXPENDITURES			
Remittances to fire districts	179,435	179,435	-
Workers' compensation	3,200	2,640	560
Miscellaneous	1,043	1,026	17
Total expenditures	<u>183,678</u>	<u>183,101</u>	<u>577</u>
Excess of revenue over (under) expenditures	(17,000)	(17,075)	(75)
OTHER FINANCING SOURCES (USES)			
Transfers in:			
From General Fund	5,905	4,900	(1,005)
To Township No. 3 Fire District Fund	(3,000)	(3,000)	-
Total other financing sources (uses)	<u>2,905</u>	<u>1,900</u>	<u>(1,005)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	(14,095)	(15,175)	(1,080)
Appropriated fund balance	<u>14,095</u>	-	<u>(14,095)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(15,175)</u>	<u>\$ (15,175)</u>
FUND BALANCE			
Beginning		<u>45,425</u>	
Ending		<u>\$ 30,250</u>	

**CRAVEN COUNTY, NORTH CAROLINA
SANDY POINT SERVICE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 5,846	\$ 4,591	\$ (1,255)
Sales	2,451	2,020	(431)
Total revenues	<u>8,297</u>	<u>6,611</u>	<u>(1,686)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in(out):			
From General Fund	291	241	(50)
To Tri-Community Fire District Fund	(8,588)	(7,000)	(1,588)
Total other financing sources (uses)	<u>(8,297)</u>	<u>(6,759)</u>	<u>(1,638)</u>
Excess of revenues over (under) other financing sources (uses)	<u>\$ -</u>	(148)	<u>\$ (148)</u>
FUND BALANCE			
Beginning		<u>992</u>	
Ending		<u>\$ 844</u>	

**CRAVEN COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM E-911 FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 407,436	\$ 493,655	\$ 86,219
Interest	-	4,354	4,354
Total revenues	<u>407,436</u>	<u>498,009</u>	<u>90,573</u>
EXPENDITURES			
Public safety	407,436	146,962	260,474
Total expenditures	<u>407,436</u>	<u>146,962</u>	<u>260,474</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>351,047</u>	<u>\$ 351,047</u>
FUND BALANCE			
Beginning		<u>195,941</u>	
Ending		<u>\$ 546,988</u>	

**CRAVEN COUNTY, NORTH CAROLINA
OCCUPANCY TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2009**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 895,684	\$ 766,861	\$ (128,823)
Interest	-	883	883
Total revenues	<u>895,684</u>	<u>767,744</u>	<u>(127,940)</u>
EXPENDITURES			
Economic and physical development:			
Remittance to City of Havelock	97,000	97,000	-
Professional services	40	36	(4)
Total expenditures	<u>97,040</u>	<u>97,036</u>	<u>4</u>
Excess of revenue over expenditures	<u>798,644</u>	<u>670,708</u>	<u>(127,936)</u>
OTHER FINANCING USES			
Transfers out:			
To General Fund	<u>(798,644)</u>	<u>(670,708)</u>	<u>(127,936)</u>
Excess of revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE			
Beginning		<u>-</u>	
Ending		<u>\$ -</u>	

Craven County



DEBT SERVICE FUND

The debt service fund is being used to account for the accumulation of resources and payment of general obligation school bond and installment loans principal and interest from intergovernmental and local resources. The fund is accounted for on the modified accrual basis of accounting.

**CRAVEN COUNTY, NORTH CAROLINA
DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	Budget	Actual	Variance Positive
REVENUES			
Intergovernmental-lottery proceeds	\$ 1,000,000	\$ 1,052,478	\$ 52,478
Intergovernmental-other	900,000	508,000	(392,000)
Interest	200,000	88,145	(111,855)
Total revenues	<u>2,100,000</u>	<u>1,648,623</u>	<u>(451,377)</u>
EXPENDITURES			
Principal	3,725,000	3,725,000	-
Interest and fiscal charges	2,649,163	2,645,120	4,043
Total expenditures	<u>6,374,163</u>	<u>6,370,120</u>	<u>4,043</u>
Excess of revenue over (under) expenditures	<u>(4,274,163)</u>	<u>(4,721,497)</u>	<u>(447,334)</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	3,927,000	3,711,055	(215,945)
Total other financing sources	<u>3,927,000</u>	<u>3,711,055</u>	<u>(215,945)</u>
Excess of revenues over expenditures and other financing sources	<u>(347,163)</u>	<u>(1,010,442)</u>	<u>(663,279)</u>
Appropriated fund balance	<u>347,163</u>	-	<u>(347,163)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(1,010,442)</u>	<u>\$ (1,010,442)</u>
FUND BALANCE			
Beginning		<u>4,328,413</u>	
Ending		<u>\$ 3,317,971</u>	

CAPITAL PROJECT FUNDS

Capital Project Funds account for all resources used for the acquisition and/or construction of major capital facilities other than those furnished by Enterprise Funds.

Major Funds:

- **Judicial Center Project Fund** – The Law Enforcement Center Project Fund accounts for construction of a new law enforcement facility in Craven County.

Non-major Funds:

- **County Reserve Fund** - The County Reserve Capital Project Fund is a capital reserve fund for future acquisitions or construction of buildings and equipment.
- **New Elementary School Project Fund** – The New Elementary School Project Fund accounts for construction of a new elementary school in Craven County.
- **Mapping Project Fund** – The Mapping Project Fund will account for a major system upgrade to improve mapping capabilities in Craven County.
- **Northwest Craven Park Project Fund** – The Northwest Craven Park Project Fund will account for construction of a new park in the western part of the County
- **Fiber Optic Project Fund** – The Fiber Optic Project Fund will account for the installation of a new fiber optic network for emergency services across the County.
- **Schools Special Project Fund** – The Schools Special Project Fund accounts for construction of a replacement bus garage, renovations at Grover C. Fields Middle School and J.T. Barber Elementary School, land for a future high school, replacement of telephone systems at ten schools, and a new roof on the administration building. All of these projects are being funded through the 2007 COPS issue.
- **New World Software Fund** – The New World Software Project accounts for the acquisition and implementation of new software for E-911 (dispatch), as well as new records software for the Sheriff Department and jail, and mobile field reporting for patrol deputies.

All Capital Project Funds are accounted for on the modified accrual basis of accounting.

Craven County



CRAVEN COUNTY, NORTH CAROLINA
COUNTY RESERVE CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2009

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Interest	\$ 533,858	\$ 853,548	\$ 122,733	\$ 976,281
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From General Fund	16,983,891	17,260,371	-	17,260,371
To Judicial Center Capital Project Fund	(7,500,000)	(2,500,000)	-	(2,500,000)
To General Fund	(6,516,211)	(4,596,461)	(1,799,795)	(6,396,256)
Between closed projects	(7,301,761)	(5,085,219)	45,396	(5,130,615)
Total other financing sources (uses)	(4,334,081)	5,078,691	(1,754,399)	3,233,500
Excess of revenues over (under) other financing sources (uses)	(3,800,223)	5,932,239	(1,631,666)	4,209,781
Appropriated fund balance	3,800,223	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	\$ 5,932,239	(1,631,666)	\$ 4,209,781
FUND BALANCE				
Beginning			5,932,239	
Ending			\$ 4,300,573	

CRAVEN COUNTY, NORTH CAROLINA
 JUDICIAL CENTER PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2009

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest	\$ 777,000	\$ 1,590,771	\$ 345,442	\$ 1,936,213
Miscellaneous	-	72,492	337,228	409,720
Total revenues	<u>777,000</u>	<u>1,663,263</u>	<u>682,670</u>	<u>2,345,933</u>
EXPENDITURES				
Capital outlay:				
Project construction	33,973,000	12,539,111	17,540,232	30,079,343
Total expenditures	<u>33,973,000</u>	<u>12,539,111</u>	<u>17,540,232</u>	<u>30,079,343</u>
Excess of expenditures over revenues	<u>(33,196,000)</u>	<u>(10,875,848)</u>	<u>(16,857,562)</u>	<u>(27,733,410)</u>
OTHER FINANCING SOURCES				
Debt issued	30,696,000	30,695,619	-	30,695,619
Transfers in:				
From County Reserve Fund	2,500,000	2,500,000	-	2,500,000
Total other financing sources	<u>33,196,000</u>	<u>33,195,619</u>	<u>-</u>	<u>33,195,619</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 22,319,771</u>	<u>(16,857,562)</u>	<u>\$ 5,462,209</u>
FUND BALANCE				
Beginning			22,319,771	
Ending			<u>\$ 5,462,209</u>	

CRAVEN COUNTY, NORTH CAROLINA
 NEW ELEMENTARY SCHOOL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 From Inception and for the Fiscal Year Ended June 30, 2009

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest	\$ 65,555	\$ 65,555	\$ -	\$ 65,555
Miscellaneous	295,547	295,544	-	295,544
Total revenues	361,102	361,099	-	361,099
EXPENDITURES				
Capital outlay:				
Project construction	13,707,445	13,624,788	82,655	13,707,443
Total expenditures	13,707,445	13,624,788	82,655	13,707,443
Excess of expenditures over revenues	(13,346,343)	(13,263,689)	(82,655)	(13,346,344)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	14,000,000	14,000,000	-	14,000,000
Transfers in (out):				
To Debt Service Fund	(1,439,090)	(1,198,486)	(240,603)	(1,439,089)
To Schools Special Project Fund	(413,053)	(413,053)	-	(413,053)
From Debt Service Fund	1,198,486	1,198,486	-	1,198,486
Total transfers in (out)	(653,657)	(413,053)	(240,603)	(653,656)
Total other financing sources (uses)	13,346,343	13,586,947	(240,603)	13,346,344
Excess of revenues and other financing sources (uses) over expenditures	\$ -	\$ 323,258	(323,258)	\$ -
FUND BALANCE				
Beginning			323,258	
Ending			\$ -	

CRAVEN COUNTY, NORTH CAROLINA
 MAPPING PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2009

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest	\$ 9,461	\$ 9,461	\$ -	\$ 9,461
Total revenues	<u>9,461</u>	<u>9,461</u>	<u>-</u>	<u>9,461</u>
EXPENDITURES				
Capital outlay:				
Project construction	114,065	69,739	44,326	114,065
Total expenditures	<u>114,065</u>	<u>69,739</u>	<u>44,326</u>	<u>114,065</u>
Excess of revenues under expenditures	<u>(104,604)</u>	<u>(60,278)</u>	<u>(44,326)</u>	<u>(104,604)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
To County Reserve Fund	(45,396)	-	(45,396)	(45,396)
From County Reserve Fund	150,000	150,000	-	150,000
Total other financing sources (uses)	<u>104,604</u>	<u>150,000</u>	<u>(45,396)</u>	<u>104,604</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 89,722</u>	<u>(89,722)</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>89,722</u>	
Ending			<u>\$ -</u>	

CRAVEN COUNTY, NORTH CAROLINA
 NORTHWEST CRAVEN PARK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL
 From Inception and for the Fiscal Year Ended June 30, 2009

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Intergovernmental	\$ 500,000	\$ 450,000	\$ 50,000	\$ 500,000
Total revenues	500,000	450,000	50,000	500,000
EXPENDITURES				
Capital outlay:				
Project construction	967,217	932,092	35,125	967,217
Engineering fees	32,783	32,593	190	32,783
Total expenditures	1,000,000	964,685	35,315	1,000,000
Excess of revenues under expenditures	(500,000)	(514,685)	14,685	(500,000)
OTHER FINANCING SOURCES				
Debt issued	500,000	500,000	-	500,000
Total other financing sources	500,000	500,000	-	500,000
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ (14,685)	14,685	\$ -
FUND BALANCE				
Beginning			(14,685)	
Ending			\$ -	

CRAVEN COUNTY, NORTH CAROLINA
 FIBER OPTIC PROJECT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2009

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
EXPENDITURES				
Capital outlay:				
Project construction	\$ 2,167,552	\$ 1,671,829	\$ 342,024	\$ 2,013,853
Total expenditures	<u>2,167,552</u>	<u>1,671,829</u>	<u>342,024</u>	<u>2,013,853</u>
OTHER FINANCING SOURCES				
Debt issued	<u>2,167,552</u>	<u>2,167,552</u>	-	<u>2,167,552</u>
Total other financing sources	<u>2,167,552</u>	<u>2,167,552</u>	-	<u>2,167,552</u>
Excess of other financing sources over expenditures	\$ -	\$ 495,723	(342,024)	\$ 153,699
FUND BALANCE				
Beginning			<u>495,723</u>	
Ending			<u>\$ 153,699</u>	

CRAVEN COUNTY, NORTH CAROLINA
SCHOOLS SPECIAL PROJECT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2009

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
EXPENDITURES				
Capital outlay:				
Project construction	\$ 9,963,445	\$ 6,161,303	\$ 2,386,024	\$ 8,547,327
Total expenditures	<u>9,963,445</u>	<u>6,161,303</u>	<u>2,386,024</u>	<u>8,547,327</u>
OTHER FINANCING SOURCES				
Debt issued	9,550,392	9,550,392	-	9,550,392
Transfers in:				
From School Capital Project	413,053	413,053	-	413,053
Total other financing sources	<u>9,963,445</u>	<u>9,963,445</u>	<u>-</u>	<u>9,963,445</u>
Excess of other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 3,802,142</u>	<u>(2,386,024)</u>	<u>\$ 1,416,118</u>
FUND BALANCE				
Beginning			<u>3,802,142</u>	
Ending			<u>\$ 1,416,118</u>	

CRAVEN COUNTY, NORTH CAROLINA
 NEW WORLD SOFTWARE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2009

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest	\$ 6,976	\$ 6,973	\$ 3	\$ 6,976
Total revenues	<u>6,976</u>	<u>6,973</u>	<u>3</u>	<u>6,976</u>
EXPENDITURES				
Capital outlay:				
Project construction	731,206	443,867	287,339	731,206
Total expenditures	<u>731,206</u>	<u>443,867</u>	<u>287,339</u>	<u>731,206</u>
Excess of revenues under expenditures	<u>(724,230)</u>	<u>(436,894)</u>	<u>(287,336)</u>	<u>(724,230)</u>
OTHER FINANCING SOURCES				
Transfers in:				
From General Fund	<u>724,230</u>	<u>724,230</u>	<u>-</u>	<u>724,230</u>
Excess of other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 287,336</u>	<u>(287,336)</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>287,336</u>	
Ending			<u>\$ -</u>	

ENTERPRISE FUNDS

Enterprise Funds account for operations that are either financed and operated in a manner similar to private business or where the County has decided that periodic determination of net income is appropriate for capital maintenance, management control accountability, public policy or other purposes.

The following comprise the County's Enterprise Funds:

Water and Sewer Funds – The Water and Sewer Funds are used to account for the operation of water services provided throughout Craven County.

- Craven County Water Fund (Major Fund)

The following Water and Sewer Districts comprise the County's Blended Component Units:

- Township 6 Water and Sewer District
- Neuse River Water and Sewer District
- Pembroke Water and Sewer District

Craven County



CRAVEN COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS**

June 30, 2009

	Township 6 Water and Sewer District	Neuse River Water and Sewer District	Pembroke Water and Sewer District	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Capital lease receivable-current	\$ 5,538	\$ -	\$ -	\$ 5,538
Due from other government-current	-	20,000	30,000	50,000
Total current assets	<u>5,538</u>	<u>20,000</u>	<u>30,000</u>	<u>55,538</u>
Noncurrent Assets:				
Capital lease receivable-noncurrent	31,950	-	-	31,950
Due from other government-noncurrent	-	105,000	90,000	195,000
Total noncurrent assets	<u>31,950</u>	<u>105,000</u>	<u>90,000</u>	<u>226,950</u>
Total assets	<u>37,488</u>	<u>125,000</u>	<u>120,000</u>	<u>282,488</u>
LIABILITIES				
Current liabilities:				
Accrued interest payable	213	-	-	213
Installment notes payable-current	5,325	-	-	5,325
General obligation bonds payable-current	-	20,000	30,000	50,000
Total current liabilities	<u>5,538</u>	<u>20,000</u>	<u>30,000</u>	<u>55,538</u>
Noncurrent liabilities:				
Installment notes payable	31,950	-	-	31,950
General obligation bonds payable	-	105,000	90,000	195,000
Total noncurrent liabilities	<u>31,950</u>	<u>105,000</u>	<u>90,000</u>	<u>226,950</u>
Total liabilities	<u>37,488</u>	<u>125,000</u>	<u>120,000</u>	<u>282,488</u>
NET ASSETS				
Unrestricted	-	-	-	-
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2009

	Township 6 Water and Sewer District	Total Nonmajor Enterprise Funds
NONOPERATING REVENUES (EXPENSES)		
Interest income	\$ 4,300	\$ 4,300
Interest expense	(4,300)	(4,300)
Total net nonoperating revenues (expenses)	-	-
 Change in net assets	-	-
Total net assets - beginning	-	-
Total net assets - ending	\$ -	\$ -

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

For the Fiscal Year Ended June 30, 2009

	Township 6 Water and Sewer District		Total Nonmajor Enterprise Funds
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Repayment of installment notes and bonds	\$ (87,325)	\$	(87,325)
Proceeds from investment in direct financing lease	87,325		87,325
Net cash provided by (used in) capital and related financing activities	-		-
Net increase (decrease) in cash and cash equivalents	-		-
CASH AND CASH EQUIVALENTS			
Beginning	-		-
Ending	\$ -	\$	-

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF NET ASSETS-
CRAVEN COUNTY WATER FUND**

For the Fiscal Year Ended June 30, 2009

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,425,336	\$ 225,611	\$ 9,650,947
Accounts receivable, net of allowance for doubtful accounts	749,734	-	749,734
Total current assets	<u>10,175,070</u>	<u>225,611</u>	<u>10,400,681</u>
Noncurrent assets:			
Capital assets:			
Land	210,428	-	210,428
Improvements other than buildings	28,903,205	-	28,903,205
Buildings	563,318	-	563,318
Machinery and equipment	439,868	-	439,868
Construction in progress	-	109,836	109,836
Accumulated depreciation	(10,516,260)	-	(10,516,260)
Total capital assets, net of accumulated depreciation	<u>19,600,559</u>	<u>109,836</u>	<u>19,710,395</u>
Total noncurrent assets	<u>19,600,559</u>	<u>109,836</u>	<u>19,710,395</u>
Total assets	<u>29,775,629</u>	<u>335,447</u>	<u>30,111,076</u>
LIABILITIES			
Current liabilities:			
Accounts payable	137,873	4,275	142,148
Accrued salaries and benefits	10,654	-	10,654
Customer deposits payable	330,904	-	330,904
Obligations under capital lease - current	118,879	-	118,879
Total current liabilities	<u>598,310</u>	<u>4,275</u>	<u>602,585</u>
Noncurrent liabilities			
Other postemployment benefit liability	7,471	-	7,471
Obligations under capital lease	1,260,861	-	1,260,861
Total noncurrent liabilities	<u>1,268,332</u>	<u>-</u>	<u>1,268,332</u>
Total liabilities	<u>1,866,642</u>	<u>4,275</u>	<u>1,870,917</u>
NET ASSETS			
Capital assets, net of related debt	18,220,819	109,836	18,330,655
Unrestricted	9,688,168	221,336	9,909,504
Total net assets	<u>\$ 27,908,987</u>	<u>\$ 331,172</u>	<u>\$ 28,240,159</u>

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY WATER FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2009**

	Craven County Water Operating Fund	PeeDee Aquifer Project Fund	Castle Hayne Aquifer Project Fund	Totals
OPERATING REVENUES				
Charges for services	\$ 3,609,669	\$ -	\$ -	\$ 3,609,669
Miscellaneous	108,404	-	172	108,576
Total operating revenues	<u>3,718,073</u>	<u>-</u>	<u>172</u>	<u>3,718,245</u>
OPERATING EXPENSES				
Cost of services	1,927,645	-	-	1,927,645
Depreciation	843,949	-	-	843,949
Total operating expenses	<u>2,771,594</u>	<u>-</u>	<u>-</u>	<u>2,771,594</u>
Operating income	<u>946,479</u>	<u>-</u>	<u>172</u>	<u>946,651</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	230,919	8,107	-	239,026
Interest expense	(43,117)	-	-	(43,117)
Total nonoperating revenues (expenses)	<u>187,802</u>	<u>8,107</u>	<u>-</u>	<u>195,909</u>
Income before transfers	<u>1,134,281</u>	<u>8,107</u>	<u>172</u>	<u>1,142,560</u>
TRANSFERS IN (OUT):				
Between Water and Sewer funds	772,578	(1,103,578)	331,000	-
From General Fund	16,200	-	-	16,200
To General Fund	(113,000)	-	-	(113,000)
Total transfers in (out)	<u>675,778</u>	<u>(1,103,578)</u>	<u>331,000</u>	<u>(96,800)</u>
Change in net assets	<u>1,810,059</u>	<u>(1,095,471)</u>	<u>331,172</u>	<u>1,045,760</u>
Total net assets, beginning	<u>26,098,928</u>	<u>1,095,471</u>	<u>-</u>	<u>27,194,399</u>
Total net assets, ending	<u>\$ 27,908,987</u>	<u>\$ -</u>	<u>\$ 331,172</u>	<u>\$ 28,240,159</u>

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY WATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

For the Fiscal Year Ended June 30, 2009

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Water and sewer sales	\$ 3,100,000	\$ 3,390,119	\$ 290,119
Tap and permit fees	309,000	219,550	(89,450)
Miscellaneous	83,500	108,404	24,904
Total operating revenues	3,492,500	3,718,073	225,573
OPERATING EXPENDITURES			
Personnel services:			
Salaries	483,557	464,285	19,272
Employee benefits	141,366	155,691	(14,325)
Retirement	23,671	23,671	-
Professional services:			
Audit and accounting fees	900	837	63
Legal fees	4,000	451	3,549
Engineering fees	73,360	45,581	27,779
Contractual services	38,480	25,310	13,170
Operating supplies	32,561	24,459	8,102
Utilities	259,593	244,865	14,728
Maintenance and repairs:			
Systems	120,000	110,342	9,658
Building and grounds	62,299	62,299	-
Vehicle expense	61,887	61,266	621
Equipment	13,500	1,768	11,732
Insurance	22,000	16,093	5,907
Tap outlays	224,500	164,949	59,551
Telephone and postage	27,769	24,926	2,843
Lockbox	89,845	89,844	1
Chemical and lab work	80,000	76,017	3,983
Capital outlay	1,221,716	252,539	969,177
Bad Debt Expenses	-	9,086	(9,086)
Loss on disposal of assets	-	127,272	(127,272)
Miscellaneous	26,750	14,542	12,208
Total operating expenditures	3,007,754	1,996,093	1,011,661
Excess of operating revenues over operating expenditures	484,746	1,721,980	1,237,234
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	225,000	230,919	5,919
Interest paid	(43,117)	(43,117)	-
Principal payments	(194,637)	(194,637)	-
Total nonoperating revenues (expenditures)	(12,754)	(6,835)	5,919
Excess of revenues over expenditures	471,992	1,715,145	1,243,153

Continued

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY WATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
 BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

**For the Fiscal Year Ended June 30, 2009
 (Page 2 of 2)**

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From General Fund	\$ 16,200	\$ 16,200	\$ -
Between Water Funds	(375,192)	772,578	1,147,770
To General Fund	(113,000)	(113,000)	-
Total other financing sources (uses)	<u>(471,992)</u>	<u>675,778</u>	<u>1,147,770</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 2,390,923</u>	<u>\$ 2,390,923</u>

**Reconciliation of modified accrual basis with full
 accrual basis:**

Excess of revenues over (under) expenditures and other financing sources (uses), modified accrual basis, above	\$ 2,390,923
Capital outlay	68,448
Payment on obligation under capital lease payable	194,637
Depreciation	<u>(843,949)</u>
Net income, full accrual basis	<u>\$ 1,810,059</u>

**CRAVEN COUNTY, NORTH CAROLINA
PEEDEE AQUIFER CAPTIAL PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

From Inception and for the Fiscal Year Ended June 30, 2009

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest revenue	\$ 72,544	\$ 64,436	\$ 8,107	\$ 72,543
EXPENDITURES				
Capital outlay				
Architect fees	19,518	19,518	-	19,518
Inspection	65,781	39,856	25,925	65,781
General construction	925,974	427,794	498,180	925,974
Bidding phase	8,000	8,000	-	8,000
Chemical and labs	14,186	14,186	-	14,186
Contingency	5,555	-	5,555	5,555
Engineering	74,760	62,526	12,234	74,760
Administration	33,060	27,565	5,493	33,058
Total expenditures	1,146,834	599,445	547,387	1,146,832
Excess of revenues under expenditures	(1,074,290)	(535,009)	(539,280)	(1,074,289)
OTHER FINANCING SOURCES				
Transfers in (out):				
To Craven County Water Operating Fund	-	-	(1,137,809)	(1,137,809)
From Craven County Water Operating Fund	1,074,290	1,040,059	34,231	1,074,290
Total other financing sources (uses)	1,074,290	1,040,059	(1,103,578)	(63,519)
Excess of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ 505,050	\$ (1,642,858)	\$ (1,137,808)
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (1,642,858)	
Capital outlay			547,387	
Net income, full accrual basis			\$ (1,095,471)	

**CRAVEN COUNTY, NORTH CAROLINA
CASTLE HAYNE AQUIFER CAPITAL PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2009**

	Total Project Estimates	Prior Years	Actual Current Year	Total To Date
REVENUES				
Interest revenue	\$ -	\$ -	\$ 172	\$ 172
EXPENDITURES				
Capital outlay				
Administration	10,000	-	-	-
General construction	186,000	-	86,961	86,961
Contractual services	35,000	-	18,600	18,600
Engineering	100,000	-	4,275	4,275
Total expenditures	331,000	-	109,836	109,836
Excess of revenues under expenditures	(331,000)	-	(109,664)	(109,664)
OTHER FINANCING SOURCES				
Transfers in:				
From Craven County Water Operating Fund	331,000	-	331,000	331,000
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ -	\$ 221,336	\$ 221,336
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 221,336	
Capital outlay			109,836	
Net income, full accrual basis			\$ 331,172	

**CRAVEN COUNTY, NORTH CAROLINA
 BLENDED COMPONENT UNIT, TOWNSHIP 6 WATER AND SEWER DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
 BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

For the Fiscal Year Ended June 30, 2009

	Budget	Actual	Variance, Positive (Negative)
NONOPERATING REVENUE (EXPENDITURES)			
Interest income	\$ 4,300	\$ 4,300	\$ -
Interest paid	(4,300)	(4,300)	-
Principal payment	(87,325)	(87,325)	-
Total nonoperating revenue (expenditures)	<u>(87,325)</u>	<u>(87,325)</u>	-
 OTHER FINANCING SOURCES			
Direct financing lease proceeds	<u>87,325</u>	<u>87,325</u>	-
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Reconciliation of modified accrual basis with full accrual basis:			
Excess of revenues and other financing sources over (under) expenditures, modified accrual basis, above	\$ -	-	
Payment of bond principal		87,325	
Reduction of investment in direct financing lease receivable		<u>(87,325)</u>	
Net income, full accrual basis		<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA
 BLENDED COMPONENT UNIT, NORTHWEST CRAVEN WATER AND SEWER DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
 BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

For the Fiscal Year Ended June 30, 2009

	Budget	Actual	Variance, Positive (Negative)
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	\$ 38,817	\$ 38,817	\$ -
Interest paid	(38,817)	(38,817)	-
Principal payment	(107,312)	(107,312)	-
Total nonoperating revenues (expenditures)	<u>(107,312)</u>	<u>(107,312)</u>	-
OTHER FINANCING SOURCES			
Direct financing lease proceeds	107,312	107,312	-
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of modified accrual basis with full accrual basis:			
Excess of revenues and other financing sources over (under) expenditures, modified accrual basis, above		\$ -	
Payment of bond principal		107,312	
Reduction of investment in direct financing lease receivable		<u>(107,312)</u>	
Net income, full accrual basis		<u>\$ -</u>	

Crauen County



INTERNAL SERVICE FUND

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.

Internal Service Fund – This fund is used to finance and account for the County's health and dental insurance and workers' compensation program information.

**CRAVEN COUNTY, NORTH CAROLINA
INTERNAL SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 2009**

	Budget	Actual	Variance, Favorable (Unfavorable)
OPERATING REVENUES			
Charge for services	\$ 4,315,668	\$ 4,450,140	\$ 134,472
Miscellaneous	-	1,227	1,227
Total revenues	<u>4,315,668</u>	<u>4,451,367</u>	<u>135,699</u>
OPERATING EXPENDITURES			
Claims reimbursement	<u>4,365,668</u>	<u>3,581,319</u>	<u>784,349</u>
Excess of operating revenues over (under) operating expenditures	(50,000)	870,048	920,048
NONOPERATING REVENUES			
Interest income	<u>50,000</u>	<u>53,738</u>	<u>3,738</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 923,786</u>	<u>\$ 923,786</u>

AGENCY FUNDS

Agency Funds serve primarily as clearing mechanisms for cash resources which are collected by a governmental unit, held as such for a brief period, and then distributed to authorized recipients.

The following comprise the County's Agency Funds:

Social Services Trust Fund – The Social Services Trust Fund is for funds received by the County by court order on behalf of citizens who are unable to expend for themselves.

Juvenile Restitution Fund – The Juvenile Restitution Fund is for the receipt of State monies expended for services to juveniles.

Department of Motor Vehicle Interest Fund – The Motor Vehicle Tax Fund accounts for 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.

Municipal Property Tax Fund – The Municipal Property Tax Fund accounts for registered motor vehicle and real property taxes that are billed and collected by the County for various municipalities within the County.

Agency funds are accounted for on a cash receipts and disbursements basis.

Craven County



CRAVEN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
June 30, 2009

	Social Services Trust Fund	Juvenile Restitution Fund	Totals
ASSETS			
Cash	\$ 103,051	\$ 1,085	\$ 104,136
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 103,051	\$ 1,085	\$ 104,136

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Fiscal Year Ended June 30, 2009**

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Social Services Trust Fund:				
Assets, cash and investments	\$ 113,512	\$ -	\$ 10,461	\$ 103,051
Liabilities, accounts payable and accrued liabilities	\$ 113,512	\$ -	\$ 10,461	\$ 103,051
Juvenile Restitution Fund:				
Assets, cash and investments	\$ -	\$ 47,034	\$ 47,034	\$ 1,085
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 47,034	\$ 47,034	\$ 1,085
Department of Motor Vehicle Interest Fund:				
Assets, cash and investments	\$ -	\$ 53,858	\$ 53,858	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 53,858	\$ 53,858	\$ -
Municipal Property Tax Fund:				
Assets, cash and investments	\$ -	\$ 6,050,299	\$ 6,050,299	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 6,050,299	\$ 6,050,299	\$ -
Totals - All Agency Funds:				
Assets, cash and investments	\$ 113,512	\$ 6,151,191	\$ 6,161,652	\$ 104,136
Liabilities, accounts payable and accrued liabilities	\$ 113,512	\$ 6,151,191	\$ 6,161,652	\$ 104,136

**SUPPLEMENTARY INFORMATION –
DISCRETELY PRESENTED COMPONENT UNITS
WITHOUT SEPARATELY ISSUED FINANCIAL STATEMENTS**

The following is a discretely presented component unit, which is presented as if it were a special revenue fund:

- **Tourism Development Authority** – The Tourism Development Authority is used to account for occupancy tax revenues and related tourism expenditures.

The following is a discretely presented component unit, which is presented as if it were a proprietary fund.

- **Craven County Regional Airport Authority** – The Regional Airport Authority is used to account for the operations and capital project activity of the Regional Airport Authority.

Craven County



**CRAVEN COUNTY, NORTH CAROLINA
TOURISM DEVELOPMENT AUTHORITY FUND
(A Component Unit)**

**DETAILED BALANCE SHEET
June 30, 2009**

	<u>2009</u>
ASSETS	
Cash and cash equivalents	<u>\$ 165,610</u>
NET ASSETS	
Unrestricted	<u>\$ 165,610</u>

**CRAVEN COUNTY, NORTH CAROLINA
 TOURISM DEVELOPMENT AUTHORITY FUND
 (A Component Unit)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2009**

	Budget	Actual	Variance, Positive (Negative)
REVENUES			
Occupancy tax	\$ 420,710	\$ 421,055	\$ 345
Interest	8,000	5,332	(2,668)
Miscellaneous	-	2,144	2,144
Total revenues	<u>428,710</u>	<u>428,531</u>	<u>(179)</u>
EXPENDITURES			
Economic development	<u>533,892</u>	<u>528,103</u>	<u>5,789</u>
Excess of revenues over (under) expenditures	(105,182)	(99,572)	5,610
NET ASSETS			
Beginning	<u>265,182</u>	<u>265,182</u>	-
Ending	<u>\$ 160,000</u>	<u>\$ 165,610</u>	<u>\$ 5,610</u>
Reconciliation of modified accrual basis with full accrual basis			
Excess of revenues over (under) expenditures, modified accrual basis, above		<u>\$ (99,572)</u>	
Net income, full accrual basis		<u>\$ (99,572)</u>	

**Craven County, North Carolina
Craven County Regional Airport Authority
(A Component Unit)**

**Combining Balance Sheet
June 30, 2009**

	Airport Authority Operating Fund	Airport Improvement Program No. 25 Project Fund	Airport Improvement Program No. 27 Project Fund	Airport Improvement Program No. 28 Project Fund	Airport Improvement Program No. 30 Project Fund	Airport Reserve Fund	Totals
ASSETS							
Cash and cash equivalents	\$ 490,129	\$ 1,104	\$ 27,722	\$ 1,897	\$ 5,815	\$ 939,384	\$ 1,466,051
Accounts receivable	312,507	-	-	-	-	-	312,507
	802,636	1,104	27,722	1,897	5,815	939,384	1,778,558
Capital assets:							
Land	9,309,813	-	-	-	-	-	9,309,813
Buildings	9,949,192	-	-	-	-	-	9,949,192
Improvements other than buildings	13,101,499	-	-	-	-	-	13,101,499
Machinery and equipment	1,700,635	-	-	-	-	-	1,700,635
Construction in progress	-	834,014	174,468	277,470	75,014	-	1,360,966
Accumulated depreciation	(11,807,903)	-	-	-	-	-	(11,807,903)
Capital assets, net of accumulated depreciation	22,253,236	834,014	174,468	277,470	75,014	-	23,614,202
Total assets	\$ 23,055,872	\$ 835,118	\$ 202,190	\$ 279,367	\$ 80,829	\$ 939,384	\$ 25,392,760
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable	\$ 14,677	\$ -	\$ -	\$ -	\$ 4,505	\$ -	\$ 19,182
Accrued salaries and benefits	13,826	-	-	-	-	-	13,826
Accrued interest payable	25,699	-	-	-	-	-	25,699
Other postemployment benefit obligation	5,447	-	-	-	-	-	5,447
Installment note payable, net of deferred charges	2,719,121	-	-	-	-	-	2,719,121
Bonds payable	780,000	-	-	-	-	-	780,000
Total liabilities	3,558,770	-	-	-	4,505	-	3,563,275
Net assets:							
Invested in capital assets, net of related debt	18,754,115	834,014	174,468	277,470	75,014	-	20,115,081
Unrestricted	742,987	1,104	27,722	1,897	1,310	939,384	1,714,404
Total net assets	19,497,102	835,118	202,190	279,367	76,324	939,384	21,829,485
Total liabilities and net assets	\$ 23,055,872	\$ 835,118	\$ 202,190	\$ 279,367	\$ 80,829	\$ 939,384	\$ 25,392,760

**Craven County, North Carolina
Craven County Regional Airport Authority
(A Component Unit)**

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2009

	Airport Authority Operating Fund	Airport Improvement Program No. 25 Project Fund	Airport Improvement Program No. 26 Project Fund	General Aviation Terminal Capital Project Fund	Airport Improvement Program No. 27 Project Fund	Airport Parking Lot Expansion Fund	Airport Improvement Program No. 28 Project Fund	Airport Improvement Program No. 30 Project Fund	Airport Reserve Fund	Totals
OPERATING REVENUES										
Charges for services	\$ 1,957,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,957,369
Miscellaneous	-	-	-	16,573	-	-	-	-	-	16,573
Total revenues	1,957,369	-	-	16,573	-	-	-	-	-	1,973,942
OPERATING EXPENSES										
Cost of sales and services	1,550,249	-	-	-	-	-	-	-	-	1,550,249
Depreciation and amortization	865,754	-	-	-	-	-	-	-	-	865,754
Total operating expenses	2,416,003	-	-	-	-	-	-	-	-	2,416,003
Operating loss	(458,634)	-	-	16,573	-	-	-	-	-	(442,061)
NONOPERATING REVENUES (EXPENSES)										
Interest income	17,044	-	-	90	16	16	-	-	9,390	26,556
Interest expense	(193,002)	-	-	-	-	-	-	-	-	(193,002)
Intergovernmental revenue	600,535	9,943	2,102	73,254	20,000	-	825,809	620,155	-	2,151,798
Total nonoperating revenues (expenses)	424,577	9,943	2,102	73,344	20,016	16	825,809	620,155	9,390	1,985,352
Income (loss) before transfers	(34,057)	9,943	2,102	89,917	20,016	16	825,809	620,155	9,390	1,543,291
Transfers in (out)										
Between Airport Funds	1,129,009	-	(599,741)	(332,879)	17,106	(53,216)	(546,442)	(543,831)	929,994	-
Total transfers in (out)	1,129,009	-	(599,741)	(332,879)	17,106	(53,216)	(546,442)	(543,831)	929,994	-
Change in net assets	1,094,952	9,943	(597,639)	(242,962)	37,122	(53,200)	279,367	76,324	939,384	1,543,291
Net assets-beginning	18,402,150	825,175	597,639	242,962	165,068	53,200	-	-	-	20,286,194
Net assets-ending	\$ 19,497,102	\$ 835,118	\$ -	\$ -	\$ 202,190	\$ -	\$ 279,367	\$ 76,324	\$ 939,384	\$ 21,829,485

**Craven County, North Carolina
Craven County Regional Airport Authority
(A Component Unit)**

**Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2009**

	Airport Authority Operating Fund	Airport Improvement Program No. 25 Project Fund	Airport Improvement Program No. 26 Project Fund	General Aviation Terminal Project Fund	Airport Improvement Program No. 27 Project Fund	Airport Parking Lot Expansion Fund	Airport Improvement Program No. 28 Project Fund	Airport Improvement Program No. 30 Project Fund	Airport Reserve Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from customers and users	\$ 2,227,995	\$ -	\$ 732	\$ 17,667	\$ 1,408	\$ -	\$ -	\$ -	\$ -	\$ 2,247,802
Payments to suppliers	(603,369)	-	-	-	-	-	-	-	-	(603,369)
Payments to employees	(603,369)	-	-	-	-	-	-	-	-	(603,369)
Net cash provided by operating activities	\$ 816,223	\$ -	\$ 732	\$ 17,667	\$ 1,408	\$ -	\$ -	\$ -	\$ -	\$ 836,030
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Acquisition & construction of capital assets	(60,749)	(10,116)	(1,050)	(93,003)	(68,937)	(311,812)	(277,470)	(70,509)	-	(893,646)
Repayment of installment notes	(881,094)	-	-	-	-	-	-	-	-	(881,094)
Repayment of bonds	(150,000)	-	-	-	-	-	-	-	-	(150,000)
Receipts from capital grants	600,535	9,943	2,102	73,254	20,000	-	825,809	620,155	-	2,151,798
Interest paid	(199,038)	-	-	-	-	-	-	-	-	(199,038)
Net cash provided by (used in) capital and related financing activities	(690,346)	(173)	1,052	(19,749)	(48,937)	(311,812)	548,339	549,646	-	28,020
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers in	287,919	-	-	-	17,106	296,799	44,659	38,922	929,994	1,615,399
Transfers out	(397,487)	-	(19,809)	(21,881)	-	(2,368)	(591,101)	(582,753)	-	(1,615,399)
Net cash provided by (used in) noncapital financing activities	(109,568)	-	(19,809)	(21,881)	17,106	294,431	(546,442)	(543,831)	929,994	-
CASH FLOWS FROM INVESTING ACTIVITIES										
Interest on cash and investments	17,044	-	-	90	16	16	-	-	9,390	26,556
Proceeds on sale of short term investments	200,000	-	-	-	-	-	-	-	-	200,000
Net cash provided by investing activities	217,044	-	-	90	16	16	-	-	9,390	226,556
Net increase (decrease) in cash and cash equivalents	\$ 490,129	\$ 1,104	\$ -	\$ -	\$ 27,722	\$ -	\$ 1,897	\$ 5,815	\$ 939,384	\$ 1,466,051
CASH AND CASH EQUIVALENTS										
Beginning	233,353	(173)	(18,025)	(23,873)	(30,407)	(17,365)	1,897	5,815	939,384	1,090,606
Ending	256,776	1,277	18,025	23,873	58,129	17,365	-	-	-	375,445
Reconciliation of operating loss to net cash provided by (used) in operating activities:	\$ (458,634)	\$ -	\$ -	\$ 16,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (442,061)
Operating income (loss)										
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:										
Depreciation and amortization	365,754	-	-	-	-	-	-	-	-	365,754
Loss on capital assets	154,257	-	-	-	-	-	-	-	-	154,257
Previously unrecognized										
Change in assets and liabilities:										
Accounts receivable	270,625	-	732	1,094	1,408	-	-	-	-	273,859
Accounts payable and accrued expenses	(15,779)	-	-	-	-	-	-	-	-	(15,779)
Net cash provided by operating activities	\$ 816,223	\$ -	\$ 732	\$ 17,667	\$ 1,408	\$ -	\$ -	\$ -	\$ -	\$ 836,030
Supplemental Schedule of Noncash Capital and Related Financing Activities										
Construction of capital assets on accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,505	\$ -	\$ 4,505

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
OPERATING FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 2009**

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 2,497,348	\$ 1,957,369	\$ (539,979)
OPERATING EXPENDITURES			
Personnel Services:			
Salaries	620,822	580,301	40,521
Employee benefits	135,874	128,403	7,471
Retirement	24,609	21,489	3,120
Professional Services:			
Audit and accounting fees	1,000	824	176
Legal fees	34,550	33,500	1,050
Contractual services	66,461	61,725	4,736
Operating supplies	45,440	43,729	1,711
Utilities	197,850	189,924	7,926
Maintenance and repairs:			
Building and grounds	101,228	99,026	2,202
Vehicle expense	18,300	17,894	406
Insurance	71,150	70,837	313
Telephone and postage	13,250	9,744	3,506
Capital outlay	58,928	54,206	4,722
Board Member fees	13,252	13,251	1
Miscellaneous	24,835	22,392	2,443
Travel/Training	18,900	11,235	7,665
Advertising	90,565	90,127	438
Dues and subscriptions	8,135	8,134	1
Total operating expenditures	<u>1,545,149</u>	<u>1,456,741</u>	<u>88,408</u>
Excess of operating revenues over (under) operating expenditures	<u>952,199</u>	<u>500,628</u>	<u>(628,387)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	15,000	17,044	2,044
Interest expense	(199,041)	(193,002)	6,039
Principal payments	(1,031,094)	(1,031,094)	-
Capital Contributions - intergovernmental grants	738,098	600,535	(137,563)
Total nonoperating revenues (expenses)	<u>(477,037)</u>	<u>(606,517)</u>	<u>(129,480)</u>
Excess of revenues over (under) expenditures	<u>475,162</u>	<u>(105,889)</u>	<u>(581,051)</u>

Continued

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 OPERATING FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
 SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS**

For the Fiscal Year Ended June 30, 2009

(Page 2 of 2)

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From airport project funds	\$ 50,000	\$ 1,526,496	\$ 1,476,496
To airport project funds	(397,487)	(397,487)	-
Total other financing sources (uses)	<u>(347,487)</u>	<u>1,129,009</u>	<u>1,476,496</u>
 Excess revenues over (under) expenditures and other financing sources (uses)	 \$ 127,675	 \$ 1,023,120	 \$ 895,445

Reconciliation of modified accrual basis

with full accrual basis:

Excess revenues over (under) expenditures and other
 financing sources (uses), modified

accrual basis, above	\$ 1,023,120
Capital outlay	60,749
Loss on capital assets	(154,257)
Depreciation	(858,575)
Amortization	(7,179)
Principal payments	<u>1,031,094</u>
Net income, full accrual basis	<u>\$ 1,094,952</u>

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 TERMINAL AREA DEVELOPMENT SITE NO. 25 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
 SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
 From Inception and for the Fiscal Year Ended June 30, 2009**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 810,825	\$ 782,500	\$ 9,943	\$ 792,443
Total revenues	810,825	782,500	9,943	792,443
EXPENDITURES				
Capital outlay:				
Project construction	473,084	463,786	-	463,786
Legal and administrative	11,272	6,637	-	6,637
Engineering fees	317,999	306,499	10,642	317,141
Inspection	22,785	19,510	-	19,510
Capital outlay	5,390	4,970	-	4,970
Miscellaneous	22,970	22,495	(526)	21,969
Total expenditures	853,500	823,897	10,116	834,013
Excess of revenues under expenditures	(42,675)	(41,397)	(173)	(41,570)
OTHER FINANCING SOURCES				
Transfers in:				
From Airport Operating Fund	42,675	42,675	-	42,675
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ 1,278	\$ (173)	\$ 1,105
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above Capital outlay			\$ (173)	
			10,116	
Net income, full accrual basis			\$ 9,943	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 26 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2009**

	Total Project Estimates	Actual		Total to Date
		Prior Years	Current Year	
REVENUES				
Federal grants	\$ 611,602	\$ 609,500	\$ 2,102	\$ 611,602
Miscellaneous	3,467	3,464	-	3,464
Total revenues	<u>615,069</u>	<u>612,964</u>	<u>2,102</u>	<u>615,066</u>
EXPENDITURES				
Capital outlay:				
Project construction	324,498	324,497	-	324,497
Land	71,112	71,112	-	71,112
Legal and administrative	13,873	12,822	1,050	13,872
Architect	15,238	15,238	-	15,238
Engineering fees	102,743	102,744	-	102,744
Inspection	40,133	40,132	-	40,132
Miscellaneous	76,198	76,197	-	76,197
Total expenditures	<u>643,795</u>	<u>642,742</u>	<u>1,050</u>	<u>643,792</u>
Excess of revenues under expenditures	<u>(28,726)</u>	<u>(29,778)</u>	<u>1,052</u>	<u>(28,726)</u>
OTHER FINANCING SOURCES				
Transfers in (out):				
From Airport Operating Fund	48,536	48,536	-	48,536
To Airport Operating Fund	(19,810)	-	(599,741)	(599,741)
Total other financing sources	<u>28,726</u>	<u>48,536</u>	<u>(599,741)</u>	<u>(551,205)</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 18,758</u>	<u>\$ (598,689)</u>	<u>\$ (579,931)</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (598,689)	
Capital outlay			<u>1,050</u>	
Net loss, full accrual basis			<u>\$ (597,639)</u>	

CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 GENERAL AVIATION TERMINAL CAPITAL PROJECT FUND

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
 SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
 From Inception and for the Fiscal Year Ended June 30, 2009

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
State grants	\$ 250,000	\$ 176,746	\$ 73,254	\$ 250,000
Interest	1,489	1,396	90	1,486
Miscellaneous	36,390	19,817	16,573	36,390
Total revenues	<u>287,879</u>	<u>197,959</u>	<u>89,917</u>	<u>287,876</u>
EXPENDITURES				
Capital outlay:				
Project construction	230,573	149,662	80,911	230,573
Legal and administrative	1,423	1,312	110	1,422
Contractual services	8,449	8,449	-	8,449
Capital outlay	32,981	32,981	-	32,981
Engineering fees	44,905	44,094	810	44,904
Miscellaneous	25,650	14,478	11,172	25,650
Total expenditures	<u>343,981</u>	<u>250,976</u>	<u>93,003</u>	<u>343,979</u>
Excess of revenues under expenditures	<u>(56,102)</u>	<u>(53,017)</u>	<u>(3,086)</u>	<u>(56,103)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	77,984	77,984	-	77,984
To Airport Operating Fund	(21,882)	(32,981)	(332,879)	(365,860)
Total other financing sources (uses)	<u>56,102</u>	<u>45,003</u>	<u>(332,879)</u>	<u>(287,876)</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (8,014)</u>	<u>\$ (335,965)</u>	<u>\$ (343,979)</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues and other financing sources over expenditures, modified accrual basis, above			\$ (335,965)	
Capital outlay			<u>93,003</u>	
Net loss, full accrual basis			<u>\$ (242,962)</u>	

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 TERMINAL AREA DEVELOPMENT SITE NO. 27 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
 SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
 From Inception and for the Fiscal Year Ended June 30, 2009**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,956,038	\$ 1,936,002	\$ 20,000	\$ 1,956,002
Miscellaneous	-	1,408	16	1,424
Total revenues	<u>1,956,038</u>	<u>1,937,410</u>	<u>20,016</u>	<u>1,957,426</u>
EXPENDITURES				
Capital outlay:				
Legal and administrative	29,476	23,565	1,225	24,790
Capital outlay	2,105,415	2,102,234	-	2,102,234
Engineering fees	35,899	5,587	30,300	35,887
Miscellaneous	72,702	16,834	37,412	54,246
Total expenditures	<u>2,243,492</u>	<u>2,148,220</u>	<u>68,937</u>	<u>2,217,157</u>
Excess of revenues under expenditures	<u>(287,454)</u>	<u>(210,810)</u>	<u>(48,921)</u>	<u>(259,731)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	287,454	270,347	17,106	287,453
To Airport Operating Fund	-	(2,042,689)	-	(2,042,689)
Total other financing sources (uses)	<u>287,454</u>	<u>(1,772,342)</u>	<u>17,106</u>	<u>(1,755,236)</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (1,983,152)</u>	<u>\$ (31,815)</u>	<u>\$ (2,014,967)</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues and other financing sources over expenditures, modified accrual basis, above			\$ (31,815)	
Capital outlay			<u>68,937</u>	
Net loss, full accrual basis			<u>\$ 37,122</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
PARKING LOT EXPANSION CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2009**

	Total Project Estimates	Actual		Total to Date
		Prior Years	Current Year	
REVENUES				
Interest	\$	\$ -	\$ 16	\$ 16
Total revenues	-	-	16	16
EXPENDITURES				
Capital outlay:				
Engineering fees	320,046	30,703	289,342	320,045
Miscellaneous	27,586	5,132	22,470	27,602
Total expenditures	347,632	35,835	311,812	347,647
Excess of revenues under expenditures	(347,632)	(35,835)	(311,796)	(347,631)
OTHER FINANCING SOURCES (USES)				
Transfers in (out) :				
From Airport Operating Fund	350,000	53,200	296,800	350,000
To Airport Operating Fund	-	-	(350,016)	(350,016)
Total other financing sources (uses)	350,000	53,200	(53,216)	(16)
Excess of revenues and other financing sources (uses) over (under) expenditures	\$ 2,368	\$ 17,365	\$ (365,012)	\$ (347,647)
Reconciliation of modified accrual basis with full accrual basis:				
Excess of other financing sources over expenditures, modified accrual basis, above			\$ (365,012)	
Capital outlay			311,812	
Net loss, full accrual basis			\$ (53,200)	

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 TERMINAL AREA DEVELOPMENT SITE NO. 28 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
 SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
 From Inception and for the Fiscal Year Ended June 30, 2009**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 848,512	\$ -	\$ 825,809	\$ 825,809
Total revenues	848,512	-	825,809	825,809
EXPENDITURES				
Capital outlay:				
Administrative	8,706	-	8,706	8,706
Land	109,051	-	97,723	97,723
Engineering	87,806	-	82,696	82,696
Project construction	54,934	-	46,772	46,772
Capital outlay	37,378	-	37,378	37,378
Other	4,195	-	4,195	4,195
Total expenditures	302,070	-	277,470	277,470
Excess of revenues under expenditures	546,442	-	548,339	548,339
OTHER FINANCING SOURCES				
Transfers in (out):				
From Airport Operating Fund	44,659	-	44,659	44,659
To Airport Operating Fund	(591,101)	-	(591,101)	(591,101)
Total other financing sources	(546,442)	-	(546,442)	(546,442)
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ -	\$ 1,897	\$ 1,897
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 1,897	
Capital outlay			277,470	
Net loss, full accrual basis			\$ 279,367	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 30 CAPITAL PROJECT FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2009**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,426,817	\$ -	\$ 620,155	\$ 620,155
Total revenues	<u>1,426,817</u>	<u>-</u>	<u>620,155</u>	<u>620,155</u>
EXPENDITURES				
Capital outlay:				
Administrative	8,914	-	2,474	2,474
Capital outlay	353,467	-	-	-
Other	127,619	-	72,540	72,540
Total expenditures	<u>490,000</u>	<u>-</u>	<u>75,014</u>	<u>75,014</u>
Excess of revenues under expenditures	<u>936,817</u>	<u>-</u>	<u>545,141</u>	<u>545,141</u>
OTHER FINANCING SOURCES				
Transfers in (out):				
From Airport Operating Fund	75,096	-	38,922	38,922
To Airport Operating Fund	(1,011,913)	-	(582,753)	(582,753)
Total other financing sources	<u>(936,817)</u>	<u>-</u>	<u>(543,831)</u>	<u>(543,831)</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,310</u>	<u>\$ 1,310</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 1,310	
Capital outlay			<u>75,014</u>	
Net loss, full accrual basis			<u>\$ 76,324</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
AIRPORT RESERVE FUND**

**DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES), BUDGET AND ACTUAL, NON-GAAP, MODIFIED ACCRUAL BASIS
From Inception and for the Fiscal Year Ended June 30, 2009**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest	\$ -	\$ -	\$ 9,390	\$ 9,390
Total revenues	-	-	9,390	9,390
OTHER FINANCING SOURCES				
Transfers in:				
From Airport Operating Fund	-	-	929,994	929,994
Total other financing sources	-	-	929,994	929,994
Excess of revenues and other financing sources over expenditures	\$ -	\$ -	\$ 939,384	\$ 939,384
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues and other financing sources over expenditures, modified accrual basis, above			\$ 939,384	
Net loss, full accrual basis			\$ 939,384	

Craven County



**CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

**CRAVEN COUNTY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2009</u>	<u>2008</u>
Governmental funds capital assets:		
Land	\$ 7,817,458	\$ 7,783,557
Buildings	37,328,294	37,315,561
Other Improvements	6,539,669	4,302,071
Equipment & Vehicles	10,451,360	10,375,960
Construction in Progress	31,373,749	14,823,271
	<hr/>	<hr/>
Total governmental funds capital assets	<u>\$ 93,510,530</u>	<u>\$ 74,600,420</u>

Investment in governmental funds capital assets by source:

General Fund	\$ 37,930,742	\$ 20,719,389
Capital Projects	45,408,854	43,710,097
Prior to June, 1992*	10,170,934	10,170,934
	<hr/>	<hr/>
Total invest.in govermental funds capital assets	<u>\$ 93,510,530</u>	<u>\$ 74,600,420</u>

*Assets acquired prior to 1992 were not classified by source

CRAVEN COUNTY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION & ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2009

	Land	Buildings	Other Improvements	Equipment & Vehicles	Total
General Government:					
0101 Commissioners	\$ -	\$ -	\$ -	\$ 30,469	\$ 30,469
0301 Personnel	-	-	-	29,389	29,389
0401 Information Technology	-	-	43,996	1,124,062	1,168,058
0404 GIS	-	-	-	119,836	119,836
0501 Finance	-	-	-	15,510	15,510
0560 Non Department	-	-	-	35,030	35,030
0601 Elections	-	-	-	447,102	447,102
0801 Tax Assessor	-	-	-	11,455	11,455
0804 Tax Assessor -Mapping	-	-	-	153,635	153,635
0805 Tax Assessor -Appraisal	-	-	89,304	-	89,304
1001 Register of Deeds	-	-	-	39,068	39,068
1201 Public Buildings	4,741,707	5,151,449	139,220	151,021	10,183,397
1212 Housekeeping	-	-	-	28,541	28,541
1301 Court Facilities	126,790	4,604,270	774,581	114,019	5,619,660
1401 Maintenance	-	57,000	500	99,402	156,902
1501 Central Maintenance	-	-	-	104,883	104,883
Total General Government	4,868,497	9,812,719	1,047,601	2,503,422	18,232,239
Public Safety:					
2001 Sheriff	-	-	714,462	2,000,379	2,714,841
2008 Jail	719,447	3,854,316	14,000	67,922	4,655,685
2015 Communications	-	-	-	89,836	89,836
2301 Emergency Services	-	-	-	489,639	489,639
2401 Inspections	-	-	-	81,737	81,737
2501 E 911	-	-	-	1,017,743	1,017,743
2601 Animal Control	-	401,288	-	69,957	471,245
Total Public Safety	719,447	4,255,604	728,462	3,817,213	9,520,726
Environmental Protection:					
3101 Environmental Health	-	-	-	258,468	258,468
3201 Solid Waste	15,640	14,845	-	347,466	377,951
4101 Soil Conservation	-	-	-	27,710	27,710
4201 Cooperative Extension	-	765,129	6,344	67,633	839,106
Total Environmental Protection	15,640	779,974	6,344	701,277	1,503,235
Economic and Physical Development:					
4001 Planning	-	-	-	106,753	106,753
4401 Economic Development	162,195	-	750,780	20,508	933,483
8201 Convention Center	1,192,410	10,752,459	18,348	223,673	12,186,890
Total Economic and Physical Development	1,354,605	10,752,459	769,128	350,934	13,227,126
Health					
5001 Health	-	6,191,164	317,089	710,658	7,218,911
Total Health	-	6,191,164	317,089	710,658	7,218,911
Social Services:					
7001 CARTS	-	-	-	1,147,234	1,147,234
7201 DSS	-	5,324,840	390,437	877,986	6,593,263
Total Social Services	-	5,324,840	390,437	2,025,220	7,740,497
Recreation:					
8001 Recreation	859,269	201,725	3,280,608	342,636	4,684,238
Library- Havelock	-	9,809	-	-	9,809
Total Recreation	859,269	211,534	3,280,608	342,636	4,694,047
Total	\$ 7,817,458	\$ 37,328,294	\$ 6,539,669	\$ 10,451,360	62,136,781
				Construction in Progress	31,373,749
				Total Government Funds Capital Assets	\$ 93,510,530

CRAVEN COUNTY
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION & ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2009

Function and Activity	Governmental Funds Capital Assets July 1, 2008	Additions	Deductions	Governmental Funds Capital Assets June 30, 2009
General Government:				
0101 Commissioners	\$ 30,469	\$ -	\$ -	\$ 30,469
0301 Personnel	14,332	22,592	7,535	29,389
0401 Information Technology	1,009,704	158,354	-	1,168,058
0501 Finance	15,510	-	-	15,510
0560 Non Department	146,978	233,811	345,759	35,030
0601 Elections	447,102	-	-	447,102
0801 Tax Assessor	95,955	89,303	84,499	100,759
0804 Tax Assessor -Mapping(now 0404)	50,892	68,944	-	119,836
0805 Tax Assessor -Appraisal	89,327	101,156	36,848	153,635
1001 Register of Deeds	369,719	-	330,651	39,068
1201 Public Buildings	10,126,531	60,073	3,207	10,183,397
1212 Housekeeping	26,104	16,098	13,661	28,541
1301 Court Facilities	5,589,728	29,932	-	5,619,660
1401 Maintenance	120,926	44,831	8,855	156,902
1501 Central Maintenance	104,883	-	-	104,883
Total General Government	18,238,160	825,094	831,015	18,232,239
Public Safety:				
2001 Sheriff	1,912,784	1,101,904	299,847	2,714,841
2008 Jail	4,641,685	14,000	-	4,655,685
2015 Communications	89,836	-	-	89,836
2301 Emergency Services	477,894	11,745	-	489,639
2401 Inspections	81,737	-	-	81,737
2501 E 911	985,145	32,598	-	1,017,743
2601 Animal Control	456,870	14,375	-	471,245
Total Public Safety	8,645,951	1,174,622	299,847	9,520,726
Environmental Protection:				
3101 Environmental Health	286,035	-	27,567	258,468
3201 Solid Waste	377,951	-	-	377,951
4201 Cooperative Extension	866,534	7,162	6,880	866,816
Total Environmental Protection	1,530,520	7,162	34,447	1,503,235
Economic and Physical Development:				
4001 Planning	106,753	-	-	106,753
4401 Economic Development	933,483	-	-	933,483
8201 Convention Center	12,186,890	-	-	12,186,890
Total Economic and Physical Development	13,227,126	-	-	13,227,126
Health				
5001 Health	7,246,174	106,542	133,805	7,218,911
Total Health	7,246,174	106,542	133,805	7,218,911
Social Services:				
7001 CARTS	1,036,404	238,137	127,307	1,147,234
7201 DSS	6,556,696	116,804	80,237	6,593,263
Total Social Services	7,593,100	354,941	207,544	7,740,497
Recreation:				
8001 Recreation	3,286,312	1,397,926	-	4,684,238
Library- Havelock	9,809	-	-	9,809
Total Recreation	3,296,121	1,397,926	-	4,694,047
Construction in Progress	14,823,271	18,249,236	1,698,758	31,373,749
Total governmental funds capital assets	\$ 74,600,423	\$ 22,115,523	\$ 3,205,416	\$ 93,510,530

STATISTICAL SECTION (Unaudited)

This part of the County of Craven's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the county's overall financial health.

Contents

Financial Trends

Schedules one through four contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

Schedules five through eight contain information to help the reader assess the factors affecting the county's ability to generate its property taxes.

Debt Capacity

Schedules nine through eleven present information to help the reader assess the affordability of the county's current levels of outstanding debt and the county's ability to issue additional debt in the future.

Demographic and Economic Information

Schedules twelve and thirteen offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

Schedules fourteen through sixteen contain information about the county's operations and resources to help the reader understand how the county's financial information relates to the services the county provides and the activities it performs.

Craven County



Schedule I
 Craven County
 Net Assets by Component,
 Last Seven Fiscal Years
 (accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<u>Governmental activities</u>							
Invested in capital assets, net of related debt	\$ 22,674,229	\$ 23,254,067	\$ 24,089,192	\$ 26,036,499	\$ 29,183,692	\$ 31,120,067	\$ 33,675,755
Restricted	11,699,026	8,313,499	4,830,932	3,078,658	4,876,200	5,079,723	4,349,082
Unrestricted (deficit)	(27,951,015)	(25,230,973)	(18,939,009)	(12,381,079)	(16,368,150)	(17,948,088)	(17,350,746)
Total governmental activities net assets	\$ 6,422,240	\$ 6,336,593	\$ 9,981,105	\$ 16,734,078	\$ 17,691,742	\$ 18,251,702	\$ 20,674,091
<u>Business-type activities</u>							
Invested in capital assets, net of related debt	\$ 14,081,588	\$ 16,869,221	\$ 17,299,771	\$ 17,289,167	\$ 17,836,280	\$ 19,542,861	\$ 18,330,655
Unrestricted	6,895,720	5,088,075	5,711,338	6,890,711	7,822,174	7,651,538	9,909,504
Total business-type activities	\$ 20,977,308	\$ 21,957,296	\$ 23,011,109	\$ 24,179,878	\$ 25,658,454	\$ 27,194,399	\$ 28,240,159
<u>Primary government</u>							
Invested in capital assets, net of related debt	\$ 36,755,817	\$ 40,123,288	\$ 41,388,953	\$ 43,325,666	\$ 47,019,972	\$ 50,662,928	\$ 52,006,410
Restricted	11,699,026	8,313,499	4,830,932	3,078,658	4,876,200	5,079,723	4,349,082
Unrestricted (deficit)	(21,055,295)	(20,142,898)	(13,227,671)	(5,490,368)	(8,545,976)	(10,296,550)	(7,441,242)
Total primary government net assets	\$ 27,399,548	\$ 28,293,889	\$ 32,992,214	\$ 40,913,956	\$ 43,350,196	\$ 45,446,101	\$ 48,914,250

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

**Schedule 2
Craven County
Changes in Net Assets,
Last Seven Fiscal Years
(accrual basis of accounting)
(Page 1 of 3)**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 5,898,630	\$ 6,802,230	\$ 6,557,817	\$ 7,391,683	\$ 7,679,876	\$ 6,568,743	\$ 7,785,402
Public safety	10,732,195	11,584,190	11,895,790	12,643,663	12,792,549	13,475,510	14,166,850
Social services	19,641,710	20,695,194	21,364,472	22,822,110	23,686,006	24,491,355	23,190,078
Economic and physical development	5,360,444	3,292,424	3,873,381	2,658,647	2,629,063	3,447,939	3,138,650
Environmental protection	3,850,575	5,083,586	4,943,096	5,105,286	5,448,188	5,389,403	5,576,352
Health	6,479,067	6,981,725	6,915,059	7,419,050	7,381,812	8,053,103	8,245,927
Cultural and recreation	1,490,297	1,801,012	1,896,961	2,077,212	2,307,962	2,070,824	3,201,411
Education	35,104,246	20,600,373	18,391,669	20,218,865	29,897,811	33,000,753	24,746,401
Interest on long term debt	3,183,668	2,715,170	2,593,134	2,414,904	3,042,742	3,716,568	4,457,642
Total governmental activities	91,738,834	79,555,914	78,433,379	82,751,640	94,866,009	100,194,198	94,506,713
Business-type activities:							
Water	2,294,785	2,092,799	2,212,566	2,452,231	2,350,421	2,378,268	2,814,711
Total primary government expenses	\$ 94,033,619	\$ 81,648,713	\$ 80,645,945	\$ 85,203,871	\$ 97,216,430	\$ 102,572,466	\$ 97,323,424
Program Revenues							
Governmental activities							
Charges for services:							
General government	1,666,826	1,657,142	1,838,261	2,406,806	2,116,173	1,737,095	1,295,547
Public safety	1,500,193	1,597,259	1,697,240	2,148,811	1,957,081	2,076,961	2,375,313
Social services	451,043	650,102	690,235	626,859	600,994	708,758	905,238
Economic and physical development	683,866	809,529	920,675	916,702	990,517	1,072,446	1,009,269
Environmental protection	2,214,990	2,178,704	2,212,444	2,462,004	2,639,579	2,821,666	2,720,503
Health	3,764,021	4,225,968	4,283,919	4,436,213	4,288,765	4,603,742	4,872,707
Cultural and recreation	43,438	51,000	45,745	38,948	50,690	43,309	58,393
Education	-	503,596	-	-	-	-	-

Schedule 2
Craven County
Changes in Net Assets,
Last Seven Fiscal Years
(accrual basis of accounting)
(Page 2 of 3)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Operating grants and contributions:							
General government	\$ 1,578,987	\$ 1,660,038	\$ 1,202,220	\$ 1,147,799	\$ 1,078,615	\$ 1,533,601	\$ 1,365,699
Public safety	707,552	669,885	912,191	651,655	612,213	634,277	551,977
Social services	10,066,157	10,854,794	10,662,434	11,834,461	12,228,544	12,806,213	13,472,526
Economic and physical development	2,187,801	637,866	1,195,959	50,750	219,000	499,293	24,755
Environmental protection	438,921	613,754	210,007	168,890	138,582	183,564	169,132
Health	1,590,116	1,592,510	1,520,635	1,473,080	1,407,566	1,495,242	1,627,356
Cultural and recreation	-	1,000	-	9,250	35,300	75,233	45,000
Capital grants and contributions:							
General government	-	-	-	417,447	-	-	104,129
Public safety	51,897	324,304	-	34,526	-	-	-
Social services	91,638	117,050	-	228,739	112,514	185,910	193,612
Economic and physical development	-	-	-	-	-	-	106,721
Cultural and recreation	-	-	-	65,625	106,185	343,815	50,000
Education	-	-	859,450	1,182,900	1,150,405	1,969,220	1,560,478
Total governmental activities program revenues	27,025,426	28,144,501	28,251,415	30,301,465	29,732,743	32,789,345	32,498,355
Business-type activities:							
Charge for services - Water	3,001,287	2,925,947	3,003,662	3,296,858	3,350,661	3,387,837	3,609,669
Capital grants and contributions - Water	145,830	-	-	-	-	-	-
Total business-type activities program revenues	3,147,117	2,925,947	3,003,662	3,296,858	3,350,661	3,387,837	3,609,669
Total primary government program revenues	\$ 30,172,543	\$ 31,070,448	\$ 31,255,077	\$ 33,598,323	\$ 33,083,404	\$ 36,177,182	\$ 36,108,024
Net (Expense)/Revenue							
Governmental activities	\$ (64,713,408)	\$ (51,411,413)	\$ (50,181,964)	\$ (52,450,175)	\$ (65,133,266)	\$ (67,404,853)	\$ (62,010,358)
Business-type activities	852,332	833,148	791,096	844,627	1,000,240	1,009,569	794,958
Total primary government net (expense)/revenue	\$ (63,861,076)	\$ (50,578,265)	\$ (49,390,868)	\$ (51,605,548)	\$ (64,133,026)	\$ (66,395,284)	\$ (61,215,400)

Schedule 2
Craven County
Changes in Net Assets,
Last Seven Fiscal Years
(accrual basis of accounting)
(Page 3 of 3)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Property taxes	\$ 32,399,791	\$ 32,409,685	\$ 33,462,209	\$ 37,864,384	\$ 40,057,692	\$ 42,236,411	\$ 43,814,430
Local option sales tax	13,998,546	16,983,021	17,433,367	18,100,692	19,769,089	20,131,706	16,796,425
Other taxes and licenses	551,086	580,312	631,352	716,807	730,206	798,930	766,861
Investment earnings	643,283	311,727	622,429	1,250,704	2,452,049	3,500,775	1,375,589
Miscellaneous	623,341	999,012	1,631,320	1,224,762	3,036,085	1,226,841	1,582,642
Transfers	61,998	61,999	45,799	45,799	45,799	70,150	96,800
Total governmental activities:	48,278,045	51,325,766	53,826,476	59,203,148	66,090,930	67,964,813	64,432,747
Business-type activities:							
Investment earnings	87,816	57,500	102,105	246,435	370,366	429,842	239,026
Miscellaneous	206,032	151,339	206,411	123,506	153,769	166,684	108,576
Transfers	(61,998)	(61,999)	(45,799)	(45,799)	(45,799)	(70,150)	(96,800)
Total business-type activities	231,850	146,840	262,717	324,142	478,336	526,376	250,802
Total primary government	\$ 48,509,895	\$ 51,472,606	\$ 54,089,193	\$ 59,527,290	\$ 66,569,266	\$ 68,491,189	\$ 64,683,549
Change in Net Assets							
Governmental activities	\$ (16,435,363)	\$ (85,647)	\$ 3,644,512	\$ 6,752,973	\$ 957,664	\$ 559,960	\$ 2,422,389
Business-type activities	1,084,182	979,988	1,053,813	1,168,769	1,478,576	1,535,945	1,045,760
Total primary government	\$ (15,351,181)	\$ 894,341	\$ 4,698,325	\$ 7,921,742	\$ 2,436,240	\$ 2,095,905	\$ 3,468,149

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

Schedule 3
Craven County
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

General Fund	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Reserved for:										
State statute	\$ 5,023,469	\$ 6,513,924	\$ 6,047,088	\$ 6,316,488	\$ 6,584,888	\$ 6,224,153	\$ 5,689,161	\$ 6,434,080	\$ 7,920,769	\$ 5,258,842
Future wireless E-911 expenditures	90,977	165,145	241,968	343,409	346,933	486,726	578,914	360,975	-	-
Future wired E-911 expenditures	-	74,859	22,871	74,896	2,112	46,274	104,956	125,234	-	-
Future register of deeds technology enhancements	-	-	33,646	26,212	67,142	89,380	-	8,840	46,557	21,750
Future law enforcement expenditures	49,613	11,700	11,000	287,143	66,358	23,964	81	15,771	915	80,589
Total reserved	5,164,059	6,765,628	6,356,573	7,048,148	7,067,433	6,870,497	6,373,112	6,944,900	7,968,241	5,361,181
Unreserved										
Designated for subsequent year's expenditures	1,417,824	827,906	1,308,653	1,106,513	1,512,962	805,563	1,112,286	278,250	1,057,114	979,722
Undesignated	10,918,794	9,315,767	9,939,144	10,745,164	10,916,933	11,461,312	14,627,823	17,382,258	16,723,785	20,371,199
Total General Fund	\$ 17,500,677	\$ 16,908,301	\$ 17,604,370	\$ 18,859,825	\$ 19,497,328	\$ 19,137,372	\$ 22,113,221	\$ 24,605,408	\$ 25,749,140	\$ 26,712,102
All Other Governmental Funds										
Reserved for:										
State statute	\$ 286,783	\$ 258,546	\$ 133,352	\$ 169,610	\$ 177,452	\$ 204,407	\$ 199,848	\$ 436,966	\$ 398,154	\$ 523,712
Debt service	2,957,736	2,959,769	4,529,563	3,339,171	2,805,486	2,640,065	1,765,304	3,704,012	4,328,413	3,317,971
Total reserved	3,244,519	3,218,315	4,662,915	3,508,781	2,982,938	2,844,472	1,965,152	4,140,978	4,726,567	3,841,683
Unreserved										
Undesignated/(deficit)										
Special revenue funds:										
Room occupancy tax trust fund (1)	1,435,079	(337,002)	(677,700)	(1,008,021)	(620,436)	(500,000)	-	-	-	-
All other special revenue funds	453,794	415,763	269,313	333,283	291,374	317,610	417,160	456,779	469,202	742,288
Designated for capital projects	3,989,638	3,568,912	24,602,809	7,232,191	4,556,643	4,679,025	4,751,947	14,206,542	33,071,988	10,995,371
Total all other governmental funds	\$ 9,122,930	\$ 6,866,008	\$ 28,857,337	\$ 10,086,234	\$ 7,010,519	\$ 7,341,107	\$ 7,154,259	\$ 18,804,299	\$ 38,267,757	\$ 15,579,342

Notes:
(1) The Room Occupancy Tax Trust Fund (used to fund the debt service for the convention center) is shown separately due to the deficit fund balance caused by a loan payable to the general fund.

Schedule 4
Craven County
Changes in fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Page 1 of 2)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes:										
Property	\$ 25,264,280	\$ 26,180,148	\$ 28,037,823	\$ 32,218,477	\$ 32,549,745	\$ 33,585,023	\$ 37,876,551	\$ 40,031,721	\$ 42,281,507	\$ 43,716,305
Sales	12,854,091	12,992,853	12,582,248	13,998,546	16,963,021	17,433,367	18,100,692	19,769,089	20,131,706	16,786,425
Other	1,805,562	543,625	512,536	551,086	580,312	631,352	716,807	730,206	788,930	766,861
Total taxes	39,923,933	39,716,626	41,132,407	46,768,109	50,093,078	51,649,742	56,694,050	60,531,016	63,192,143	61,279,591
Intergovernmental	23,659,149	23,692,026	23,448,484	16,711,049	16,974,797	16,562,886	17,285,122	17,088,924	19,725,368	19,261,385
Charges for Services	6,949,051	7,569,405	9,252,065	10,473,891	11,606,329	12,118,416	13,470,741	13,072,951	13,496,839	13,530,854
Interest	1,831,907	1,512,586	647,287	629,045	298,455	588,241	1,190,972	2,370,690	3,403,401	1,321,851
Miscellaneous	2,191,860	896,036	802,006	848,382	999,009	872,030	998,896	1,225,277	1,263,264	1,592,941
Total Revenues	74,555,900	73,386,679	75,282,249	75,430,476	79,971,668	81,801,325	89,619,781	94,288,858	101,081,015	96,986,622
Expenditures										
General Government	5,159,062	5,319,753	5,084,859	5,667,050	7,434,198	6,875,991	8,193,210	7,514,048	8,539,207	8,693,318
Public Safety	8,858,789	8,830,928	9,665,860	9,807,768	11,271,380	11,391,656	13,151,735	13,960,441	23,556,676	31,541,868
Environmental Protection	3,752,516	3,849,308	4,114,223	4,554,577	5,046,646	5,006,185	5,103,095	5,444,288	5,413,220	5,478,700
Economic Development	2,642,179	3,973,447	6,178,676	4,122,872	2,989,088	3,505,260	2,194,383	2,241,260	3,043,309	2,720,535
Health	5,887,427	6,010,653	6,297,018	6,195,238	6,626,527	7,007,312	7,072,213	7,169,879	8,064,577	7,983,542
Social Services (2)	17,510,212	18,284,894	18,614,048	19,501,613	20,761,999	21,357,549	22,624,569	23,790,287	24,829,156	23,149,487
Culture and Recreation	1,629,808	2,025,889	2,202,975	1,521,415	1,694,669	1,904,814	2,136,565	2,251,117	2,878,542	2,583,707
Education	19,822,056	19,661,846	21,816,342	35,104,248	20,600,373	18,391,669	20,218,865	29,897,811	33,000,753	25,746,401
Expenditures-continued										
Capital Outlay	10,007,319	4,836,064	1,449,640	239,123	91,517	95,980	-	-	-	-
Debt Service:										
Principal	4,077,115	3,170,964	3,085,162	3,163,277	3,435,146	3,816,917	3,846,504	3,854,145	6,050,858	6,422,014
Interest	2,112,850	2,103,929	2,105,047	3,110,941	2,845,196	2,513,158	2,335,441	2,959,154	4,207,889	4,489,303
Total Expenditures	81,469,353	78,067,676	80,633,850	92,988,122	82,786,739	81,876,491	86,876,580	99,032,430	119,584,187	118,808,875
Excess of revenues over (under) expenditures	(6,903,453)	(4,680,997)	(5,351,601)	(17,557,646)	(2,815,071)	(75,166)	2,743,201	(4,803,572)	(18,503,172)	(21,822,253)

Schedule 4
Craven County
Changes in fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Page 2 of 2)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other Financing Sources (Uses)										
Transfers in	7,074,825	6,825,025	7,929,366	5,690,306	7,215,800	8,507,419	9,082,318	10,057,944	11,611,636	6,443,078
Transfers out	(6,984,126)	(6,792,326)	(7,891,367)	(5,628,308)	(7,153,801)	(8,461,620)	(9,036,519)	(10,012,145)	(11,514,837)	(6,346,278)
Bonds issued	-	1,800,000	28,000,000	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	13,875,194	-	-	-	-	-
Payment to refunding escrow agent	-	-	-	-	(13,712,107)	-	-	-	-	-
Proceeds from capital lease	338,875	-	-	-	-	-	-	-	-	-
Proceeds from installment note/COPS	-	-	-	-	131,773	-	-	18,990,000	39,013,563	-
Total other financing sources (uses)	429,674	1,832,699	28,037,999	61,988	356,859	45,799	45,799	18,945,799	39,110,362	96,800
Net change in fund balances	\$ (6,473,779) \$	(2,848,298) \$	22,686,398 \$	(17,495,648) \$	(2,458,212) \$	(29,367) \$	2,789,000 \$	14,142,227 \$	20,607,190 \$	(21,725,453) \$

Debt service as a percentage of noncapital expenditures	8.66%	7.20%	6.55%	6.82%	7.77%	7.94%	7.37%	7.06%	9.75%	11.02%
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Note: Amounts shown above for years prior to fiscal 2003 have been restated to show transfers in/out with component units as revenue and expenditures.

**Schedule 5
Craven County
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years**

Year	Real Property				Present-use Value (1)	Personal Property	Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
	Residential Property	Commercial Property	Industrial Property							
2000	2,198,190,140	754,106,467	36,312,310		52,537,102	1,178,799,113	89,694,376	4,309,639,508	0.570	5,011,208,730
2001	2,278,831,310	787,441,202	39,321,420		51,876,360	1,208,865,037	90,975,362	4,457,110,691	0.570	5,350,673,098
2002	2,311,595,479	832,814,818	44,873,530		52,983,046	1,222,690,633	91,167,094	4,556,124,600	0.600	5,717,310,328
2003 (5)	2,821,662,545	1,117,828,280	44,671,630		71,251,398	1,236,739,839	104,322,120	5,396,475,812	0.580	5,396,475,812
2004	2,929,225,703	1,144,525,817	44,679,730		67,315,000	1,273,712,947	105,752,076	5,565,211,273	0.560	5,740,251,665
2005	3,048,945,696	1,183,144,808	44,584,740		72,290,740	1,316,591,615	105,008,267	5,770,565,866	0.560	6,115,478,875
2006	3,215,295,945	1,211,684,688	43,244,210		67,076,256	1,366,718,652	117,580,795	6,021,600,546	0.610	7,323,766,171
2007	3,344,659,741	1,346,918,941	42,427,600		67,623,321	1,430,699,795	108,576,827	6,340,906,231	0.610	9,241,956,320
2008	3,558,507,233	1,436,304,943	42,626,400		66,670,292	1,477,929,350	111,440,333	6,693,476,551	0.610	10,118,637,265
2009	3,746,691,834	1,472,798,220	42,798,900		65,636,627	1,487,848,193	121,393,796	6,937,167,570	0.610	10,403,670,621

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
- (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place in the calendar year ending during the fiscal year. (The 2008 figure is based on property sales which took place in calendar 2008.)
- (5) Property in Craven County is reassessed every eight years. The last reassessment was on January 1, 2002 and was the basis for fiscal 2003 taxes.

Schedule 6
 Craven County
 Direct and Overlapping Property Tax Rates,
 Last Ten Fiscal Years

	Fiscal Year Taxes Are Payable									
	2000	2001	2002	2003(1)	2004	2005	2006	2007	2008	2009
Craven County	\$.5700	\$.5700	\$.6000	\$.5800	\$.5600	\$.5600	\$.6100	\$.6100	\$.6100	\$.6100
<u>Municipality Rates:</u>										
Bridgeton	.5000	.5000	.4700	.4700	.4700	.4700	.4700	.4700	.5000	.5000
Cove City	.1500	.1500	.1500	.1500	.1500	.1500	.1500	.1500	.1500	.1500
Dover	.3000	.3000	.3000	.3000	.3000	.3000	.3000	.3000	.3000	.3000
Havelock	.3900	.3900	.4200	.4200	.4200	.4500	.4500	.4900	.4900	.5300
New Bern	.4700	.4700	.4700	.4700	.4700	.4700	.4700	.4700	.5050	.5050
River Bend	.1500	.1800	.1900	.1900	.1900	.2200	.2200	.2200	.2500	.2800
Trent Woods	.0930	.0930	.0930	.1300	.2700	.2700	.2700	.2700	.2700	.2700
Vanceboro	.5000	.5000	.5000	.4800	.4800	.4800	.4800	.4800	.4800	.4800
<u>Fire Districts:</u>										
Rhems	.0375	.0375	.0375	.0375	.0375	.0375	.0375	.0375	.0425	.0425
Township #1	.0238	.0238	.0238	.0238	.0238	.0238	.0238	.0238	.0238	.0263
Tri Community	.0297	.0297	.0297	.0297	.0350	.0350	.0350	.0350	.0350	.0350
Little Swift Creek	.0590	.0590	.0590	.0590	.0590	.0590	.0590	.0590	.0590	.0590
Township #3	.0681	.0681	.0681	.0681	.0681	.0681	.0681	.0681	.0681	.0781
Township #5	.0561	.0661	.0661	.0600	.0570	.0570	.0570	.0570	.0620	.0620
Township #6	.0380	.0350	.0350	.0375	.0475	.0675	.0675	.0675	.0675	.0600
Township #7	.0365	.0365	.0365	.0270	.0270	.0270	.0270	.0270	.0270	.0240
West New Bern	.0356	.0356	.0356	.0312	.0312	.0312	.0362	.0362	.0362	.0422
Township #9	.0713	.0713	.0713	.0713	.0713	.0713	.0713	.0713	.0713	.0713
Sandy Point	.0619	.0619	.0619	.0567	.0567	.0567	.0567	.0567	.0567	.0567

Source: Craven County Tax Department

Note: (1) Real property was revalued on January 1, 2002

Schedule 7
 Craven County
 Principal Property Tax Payers,
 Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2009			Fiscal Year 2000		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Weyerhaeuser Company	Wood pulp manufacturer	\$ 207,221,772	1	2.99%	\$ 188,949,291	1	4.38%
BSH Home Appliances Corp	Home appliance manufacturer	112,892,056	2	1.63%	15,928,618	6	0.37%
Carolina Telephone & Telegraph Co.	Communications utility	42,434,296	3	0.61%	36,021,715	3	0.84%
Progress Energy Carolinas	Electric utility	39,337,736	4	0.57%	26,987,759	4	0.63%
Hatteras Yachts	Yacht builder	27,413,848	5	0.40%	11,266,150	10	0.26%
Blakemore 300 Executive Parkway LLC & Kaplan 300 Executive Parkway LLC	Real estate development	21,069,770	6	0.30%			
New Bern Riverfront Development LLC	Real estate development	20,505,350	7	0.30%			
Craven Wood Energy LTD	Electricity manufacturer	15,990,761	8	0.23%	51,418,705	2	1.19%
Atlantic Marine Corps Communities, LLC	Real estate development	14,991,628	9	0.22%			
DRA Woodland Crossing LP	Real estate development	13,118,400	10	0.19%			
Fairfield Communities	Real estate development				14,508,994	7	0.34%
Amital Spinning Corp	Yarn manufacturer				18,724,039	5	0.43%
S-B Power Tool Company	Power tool manufacturer				13,813,850	9	0.32%
Moen Incorporated	Plumbing products mfr.				14,015,414	8	0.33%
Totals		\$ 514,975,617		7.42%	\$ 391,634,535		9.09%

Source: Craven County Tax Department

Schedule 8
 Craven County
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the		Adjustments	Total	Collected within the		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year (Original Levy)	Fiscal Year			Fiscal Year of the Levy	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2000	\$ 23,973,204	\$ 640,060	\$ 24,613,264	\$ 23,930,186	97.22%	\$ 595,417	\$ 24,525,603	99.64%	
2001	25,619,122	(167,174)	25,451,948	24,761,949	97.29%	606,217	25,368,166	99.67%	
2002	27,527,244	(225,539)	27,301,705	26,493,834	97.04%	717,061	27,210,895	99.67%	
2003	32,173,298	(785,503)	31,387,795	30,482,909	97.12%	805,728	31,288,637	99.68%	
2004	31,563,099	(221,056)	31,342,043	30,570,553	97.54%	669,552	31,240,105	99.67%	
2005	32,468,045	(133,839)	32,334,206	31,690,897	98.01%	554,850	32,245,747	99.73%	
2006	36,919,653	(321,980)	36,597,673	35,915,565	98.14%	566,938	36,482,503	99.69%	
2007	39,046,381	(315,261)	38,731,120	38,031,297	98.19%	556,374	38,587,671	99.63%	
2008	41,023,496	(131,609)	40,891,887	40,167,701	98.23%	498,548	40,666,249	99.45%	
2009	42,668,211	(266,675)	42,401,536	41,594,880	98.10%	-	41,594,880	98.10%	

Source: Craven County Tax Department

**Schedule 9
Craven County
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Business-type Activities					Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General		Revenue Bonds	Installment Loans	Capital Leases	General		Revenue Bonds	Installment Loans	Total			
	Obligation Bonds					Obligation Bonds							
2000	\$ 20,330,000	\$ 2,520,000	\$ 17,256,104	\$ 381,356	\$ 5,901,300	\$ 583,500	\$ 4,156,764	\$ 51,129,024	\$ 562	2.33%			
2001	20,180,000	2,330,000	16,275,627	275,805	5,551,600	577,000	3,885,896	49,075,928	535	2.07%			
2002	46,930,000	1,595,000	15,238,459	212,813	5,124,600	570,500	319,330	69,990,702	754	2.92%			
2003	45,680,000	820,000	14,258,760	144,972	4,229,600	564,000.00	1,037,789	66,735,121	720	2.80%			
2004	45,755,000	-	13,248,452	71,907	2,067,800	-	1,118,743	62,261,902	664	2.50%			
2005	43,185,000	-	12,073,442	-	1,690,800	-	1,824,045	58,773,287	627	2.21%			
2006	40,560,000	-	10,851,937	-	1,282,500	-	1,711,408	54,405,845	574	1.91%			
2007	37,930,000	-	28,527,792	-	839,500	-	1,598,771	68,896,063	721	2.30%			
2008	35,335,000	-	62,006,933	-	377,000	-	1,486,135	99,205,068	1,029	3.10%			
2009	32,775,000	-	58,144,921	-	245,000	-	1,373,498	92,538,419	947	*			

*Information not yet available

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the calendar year ended during the fiscal year. Calendar 2008 personal income not available to calculate fiscal year 2009.

Schedule 10

Craven County

Ratios of Net General Bonded Debt Outstanding,

Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Restricted to Repaying Principal	Less: Amounts				
2000	26,231,300	2,957,736		23,273,564	1.06%	0.46%	256
2001	25,731,600	2,959,789		22,771,811	0.96%	0.43%	248
2002	52,054,600	4,529,563		47,525,037	1.98%	0.83%	512
2003	49,909,600	3,339,171		46,570,429	1.95%	0.86%	502
2004	47,822,800	2,805,486		45,017,314	1.81%	0.79%	480
2005	44,875,800	2,640,065		42,235,735	1.59%	0.69%	451
2006	41,842,500	1,785,303		40,057,197	1.41%	0.55%	422
2007	38,769,500	3,901,084		34,868,416	1.16%	0.38%	365
2008	35,712,000	4,420,993		31,291,007	0.98%	0.31%	325
2009	33,020,000	3,317,971		29,702,029	*	0.29%	304

*Information not yet available.

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2008 personal income not available to calculate fiscal year 2009.

(2) See schedule 5 for estimated actual taxable value data.

Schedule 11
Craven County
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed Value of Property	\$ 4,309,640	\$ 4,457,111	\$ 4,556,125	\$ 5,396,476	\$ 5,565,211	\$ 5,770,566	\$ 6,021,601	\$ 6,340,906	\$ 6,693,479	\$ 6,937,168
Debt Limit, 8% of Assessed Value (Statutory Limitation)	344,771	356,569	364,490	431,718	445,217	461,645	481,728	507,272	535,478	554,973
Amount of Debt Applicable to Limit										
Gross debt	51,129	49,076	69,991	66,735	62,262	58,773	54,406	68,896	99,205	92,538
Less: Amount available for repayment of g.o.bonds	2,958	2,960	4,530	3,339	2,805	2,640	1,785	3,901	4,421	3,299
Debt outstanding for water and sewer purposes	10,058	9,437	5,125	5,267	3,187	3,515	2,994	2,438	1,863	1,618
Revenue bonds	3,104	2,907	2,166	1,384	-	-	-	-	-	-
Total net debt applicable to limit	35,010	33,772	58,171	56,745	56,270	52,618	49,627	62,557	92,921	87,621
Legal Debt Margin	\$ 309,761	\$ 322,797	\$ 306,319	\$ 374,974	\$ 388,947	\$ 409,027	\$ 432,101	\$ 444,715	\$ 442,557	\$ 467,352

Total net debt applicable to the limit as a % of debt limit

10.15%	9.47%	15.96%	13.14%	12.64%	11.40%	10.30%	12.33%	17.35%	15.79%
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Note: NC Statute GS159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

Schedule 12
 Craven County
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Inspections Performed(5)
2000	91,040	\$ 2,190,549	\$ 24,114	14,690	4.30%	N/A
2001	91,693	2,370,029	25,859	14,644	4.20%	6,450
2002	92,844	2,400,702	25,795	14,465	5.70%	7,124
2003	92,693	2,385,406	25,759	14,362	6.00%	6,767
2004	93,761	2,489,593	26,493	14,388	5.80%	8,744
2005	93,698	2,657,216	28,304	14,523	4.80%	10,426
2006	94,838	2,841,408	30,173	14,609	4.70%	12,633
2007	95,558	2,993,558	31,088	14,632	4.40%	13,000
2008	96,426	3,201,259	33,242	14,538	4.30%	9,682
2009	97,766	*	*	14,597	6.10%	7,123

* Information not yet available.

Notes:

- (1) N.C. State Data Center. Estimates are as of beginning of fiscal year (July 1)
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are as of the end of the calendar year ended during the fiscal year.
- (3) N.C. Department of Public Instruction, First Month Average Daily Membership.
- (4) N. C. Employment Security Commission, Annual Average as of the end of the calendar year ended during the fiscal year.
- (5) Total number of inspections performed by Craven County Inspections Department. Does not include inspections by municipalities.

Schedule 13
 Craven County
 Principal Employers
 Current Year and Nine Years Ago

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense (1)	5,300	1	13.27%	5,000	1	13.18%
Craven County Schools	1,956	2	4.90%	1,800	2	4.74%
Craven Regional Medical Center	1,900	3	4.76%	1,500	3	3.95%
State of North Carolina	983	4	2.46%	900	5	2.37%
BSH Home Appliances	901	5	2.26%			
Moen Incorporated	851	6	2.13%	950	4	2.50%
Craven County	634	7	1.59%	570	8	1.50%
City of New Bern	514	8	1.29%			
Wal-Mart	500	9	1.25%	410	10	1.08%
Craven Community College	493	10	1.23%	450	9	1.19%
Weyerhaeuser Company				700	7	1.85%
Hatteras Yachts				800	6	2.11%
	<u>14,032</u>		<u>35.14%</u>	<u>13,080</u>		<u>34.48%</u>

Source: New Bern Chamber of Commerce, Craven County Economic Development Commission and N.C. Employment Security Commission

Notes: (1) Excludes 8,684 active military personnel based in Craven County. It includes civilian employment at both the Naval Aviation

Depot an MCAS Cherry Point. The amount shown includes employees from all counties (Of the 5,300 employees, 2,821 are Craven County residents, or 7.1% of the County employment)

**Schedule 14
Craven County
Full-time Equivalent County Government Employees by Function,
Last Ten Fiscal Years**

Function/Program	Full-time Equivalent Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	89	88	89	98	94	92	87	83	82	81
Public safety	115	118	120	125	128	125	129	134	134	141
Social services	187	185	197	200	201	203	207	204	206	213
Economic and physical development	5	19	19	19	19	18	23	19	21	20
Environmental protection	33	39	32	33	31	30	33	36	33	33
Health	112	104	94	95	97	102	97	111	115	116
Cultural and recreation	12	11	11	11	10	10	7	8	9	16
Water/Sewer (Business activity)	13	13	13	13	13	13	13	13	14	14
Total	566	577	575	594	593	593	596	608	614	634

Source: County Finance Department

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full time personnel work 2,080 hours per year (less vacation and sick leave). For purposes of this schedule the number of part time employees has been divided by 2.5 to arrive at the full time equivalents.

**Schedule 15
Craven County
Operating Indicators by Function,
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Fire/Rescue calls to County E911 (A)			6,423	6,591	6,973	7,331	7,517	8,083	8,882	8,002
Average daily population in jail (B)					154	158	175	185	200	198
Number of papers served (B)					18,820	17,366	16,229	15,952	12,283	12,390
Health Services (C)										
Food and lodging inspections					1,225	1,424	1,647	1,150	1,615	1,388
Home health/hospice visits			16,893	17,986	15,640	17,478	16,573	16,603	16,327	11,760
Visits to health department			27,956	27,550	27,546	27,563	27,579	26,199	25,400	27,901
Transportation Services (D)										
Number of miles driven (1)				790,262	814,546	843,124	808,771	761,466	782,257	796,036
Number of trips provided (1)				108,315	109,225	106,627	101,235	100,754	93,984	98,738
Tax/Real Estate Services (E)										
Deed transfers processed	3,871	3,742	3,702	4,047	4,574	5,446	6,405	6,134	4,677	3,944
Number of real estate parcels	46,889	47,729	48,306	48,600	49,824	50,933	52,163	54,469	55,035	55,739
Number of tax bills generated	131,431	135,808	138,838	142,600	145,735	143,765	147,675	150,126	153,477	152,424
Economic and Physical Development										
County tourism revenues (1)(2) (F)	\$69.06	\$74.09	\$69.67	\$72.32	\$74.73	\$79.68	\$87.42	\$94.16	\$101.70	\$104.84
Economic impact of convention center (2) (G)			\$7.01	\$6.91	\$8.27	\$9.06	\$9.00	\$8.73	\$12.90	\$10.30
Number of registered voters (H)	48,165	51,914	56,456	57,195	55,749	60,503	60,653	61,668	64,110	65,274
Number of enplanements at airport (3) (I)	88,509	81,047	78,139	70,443	92,516	97,876	90,221	110,882	120,293	54,799
Water Services										
Number of service connections (J)	9,956	10,174	10,400	10,614	10,851	11,570	12,001	12,300	12,697	12,857

Notes:

(1) These amounts shown as 2009 are for calendar year ending December 31, 2008.

(2) Amounts shown are millions of dollars

(3) Amounts shown are by calendar year, therefore the amount shown for 2009 is only six months.

Source of data:

- (A) Craven County Emergency Services
- (B) Craven County Sheriff Department
- (C) Craven County Health Department
- (D) CARTS (Craven County Transportation)
- (E) Craven County Tax Department
- (F) NC Department of Commerce
- (G) Craven County Convention Center
- (H) Craven County Elections Department
- (I) Craven Regional Airport
- (J) Craven County Water Department

Schedule 16
 Craven County
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Public Safety (A)</u>										
Correction facility rated capacities	121	161	161	161	161	161	161	161	161	161
<u>Parks and Land Use (B)</u>										
Number of county parks	2	2	2	2	2	2	2	2	3	3
Boat ramps operated	2	2	2	2	2	2	2	2	2	2
<u>Water Service (C)</u>										
Miles of water main	565	565	580	595	615	625	645	650	653	660
Number of elevated water tanks (1)	9	9	8	8	8	8	9	9	9	9
<u>Transportation Services (D)</u>										
Number of CARTS vehicles	30	30	31	32	32	32	32	32	32	32
<u>Economic and Physical Development</u>										
Convention center	1	1	1	1	1	1	1	1	1	1
Number of remaining acres in Industrial Park (E)	322	322	294	258	258	196	192	192	192	192
<u>Airport (F)</u>										
Number of runways	2	2	2	2	2	2	2	2	2	2

Notes:

(1) In 2002 an elevated tank in the Industrial Park was sold to the City of New Bern when they began providing the service

Source of data:

- (A) Craven County Sheriff Department
- (B) Craven County Recreation Department
- (C) Craven County Water Department
- (D) CARTS (Craven County Transportation)
- (E) Craven County Finance Department
- (F) Craven County Regional Airport

Craven County



COMPLIANCE SECTION

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's 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 County Commissioners
Craven 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 Craven County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise Craven County's basic financial statements, and have issued our report thereon dated November 4, 2009. As described in Note 13 to the financial statements, the County initially adopted Governmental Accounting Standards Board Statement No. 45 for its fiscal year ended June 30, 2009. 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 CarolinaEast Health System and Craven County Alcoholic Beverage Control Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Craven County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 and deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

McGladrey & Pullen

Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Craven 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*.

This report is intended solely for the information and use of 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.

McGladrey & Pullen, LLP

New Bern, North Carolina
November 4, 2009

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Compliance With Requirements Applicable To Each Major
Federal Program and the Passenger Facility Charge Program
and on Internal Control Over Compliance in Accordance With
OMB Circular A-133 and the State Single Audit Implementation Act**

To the Board of County Commissioners
Craven County, North Carolina

Compliance

We have audited the compliance of Craven 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 and with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, for its passenger facility charge program for the year ended June 30, 2009. Craven 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 and the passenger facility charge program is the responsibility of Craven County's management. Our responsibility is to express an opinion on Craven County's compliance based on our audit.

Craven County's basic financial statements include the operations of CarolinaEast Health System (Health System) and Craven County Alcoholic Beverage Control Board (ABC Board), both discretely presented component units of Craven County. Our audit, described below, did not include the operations of the Health System and ABC Board because the financial statements of the Health System and ABC Board were not audited in accordance with *Government Auditing Standards*, OMB A-133 or the State Single Audit Implementation Act.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the State Single Audit Implementation Act, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Those standards, OMB Circular A-133, the State Single Audit Implementation Act and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration 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 or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Craven 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 Craven County's compliance with those requirements.

In our opinion, Craven County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and its passenger facility charge program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Craven County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and the passenger facility charge program. In planning and performing our audit, we considered Craven County's internal control over compliance with requirements that could have a direct and material effect on a major federal program and the passenger facility charge 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.

A control deficiency in the County'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 County'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 a material noncompliance with a type of compliance requirement with a federal program will not be prevented or detected by the County's internal control.

Our consideration of the 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 management, others within the organization, members of the Board of County Commissioners, federal and State awarding agencies, the Federal Aviation Administration and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

New Bern, North Carolina
November 4, 2009

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major State Program and on Internal Control Over Compliance in Accordance With Applicable Sections OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Craven County, North Carolina

Compliance

We have audited the compliance of Craven 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, 2009. Craven 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 Craven County's management. Our responsibility is to express an opinion on Craven County's compliance based on our audit.

Craven County's basic financial statements include the operations of CarolinaEast Health System (Health System) and Craven County Alcoholic Beverage Control Board (ABC Board), both discretely presented component units of Craven County. Our audit, described below, did not include the operations of the Health System and ABC Board because the financial statements of the Health System and ABC Board were not audited in accordance with *Government Auditing Standards*, applicable sections of OMB Circular A-133 or the State Single Audit Implementation Act.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, 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 Craven 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 Craven County's compliance with those requirements.

In our opinion, Craven 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, 2009.

Internal Control Over Compliance

The management of Craven 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 Craven 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.

A control deficiency in the County'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 County'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 a material noncompliance with a type of compliance requirement with a State program will not be prevented or detected by the County's internal control.

Our consideration of the 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 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.

New Bern, North Carolina
November 4, 2009

McGladrey & Pullen, LLP

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009**

Section 1. 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(ies) identified Yes X None reported
that are not considered to be
material weaknesses?

Noncompliance material to financial
statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

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

CRAVEN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2009

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:

<u>Program Name</u>	<u>CFDA</u>
Medical Assistance Program	93.778
Low Income Energy Assistance	93.568
Special Supplemental Program for Women, Infants and Children	10.557/10.559

Dollar threshold used to distinguish

between Type A and Type B Programs \$ 3,000,000

Auditee qualified as low-risk auditee? X Yes No

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2009**

State Awards

Internal control over major State programs:

• Material weakness(es) identified?	Yes	X	No
	_____	_____	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes	X	None reported
	_____	_____	
Noncompliance material to State awards?	Yes	X	No
	_____	_____	

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 the State Single
Audit Implementation Act?

Yes	X	No
_____	_____	

Identification of major State programs:

<u>Program Name</u>	<u>Grant #</u>
Medical Assistance/Medicaid Maximization	N/A

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2009**

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

None reported

Section 4. State Award Findings and Questioned Costs

None reported

**CRAVEN COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2009**

No corrective action plan is required for the current year.

**CRAVEN COUNTY, NORTH CAROLINA
STATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2008**

None reported in prior year.

**CRAVEN COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
 For the Fiscal Year Ended June 30, 2009
 (Page 1 of 5)**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
FEDERAL AWARDS:					
US Department of Agriculture					
Passed through NC Department of Agriculture: Administered by Craven County Sheriff:					
National Forest	10.418	05-LE-11081122-163	\$ 7,999	\$ -	\$ -
Passed through NC Department of Health and Human Services:					
Division of Social Services:					
Administered by County Health Department:					
Special Supplemental Nutrition Program for Women, Infants, and Children:					
WIC - Administration	10.557	5405	467,086	-	18,458
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	5405	2,727,071	-	-
			<u>3,194,157</u>	<u>-</u>	<u>18,458</u>
Passed-through the NC Dept of Health and Human Services:					
Division of Social Services:					
Administered by County Department of Social Services:					
State Administrative Matching Grants for the Food Stamp Cluster:					
Food Stamp Direct Benefit Payments	10.551		13,817,050	-	-
Food Stamp Admin	10.561		580,112	-	580,112
Food Stamp Issuance	10.561		21,047	-	21,047
ARRA-Food Stamp - FNS	10.561		10,447	-	-
Food Stamp Fraud Admin	10.561		82,954	-	82,954
Food Stamp Emp and Training	10.561		463	-	463
Total Food Stamp Cluster			<u>14,512,073</u>	<u>-</u>	<u>684,576</u>
Total US Department of Agriculture			<u>17,714,229</u>	<u>-</u>	<u>703,034</u>
US Department of Transportation					
<u>Federal Aviation Administration</u>					
Direct Programs:					
Administered by Craven Regional Airport:					
Airport Improvement Program:					
LEO Staff	20.106	DTSA20-02-P5026	154,891	-	-
Airport Improvement Project No. 25	20.106	3-37-0050-25	9,943	-	175
Airport Improvement Project No. 26	20.106	3-37-0050-26	2,102	-	18,757
Airport Improvement Project No. 27	20.106	3-37-0050-27	20,000	-	48,936
Airport Improvement Project No. 28	20.106	3-37-0050-28	825,807	-	42,764
Airport Improvement Project No. 29	20.106	3-37-0050-29	295,644	-	15,560
Airport Improvement Project No. 30	20.106	3-37-0050-30	620,153	-	37,614
			<u>1,928,540</u>	<u>-</u>	<u>163,806</u>
Passed through NC Department of Transportation:					
Administered by Craven Area Rural Transportation System:					
Administration	20.509	36233.31.9.1	256,269	16,017	592,093
Operating	20.509	36233.31.9.2	43,105	-	43,105
Capital	20.509	36233.31.9.3	172,099	21,513	26,769
			<u>471,473</u>	<u>37,530</u>	<u>661,967</u>
Total US Department of Transportation			<u>2,400,013</u>	<u>37,530</u>	<u>825,773</u>
US Department of Homeland Security					
Division of Emergency Management:					
Passed through NC Department of Crime Control and Public Safety:					
Administered by Craven County Emergency Services:					
Hazardous Materials Emergency Preparedness	97.004	HMEP 2005-014	4,900	-	-
Emergency Management Assistance - Performance	97.042	EM PA 00 025 24	51,527	-	237,214
Administered by Craven County Sheriff:					
State Criminal Alien Assistance Program	16.606	2006-F3299NC-AP	2,564	-	-
Administered by Craven County Planning:					
Pre Disaster Mitigation	97.047	PDM-PJ-04-NC-2006-001	106,721	-	-
Total Federal Emergency Management Agency			<u>165,712</u>	<u>-</u>	<u>237,214</u>
US Department of Administration					
US Election Assistance Commission					
Passed through NC Department of Elections					
HAVA Title II Reimbursement	90.401		104,129	-	-

CRAVEN COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
 For the Fiscal Year Ended June 30, 2009
 (Page 2 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
US Department of Health and Human Services					
<u>Administration on Aging</u>					
Passed through NC Department of Health and Human Services:					
Division of Aging, Home, and Community Care Block Grant					
Aging Cluster:					
Passed through Eastern Carolina Council					
Passed through Craven County Department of Social Services:					
Administered by Craven Area Rural Transportation	93.044		\$ 54,840	\$ 9,678	\$ 7,169
Administered by Coastal Community Action:					
Senior Companion Program	93.045		26,067	4,600	3,407
Administered by Craven County Department of Social Services:					
Congregate Meals	93.045		71,965	12,700	9,407
USDA Congregate Meals	93.045		9,992	-	-
Home Delivered Meals	93.045		121,991	21,528	15,947
USDA Home Delivered Meals	93.045		17,286	-	-
In Home Level II	93.044		113,554	20,039	14,844
Care Management Administration	93.044		73,118	12,903	9,558
			<u>488,813</u>	<u>81,448</u>	<u>60,332</u>
<u>Administration for Children and Families</u>					
Passed through NC Department of Health and Human Services:					
Division of Social Services:					
Administered by Craven County Department of Social Services:					
Work First/TANF Benefit Payments	93.558		898,822	(74)	1,218
Work First Admin	93.558		285,978	-	290,265
Work First Service	93.558		1,537,841	-	887,868
Family Support Payments	93.560		(310)	(85)	(85)
			<u>2,722,331</u>	<u>(159)</u>	<u>1,179,266</u>
Refugee Assistance Administration	93.566		50,756	-	9,587
IV-D Child Support Enforcement:					
Administration	93.563		18,066	-	9,307
Low-Income Home Energy Assistance:					
Administration	93.568		48,361	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		367,083	-	-
Crisis Intervention Payments	93.568		432,219	-	-
			<u>847,663</u>	<u>-</u>	<u>-</u>
Administered by Craven County Health:					
Child Welfare Services:					
Permanency Planning:					
Permanency Planning - Families for Kids	93.645		20,973	6,991	-
Permanency Planning - Special	93.645		6,226	-	2,075
Adoption Subsidy			-	199,137	54,501
			<u>27,199</u>	<u>206,128</u>	<u>56,576</u>
Foster Care and Adoption Cluster:					
Title IV-E Foster Care:					
Administration	93.658		283,453	-	281,365
Foster Care - At Risk			-	40,080	21,163
IV-E CPS	93.658		263,247	107,248	155,998
Foster Care - Direct Benefit Payments	93.658		169,672	32,625	48,036
Title IV-E Adoption Subsidy	93.659		229,627	38,048	83,883
Total Foster Care and Adoption Cluster			<u>945,999</u>	<u>218,001</u>	<u>590,445</u>
Division of Child Development :					
Administered by Craven County DSS:					
Subsidized Child Care Cluster:					
Child Care & Development Fund - Discretionary	93.575		1,503,560	-	-
Child Care & Development Fund - Mandatory	93.596		653,277	-	-
Child Care & Development Fund - Match	93.596		863,276	463,178	-
Child Care & Development Fund - Administration	93.596		175,245	40,242	-
Social Services Block Grant	93.667		28,643	-	-
Temporary Assistance for Needy Families	93.558		884,767	-	-
Smart Start			-	88,284	-
More at Four State Funding			-	108,027	-
State Appropriation			-	232,644	-
Total Subsidized Child Care Cluster			<u>4,108,768</u>	<u>932,375</u>	<u>-</u>

CRAVEN COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
 For the Fiscal Year Ended June 30, 2009
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	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Administered by County Department of Social Services:					
Social Services Block Grant:					
Family Planning:					
Adopt FC	93.667		\$ 128,506	\$ -	\$ 389
In-Home Services	93.667		80,300	-	11,471
In-Home Services over 60	93.667		44,541	-	6,363
Other Services and Training	93.667		298,058	36,722	111,593
			<u>551,405</u>	<u>36,722</u>	<u>129,816</u>
Passed through NC Department of Health and Human Services:					
Administered by County Department of Social Services:					
Independent Living - Foster Care	93.674		30,539	4,732	-
<u>Health Care Financing Administration</u>					
Passed through NC Department of Health and Human Services:					
Division of Medical Assistance:					
Administration:					
Medical Assistance Program	93.778		1,248,854	-	1,248,854
Eligibility Workers Administration - MA	93.778		19,417	19,417	-
Medical Transportation Administration	93.778		112,292	-	112,292
Medicaid At-Risk Administration	93.778		52,891	-	2,236
Family Preservation	93.778		2,312	-	-
Other:					
Adult Care Home Case Management	93.778		48,962	20,141	28,821
Transportation Regular	93.778		341,347	139,095	34,547
NC Health Choice	93.767		63,069	3,249	17,702
Direct Benefit Payments:					
Medical Assistance Program	93.778		73,931,652	29,051,039	2,131,830
			<u>75,820,796</u>	<u>29,232,941</u>	<u>3,576,282</u>
<u>Center for Disease Control</u>					
Division of Epidemiology:					
Administered by County Health Department:					
Preventive Health and Health Services Block Grant:					
Adult Health- Statewide Health Promotion	93.991		20,745	-	(1,441)
<u>Health Resources and Services Administration</u>					
Passed through NC Department of Health and Human Services:					
Division of Public Health:					
Family Planning	93.217		83,426	-	-
Immunization Action Plan/ Aid to County Funding	93.268		37,858	-	11,297
BioTerrorism Grant	93.283		13,000	-	-
Breast and Cervical Cancer Control	93.283		20,946	15,045	6,554
HIV State Funds-Sexually Transmitted Diseases			10,190	-	-
Communicable Disease Expansion Budget	93.940		77,519	-	5,247
Coop Agreement for Breast and Cervical Cancer	93.919		12,377	-	-
Temporary Assistance for Needy Families	93.558		3,700	-	7,813
CCDG-Discretionary	93.575		43,406	-	-
Tobacco Use Prevention and Control	93.283		-	8,000	(415)
Maternal and Child Health Services Block Grant:					
Maternal Health	93.994		97,544	71,428	953,716
Women's Preventive Health	93.994		143,768	4,063	179,761
Child Health	93.994		124,208	-	905,167
			<u>667,942</u>	<u>98,536</u>	<u>2,069,140</u>
Total US Department of Health and Human Services			<u>86,301,022</u>	<u>30,810,724</u>	<u>7,679,310</u>
<u>STATE ASSISTANCE</u>					
NC Department of Health and Human Services					
Division of Social Services:					
Administered by County Department of Social Services:					
State/County Special Assistance Benefits Payments			-	689,718	689,718
State/County Special Assistance			-	-	75,878
Energy Assistance, Carolina Power & Light Project			-	8,276	-
Food Stamp Tax Intercept			-	19,131	-
Medicaid Maximization			-	650,056	-
State Aid to Counties			-	79,306	-
CPS Expansion			-	84,411	-
Family Care Giver			-	33,518	-
State Foster Home			-	168,109	153,198
State Adult Protective Services			-	62,313	-
			-	<u>1,794,838</u>	<u>918,794</u>
Division of Services for the Blind:					
Administered by County Department of Social Services:					
Services for the Blind			-	42,640	6,091

CRAVEN COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2009
(Page 4 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Health Divisions:					
Administered by County Health Department:					
General			\$ -	\$ 131,675	\$ -
Communicable Disease			-	6,343	19,559
Tuberculosis			-	31,587	41,887
AIDS - State			-	12,500	26,282
TB Medical Services			-	2,000	-
Healthy Carolinians			-	5,727	-
Risk Reduction/Health Promotion			-	13,646	-
Preparedness and Response			-	39,524	2,206
Minority Health			-	57,764	(1,223)
			-	300,766	88,711
Total NC Department of Health and Human Services			-	2,138,244	1,013,596
NC Department of Juvenile Justice and Delinquency Prevention					
Division of Youth Services:					
Juvenile Crime Prevention Program:					
Administered by County Finance Department:					
Psychological Services for Court Referred Youth		825041	-	4,800	-
Juvenile Restitution Fund		825181	-	47,034	-
Passed through County Finance Department:					
Committee for Children		825000	-	1,317	-
Resolve		825022	-	55,134	-
Home-based Intervention and Treatment-Disciplined:					
Teen Court		825032	-	12,092	-
Structured Day Reporting		825006	-	87,053	-
United Cerebral Palsy - Home Based Treatment		825066	-	49,596	-
Total NC Department of Juvenile Justice and Delinquency Prevention			-	257,026	-
NC Department of Environment and Natural Resources					
Natural Resources Division:					
Administered by County Soil Conservation Department:					
Soil Conservation State Matching Funds		DSWC-2008-25	-	39,175	83,010
Division of Parks and Recreation:					
Administered by Craven County Recreation:					
Northwest Craven Park		PARTF 2006-443	-	50,000	-
Division of Community Assistance:					
Administered by Craven County Planning:					
CORE Land Use Plan		S07070	-	14,755	2,466
Total NC Department of Environment and Natural Resources			-	103,930	85,476
NC Department of Transportation:					
Rural Operating Assistance Program (ROAP):					
Elderly Handicap		EHTAP	-	100,784	-
General Public Transportation (Craven)		GPT	-	115,129	-
Work First (Craven)		Work First	-	23,558	-
Pass through Pitt County:					
General Public Transportation (Pamlico & Jones)		GPT	-	88,679	-
Work First (Pamlico & Jones)		Work First	-	9,450	-
			-	337,600	-
Pass through Craven County Finance					
TWP #7 Rescue Squad		5200754225	-	20,895	-
TWP #1 Vanceboro Volunteer Fire Department		5200754226	-	24,350	-
			-	45,245	-
Administered by Craven Regional Airport:					
Annual Appropriation - State Aid to Airports		9.9417010	-	150,000	763,712
NC Consortium of Small Commercial Air Service			-		
General Aviation Terminal		41179	-	73,254	41,630
			-	223,254	805,342
Total NC Department of Transportation			-	606,099	805,342
NC Department of Corrections:					
Administered by Craven County Day Reporting Center:					
Criminal Justice Partnership Program		025-0700-f-A	-	96,648	-
Department of the State Treasurer:					
Public School Building Capital Fund			-	508,000	-
Public School Building Capital Fund-Lottery Proceeds			-	1,052,478	-
Total NC Department of Public Instruction			-	1,560,478	-

CRAVEN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES
 For the Fiscal Year Ended June 30, 2009
 (Page 5 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
NC Department of Administration:					
Division of Veterans Affairs:					
Administered by Craven County Department of Veterans Services:					
			\$ -	\$ 2,000	\$ 133,090
Veterans Services					
State of North Carolina:					
Pass Through Craven County Partnership for Children:					
Administered by Craven County Cooperative Extension:					
			-	57,441	-
Parents As Teachers					
NC Department of Insurance:					
Senior Health Insurance Information Program (SHIIP)					
			-	4,200	-
Office of State Controller					
Unauthorized Substance Abuse					
			-	11,569	-
Total Federal Expenditures			\$ 106,685,105		
Total State Expenditures				\$ 35,685,889	
Total Local Expenditures					\$ 11,482,835
Federal Aviation Administration:					
Administered by Craven Regional Airport:					
		96-01-C-00-EWN	\$ 428,053	\$ -	\$ -
Passenger Facility Charges					

CRAVEN COUNTY, NORTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND
PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2009

Note 1. GENERAL

The accompanying schedule of expenditures of federal and State awards and passenger facility charges represents only the activity of all federal and State financial assistance programs of Craven County, North Carolina, primary government, all blended component units, and the Airport Authority and Tourism Development Authority discretely presented component units. 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, the State Single Audit Implementation Act, and the Passenger Facility Charges Audit Guide for Public Agencies issued by the Federal Aviation Administration. There, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. BASIS OF ACCOUNTING

The accompanying schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements, except that direct benefit payments made by the State of North Carolina to eligible program beneficiaries and the value of food stamps and WIC vouchers distributed, which are not included as expenditures in the basic financial statements, are included herein.

Note 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Substantially all federal and State financial assistance programs (other than benefit payments - see Note 2) are accounted for in the County's governmental funds.

Note 4. PASSENGER FACILITY CHARGES

Beginning February 1, 1997, and including subsequent revisions, Craven County Regional Airport Authority was authorized to impose a passenger facility charge to a maximum of \$11,160,275. Current year expenditures from these funds are \$428,053 and are included on the schedule of federal awards.

Revenue from passenger facility charges for the year ended June 30, 2009 consists of \$432,580 for passenger facility charges plus \$4,000 of interest earnings from the restricted bank account. Passenger facility charges are administered by the Federal Aviation Administration (FAA) but are not considered federal awards. Their presentation in this schedule is in accordance with FAA requirements.

Note 5. LOAN ACTIVITY

The County had the following loan activity involving State award program dollars during the current fiscal year

Grantor/Program Title	Federal CFDA Number	Loan Balance July 1, 2008	Loan Proceeds	Principal Repayments	Loan Balance June 30, 2009
NC Clean Water Revolving Loan & Grant Program	N/A	\$ 1,361,942	\$ -	\$ 80,114	\$ 1,281,828

Crauen County

