

CRAVEN COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2010



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

Craven County



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Craven County



INTRODUCTORY SECTION

- Letter of Transmittal
- **GFOA** Certificate of Achievement
- List of Principal Officials
- Organizational Chart
- Map of Craven County

Craven County





October 29, 2010

The Board of County Commissioners
Citizens of Craven County

The Comprehensive Annual Financial Report of Craven County for the fiscal year ended June 30, 2010 is submitted herewith. The County's Finance Department prepares the financial statements and assumes all responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Craven County officials believe the data and presentation are fair and accurate, and that everything necessary is included in this document to gain an understanding of the County's financial activities over the last fiscal year.

Craven County Government's financial statements have been audited by McGladrey & Pullen, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report. The audit was also designed to meet the requirements of the Federal Single Audit Act Amendment of 1996, as well as the State Single Audit Act, N.C.G.S. 159-34. The reports required by these Acts are included in the Compliance Section of this report.

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.

FINANCIAL REPORTING ENTITY

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.

PROFILE OF CRAVEN 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. New Bern is celebrating its 300th birthday this year. 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 300 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 5,365 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 which has slowed somewhat recently due to the economic conditions and overall poor housing market although Craven County has not experienced the dramatic drop in house prices seen in other areas of the country.

THE LOCAL ECONOMY

Craven County's economy has been affected by the economic downturn that has touched all of the United States. Local economic conditions are beginning to show improvement in some areas. Per capita personal income in Craven County increased by 3.0 percent, to \$36,121, for the calendar year 2008 (the latest information available). The change for the state of North Carolina in 2008 was 1.1 percent and nationally the change was 2.0 percent. The County's per capita income level is 102 percent of the state average, up from 99 percent, and 90 percent of the national average, up from 86 percent. The County ranked sixteenth out of one hundred counties in the state in per capita income, up from nineteenth. The 1998-2008 average annual growth rate of per capita personal income for the County was 4.2 percent, while the average annual growth rate for the state was 3.4 percent and 4.0 percent for the nation. These percentages reflect 2008 calendar data. The indicators are seen as positive data when compared to the state and national amounts considering that all of 2008 has been deemed to have been recessionary.

The number of building inspections performed by the Craven County Inspection Department was up 2.0 percent in fiscal 2010 from 2009, the first increase since 2007. While the increase was not large, it is an indication that perhaps the bottom has been reached for the local building market. The number of inspections in 2009 was down 26 percent from 2008 and 2008 was down 26 percent from 2007. The number of inspections performed in 2010 is still only 56 percent of what they were in fiscal 2007, the peak of the market. These amounts do not reflect the numbers of the two municipalities which have their own inspection departments. More recent news indicates the recessionary decline in real estate may be on the rebound. Raspberry Shackelford & Associates reports these findings in its monthly real estate market report for Craven County in August, 2010: Second quarter sales volume was 65.5 percent higher than the previous quarter; second quarter sales volume increased 17.8 percent over the second quarter of 2009; August sales volume increased 10 percent over the previous month (but was 6.4 percent lower than August 2009 levels).

Government is the largest single employer in the County with 33 percent of all jobs, up half of one percent from a year ago. This increased percentage is not due to an increase in government employment, which actually declined by 2.9 percent, but to a decline of 5 percent in private industry employment. The private

sectors with the greatest decline in employment include information (down 21 percent), manufacturing (down 14 percent), accommodation and food service (down 8 percent), and wholesale trade (down 6 percent). Only two sectors, professional and technical services and management of companies and enterprises actually show slight gains in employment in the past year. This data is based on comparing the end of the first quarter of 2010 to the end of the first quarter in 2009. The U.S. Marine Corps Air Station at Cherry Point provides employment for a total work force of 15,210 personnel, including 5,365 civilian jobs. The same numbers a year ago were 13,984 and 5,300. 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 up one percent from the previous year while the employment of the 2nd Marine Aircraft Wing was up fifteen percent. The total payroll for the base in calendar 2009, including Fleet Readiness Center East, was \$1.43 billion while the total economic impact of the Marine Corps Air Station at Cherry Point, including the FRC East, was \$2.18 billion. The military and the local community have developed a strong relationship from which both have benefited. Other major employment categories in the County are health care and social assistance with 17.2 percent, retail and wholesale trade providing 14.8 percent, accommodation and food services with 8.8 percent of the total work force, and manufacturing with 8.3 percent.

The unemployment rate in Craven County increased to 9.8 percent annual average for calendar year 2009 from 6.0 percent in 2008. The statewide average for calendar year 2009 was 10.6 percent. Employment at most of the major manufacturing employers in the County was down from the previous year. In 2009 the largest loss of manufacturing jobs was at Hatteras Yachts where employment fell from 700 to less than 200. Employment at Hatteras is currently up to 354 and in August of 2010, Brunswick Corporation, the parent company, announced plans to bring the production of the Cabo Yachts line to New Bern from Adelanto, California. This will result in an investment of \$5 million and 250 new jobs over the next five years. During fiscal 2010 employment at BSH Home Appliances increased by 5.5 percent over the previous year, while employment at Moen was lower for the year. In February, 2010 the unemployment rate hit a peak of 11.1 percent and declined to 9.4 percent in August, 2010.

LONG TERM PLANNING

Providing the services desired by its citizens and those required by statute during a period of economic slowdown is a recurring challenge faced by the County. During fiscal 2010 the County's General Fund balance decreased by approximately \$150,000. The County's unreserved General Fund balance at June 30, 2010, represents 23.0 percent of actual expenditures and transfers out for fiscal year 2010. The tax rate for fiscal 2010 remained unchanged at \$.61 per \$100 of property valuation. Property values increased very slightly from \$6.94 billion in fiscal 2009 to \$6.98 billion in 2010.

The estimate of property values for fiscal 2011 is \$9.4 billion. The large increase is due to revaluation of all County property as of January 1, 2010. The budget for fiscal 2011 was adopted with a tax rate of \$.4728 per hundred dollars of valuation, which is the revenue neutral rate for the County. Budgeted expenditures of the General Fund are reduced by 1.8 percent from the final budget of 2010, to \$92.4 million, and budgeted revenues are \$90.8 million. An appropriation of the County's fund balance in the amount of \$1.56 million was made to balance the budget.

Capital needs of the County are assessed on an annual basis. The Capital Improvement Plan serves as the basis for the County's annual capital budget. The Capital Improvement Plan provides a framework for capital additions and the method of financing those projects for a five year period. The Capital Reserve

Fund maintained by the County is a primary source of funding for capital projects. Due to budget constraints the County did not make an appropriation to the capital reserve fund during fiscal 2010 and made very few capital improvements, however, the reserve fund was used to fund approximately \$200,000 of capital items.

Public safety is a priority for Craven County. The new Judicial Center was opened during fiscal 2010 and houses the Sheriff Department, a 292 bed detention facility, a magistrate office and courtroom, and a district courtroom designed to minimize the need for transporting inmates. The old jail was originally built in 1982 to house approximately 78 inmates and later double bunked in areas to provide capacity for approximately 121 inmates was severely overcrowded. 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 through a certificate of participation issue in August 2007, to finance the judicial center. The project was constructed within budget and will allow the County to transfer most of the \$2.5 million it advanced to the project back to the Capital Reserve Fund.

The County completed renovation of half the former St. Luke's Hospital building during the year to house the Child Support Enforcement Division. The State of North Carolina turned over this function to the County effective July 1, 2010. Previously it had been funded and managed by the State. The County chose to contract the child support function to a consulting firm, PSI, and expects the net costs to the County to be approximately \$200,000 to \$300,000 annually. The County had previously been attempting to sell the building which reverted back to the County several years ago when Neuse Center Mental Health moved out of it. The costs to the County in fiscal 2010 for the renovation of half the building was approximately \$140,000. The County expects to spend another \$160,000 to renovate the remainder of the building and move the Probation and Guardian Ad Litem functions into it. These are also State agencies but the County is responsible for providing them office space. The building currently housing these functions will be sold.

The Board of Education continues to search for an affordable tract of land in the New Bern/Havelock corridor for a future high school. Land in this area continues to be very expensive and tracts of land large enough for a high school are few. The Board of Education will continue to evaluate sites for the high school during the upcoming year.

The County continues its commitment to provide and improve recreational facilities for its citizens. Improvements were made during the past year and will continue at the West Craven Park. The land for this park was acquired in 2006 for approximately \$130,000. The County funded the acquisition of the 90 acre site and a major portion of the improvements through two Parks and Recreation Trust Fund (PARTF) grants from the State. 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. Plans have been completed to include 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 received a \$500,000 grant from the Parks and Recreation Trust Fund for the project. 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.

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 were 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 met the 25% reduction by drilling five wells into the Pee Dee aquifer and blending the water with the Black Creek water. The five wells were drilled on the same sites as the five Black Creek wells and 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. In 2010 the engineer continued work on the project and the County searched for a tract of land for the treatment plant. The acquisition of a 10 acre site for the plant is currently nearing completion. 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, \$28 million of which pertains to phase one. Rate increases will likely be required over the next several years to cover the debt service and additional operating costs for this project when completed. The existing Black Creek and Pee Dee wells will serve all customers on the western side of the river. The County has submitted an application to the State Revolving Loan Fund to borrow approximately \$20 million to finance the project.

Throughout 2010, New Bern, the county seat of Craven County has celebrated its 300th anniversary. During the year, many events have taken place which were well attended and brought many visitors to New Bern. The replacement of the drawbridge across the Trent River into downtown New Bern was completed in 2010. This was a three year project by DOT and allows traffic to once again enter the downtown area directly from Highway 70. The Broad Street renovation, in downtown, is nearing completion. 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.

AWARDS AND ACKNOWLEDGEMENTS

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, 2009, the twentieth 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.

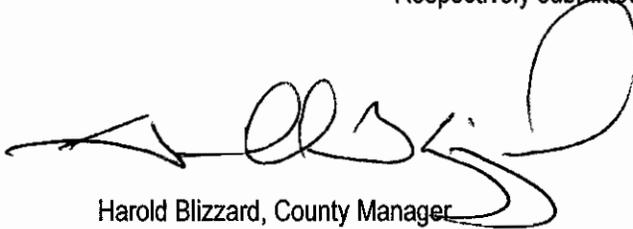
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal 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.

Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the entire Craven County Finance Department: Aletta Brown, Assistant Finance Director, 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, Liz Nenni, and Parker O'Daniel 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, County Manager



Rick Hemphill, Finance Director

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, 2009

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 stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

CRAVEN COUNTY, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2010

**BOARD OF
COMMISSIONERS**

PERRY L. MORRIS
Chairman
Vanceboro

JOHNNIE SAMPSON, JR.
Vice-Chairman
New Bern

STEVE TYSON
New Bern

M. RENÉE SISK
River Bend

THERON MCCABE
Vanceboro

JASON JONES
Cove City

LEE K. ALLEN
Havelock

COUNTY OFFICIALS

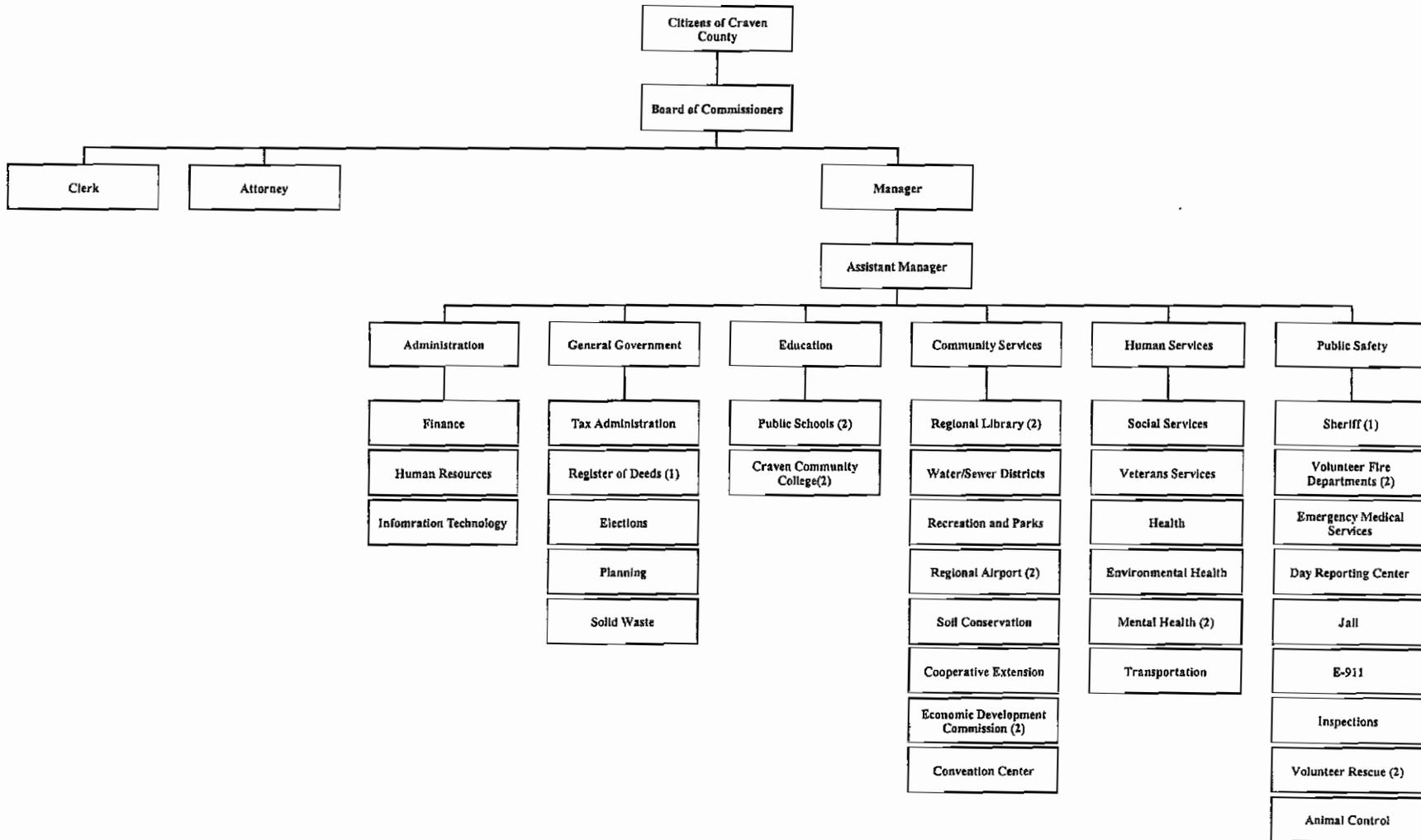
HAROLD BLIZZARD
County Manager

RICHARD F. HEMPHILL
Finance Officer

SHERRI RICHARD
Register of Deeds

JERRY MONETTE
Sheriff

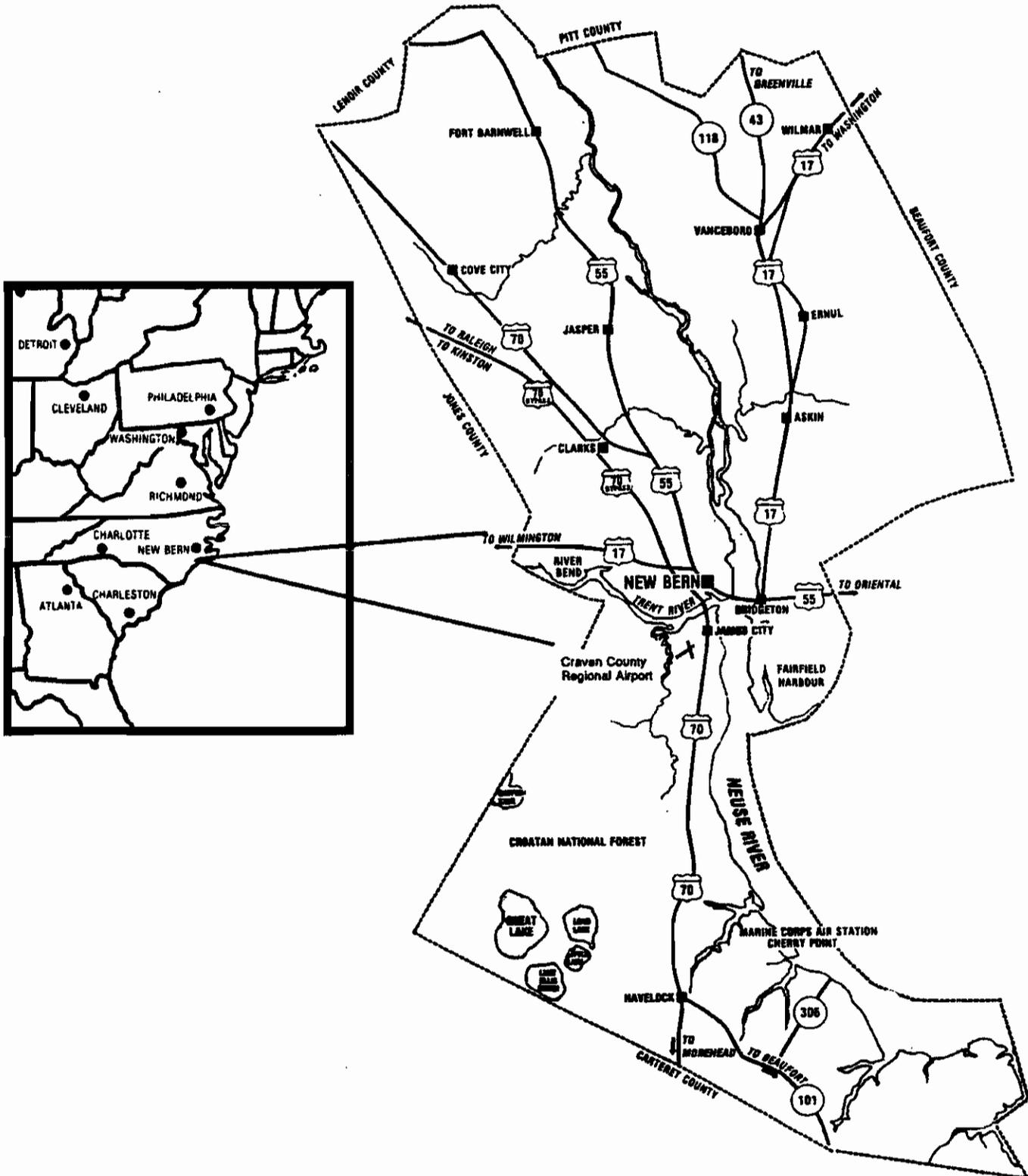
Craven County Organizational Chart



10

(1) Elected Officials (2) Under Separate Boards

Craven County, North Carolina



Craven 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**



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, 2010, 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, 2010, and the respective changes in financial position, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010 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 14 through 25 and page 88 through 89, respectively, 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 listed as other supplementary information 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 OMB A-133, 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
October 29, 2010

Craven County



MANAGEMENT'S DISCUSSION & ANALYSIS

**Craven County
Management's Discussion and Analysis (Unaudited)
June 30, 2010**

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, 2010. 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

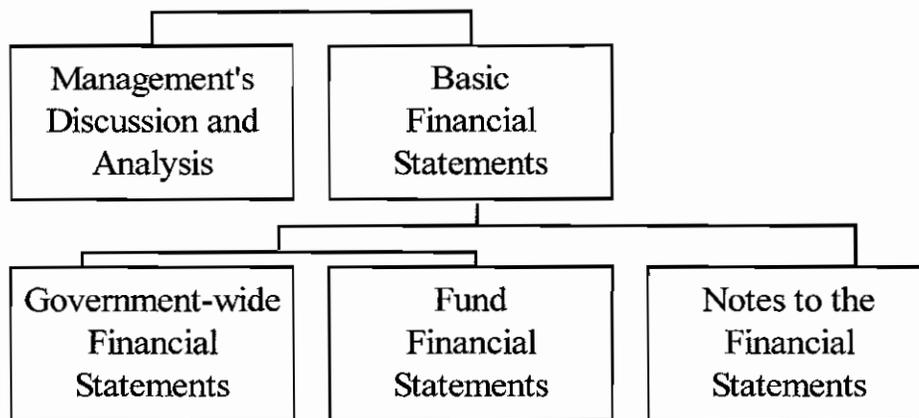
- The assets of Craven County exceeded its liabilities at the close of the fiscal year by \$54,835,538.
- The government's total net assets increased by \$5,921,288. Of this amount, \$1,556,716 was the increase in the net assets of the Water Fund and \$601,360 was the increase in net assets of the Internal 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 \$3,763,212 increase in net assets in the General Fund resulted from a significant decrease in spending. Expenses were down over \$4.3 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, 2010, the outstanding balance of school related debt was \$53,290,000.
- As of the close of the current fiscal year, Craven County's governmental funds reported combined ending fund balances of \$38,005,101 a decrease of \$4,286,343 for the year. Virtually all of this decrease was in capital project funds and was due to expending the balance of the loan proceeds from the 2007 COPS issue to complete capital projects. The General Fund balance decreased by \$151,064 in fiscal 2010. Actual expenditures of the General Fund were \$3,476,256 less than the budgeted expenditures and actual revenues were \$2,932,287 less than budgeted revenues. The decrease in revenues was primarily in sales tax and intergovernmental revenues. The intergovernmental revenues below budget were practically all in the Health and Social Services Departments in reimbursement type revenue line items. That is, the revenue was less than budget because the expenditures were less than budget. The lower than anticipated expenditures were primarily in the Health, Transportation, Solid Waste, Jail, and Social Services Departments and were due to a variety of reasons, including cost savings measures stressed to all departments. Approximately 77 percent of the total governmental funds fund balance, or \$29,211,071, is available at June 30, 2010 for spending at the government's discretion (unreserved fund balance). In 2009, unreserved fund balance was \$33,088,580 approximately 78 percent of the total fund balance.
- At the end of 2010, unreserved fund balance for the General Fund was \$20,704,169, or 23.0 percent, of total General Fund expenditures (including transfer outs) for the fiscal year. In 2009, unreserved fund balance in the General Fund was \$21,350,921, also 23.0 percent of total expenditures. The

total General Fund balance decreased by \$151,064. This amount of fund balance appropriated in the budget to be used was \$1,581,339. The lesser amount used was a result of lower than budgeted expenditures.

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 26 and 27 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 \$54,835,538 as of June 30, 2010. As of June 30, 2009, the net assets of Craven County were \$48,914,250. The County's net assets increased by \$5,921,288 for the fiscal year ended June 30, 2010.

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 \$528,493 over the prior year. The reason for the increase was due primarily to two items; an increase in construction in progress at year end relating to the Judicial Center project, and a donation of land for the Nature Park. Capital assets added during the fiscal year totaled \$7.3 million. Total debt decreased by \$5.1 million, due to the scheduled amortization of debt through normal payments.

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 capital or debt service and statutorily restricted revenues are typical of the type of items included in this category. This category of net assets decreased by \$319,756 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 the Public School Building Capital Fund (ADM money) by the State in fiscal 2010.

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, 2010, the unrestricted deficit of \$1,728,691 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	\$ (53,290,000)
All other net assets	51,561,309
Total unrestricted (deficit)	<u>\$ (1,728,691)</u>

Craven County's Net Assets

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 49,479,709	\$ 51,897,302	\$ 12,107,414	\$ 10,645,681	\$ 61,587,123	\$ 62,542,983
Capital assets, net	70,251,490	68,258,520	19,547,044	19,710,395	89,798,534	87,968,915
Total assets	119,731,199	120,155,822	31,654,458	30,356,076	151,385,657	150,511,898
Long-term liabilities/schools	53,290,000	55,635,000	-	-	53,290,000	55,635,000
Long-term liabilities/other	39,132,842	40,172,548	1,471,408	1,625,969	40,604,250	41,798,517
Other liabilities	2,269,694	3,674,183	386,175	489,948	2,655,869	4,164,131
Total liabilities	94,692,536	99,481,731	1,857,583	2,115,917	96,550,119	101,597,648
Net assets:						
Invested in capital assets, net of related debt	34,254,404	33,675,755	18,280,499	18,330,655	52,534,903	52,006,410
Restricted	4,029,326	4,349,082	-	-	4,029,326	4,349,082
Unrestricted (deficit)	(13,245,067)	(17,350,746)	11,516,376	9,909,504	(1,728,691)	(7,441,242)
Total net assets	\$ 25,038,663	\$ 20,674,091	\$ 29,796,875	\$ 28,240,159	\$ 54,835,538	\$ 48,914,250

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 97.98 for 2010, down slightly from 98.10 the previous year but higher than the statewide average of 97.18 percent for 2009.
- General Fund actual expenditures (excluding transfers) were less than budgeted expenditures by \$3,967,000. This was due to steps taken to reduce expenditures by implementing a soft hiring freeze, restricting travel and capital outlay. The actions taken to control expenditures successfully offset revenues ending \$2,932,000 below budget and resulted in a small use of the General Fund Balance in the amount of \$151,000. The budgeted use of General Fund Balance was \$1,581,000.
- Coupled with the favorable collection percentage, an increase of .6 percent in property values countywide, as of January 1, 2010, and an increased collection effort resulted in an increase of \$1,192,000 of additional property tax revenue for fiscal 2010.

Craven County Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$12,613,477	\$13,236,970	\$3,688,563	\$3,609,669	\$16,302,040	\$16,846,639
Operating grants and contributions	19,038,590	17,246,445	-	-	19,038,593	17,246,445
Capital grants and contributions	1,926,765	2,014,940	-	-	1,926,765	2,014,940
General revenues:						
Property taxes	44,076,129	43,814,430	-	-	44,076,129	43,814,430
Sales and use taxes	13,053,176	16,796,425	-	-	13,053,176	16,796,425
Other	3,742,382	3,725,092	229,376	347,602	3,971,755	4,072,694
Total revenues	94,450,519	96,834,302	3,917,939	3,957,271	98,368,458	100,791,573
Expenses:						
General government	7,963,893	7,785,402	-	-	7,963,893	7,785,402
Public safety	14,754,169	14,166,850	-	-	14,754,169	14,166,850
Environmental protection	5,191,327	5,576,352	-	-	5,191,327	5,576,352
Economic and physical development	3,020,353	3,138,650	-	-	3,020,353	3,138,650
Human services	30,875,922	31,436,005	-	-	30,875,922	31,436,005
Culture and recreation	2,305,497	3,201,411	-	-	2,305,497	3,201,411
Education	22,099,376	24,746,401	-	-	22,099,376	24,746,401
Interest on long term debt	3,971,610	4,457,642	-	-	3,971,610	4,457,642
Water and sewer districts			2,265,023	2,814,711	2,259,291	2,814,711
Total expenses	90,182,147	94,508,713	2,265,023	2,814,711	92,441,438	97,323,424
Increase in net assets before transfers	4,268,372	2,325,589	1,652,916	1,142,560	5,921,288	3,468,149
Transfers	96,200	96,800	(96,200)	(96,800)	-	-
Increase in net assets	4,364,572	2,422,389	1,556,716	1,045,760	5,921,288	3,468,149
Net assets, beginning of year	20,674,091	18,251,702	28,240,159	27,194,399	48,914,250	45,446,101
Net assets, end of year	\$25,038,663	\$20,674,091	\$29,796,875	\$28,240,159	\$54,835,538	\$48,914,250

Governmental activities. Governmental activities increased the County's net assets by \$4,364,572. The increase in net assets was caused by a decrease in expenses of \$4,326,566 compared to fiscal 2009. Key elements of this decrease are as follows:

- Education accounted for the largest decrease in expenses, (\$2.4 million), and was a result of funding provided for the construction of the three public school projects in the prior year. Over \$2.8 million dollars was expended in 2009 for these projects, while only \$.4 million was spent in 2010.
- Other decreases in expenses included human services, culture and recreation, and interest on long term debt. Spending for the County's portion of Medicaid was lower by \$2.1 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. Fiscal 2010 was the final year the County pays a portion of Medicaid costs. Recreation and culture expenditures for fiscal 2009 included \$1 million for the Tryon Palace Education Center with no corresponding payment in 2010. Interest costs were lower for the year

due to the refunding of two bond issues as well as normal reduction due to declining principal balances.

- The only significant increase in operating expenses was the public safety area and was due to additional costs in the Sheriff's department and jail to maintain two buildings during a portion of the year. The Sheriff department relocated in December 2009 to the new Judicial Center and the jail was not relocated until June 2010.
- Revenues decreased in fiscal 2010, compared to 2009, by \$2.4 million. A reduction in sales tax revenue of 23 percent accounted for the lower amount and was due to two factors. Six percent of the reduction in sales tax was due to the declining economic conditions and the remainder due to the agreement with the State to exchange a half cent of sales tax for the Medicaid costs. The County actually experienced a \$1.9 million savings on the Medicaid/sales tax swap in 2010 due to giving up lower than normal sales tax revenues and not having to fund higher than normal Medicaid expense.

Business-type activities. Business-type activities, the County's water utility, increased Craven County's net assets by \$1,556,716.

- Total revenue decreased by \$39,000 compared to the prior year as a result of a lower return on investments. Charge for services was up by \$79,000 or 2.2 percent. This increase was due partially to new customers and 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 prior year charge for services contained only six months of this new rate schedule and the current year represented a full year on the new schedule.
- Operating income as a percentage of revenue increased in 2010 back to a more normal percentage. In 2010 the percentage was 41.4%, compared to 25.5% for 2009 and 35.3% in 2008. The lower percentage in the prior year, fiscal 2009, was due to higher operating expenses resulting from preliminary costs associated with the search for a new water source.
- 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 2009, the County brought on line five wells in the Pee Dee aquifer to meet the required 25 percent reduction for 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 is in the development and design stage for a water treatment plant with wells in 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 for chemicals and require a corresponding increase in water rates to cover the estimated cost of servicing debt for the \$29 million project and higher operating costs. The water utility continues to develop an aggressive conservation program to reduce water consumption and withdrawals from the current aquifer. The inclining rate structure implemented in January 2009 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 \$20,704,169, a decrease of \$646,752, while total fund balance decreased by \$151,064 to \$26,561,038. The decrease in the General Fund balance for the year was .57 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 29.5 percent of that same amount. The percentage of expenditures remained the same from the previous year.

At June 30, 2010, the governmental funds of Craven County reported a combined fund balance of \$38,005,101, a 10.14 percent decrease from last year. Except for the small decrease in the general fund all of this decrease was in capital project funds and was due to expending most of the loan proceeds from the 2007 COPS issue.

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 \$3.2 million including the following:

- Intergovernmental revenues increased by approximately \$2,740,000 from the original budget and consisted of the following items. Over \$188,000 of additional pass through grants were received from the state for various agencies after the original budget was adopted. In addition a grant for \$44,000 was received from the State Department of Elections for equipment for the County election department and grants in the amount of \$102,000 were received by the Sheriff Department during the year. Grant increases during the year, from the state for: the Health Department accounted for over \$684,000, with over half that amount for H1N1 response; CARTS accounted for \$300,000, most which was ARRA funds received for additional capital outlay for new vans; and the Department of Social Services overhead reimbursement for \$132,000, primarily in the Child Protective Services division. Subsidized day care revenues increased by \$1,111,000 during the year, and assistance for energy grants increased by \$265,000. 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 approximately \$420,000 during the year. Collection of fees for the volunteer rescue squads accounted for \$171,000 of this amount. Fees collected by the Health Department were increased by \$199,000 during the year to reflect increased demand for services and were offset by increased expenditures.

Expenditures (excluding transfers) in the final budget were increased by approximately \$3.9 million from the original budget. Of this amount, \$3.1 million was discussed above in the revenue changes. The increase in expenditures followed the increase in the revenues.

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 \$1.6 million to \$11.5 million. This was a result of an operating income of \$1.6 million for the year, \$.7 million more 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, 2010, totaled \$89,798,534 (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 and CARTS
- Completion of the new judicial center project
- Completion of the several water line extension projects
- Evaluation of additional water sources (Castle Hayne aquifer project)
- Acquisition of new hardware and software in information technology department

Craven County's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$8,949,802	\$7,817,458	\$210,428	\$210,425	\$9,160,230	\$8,027,883
Buildings	37,340,861	37,328,298	563,318	563,318	37,904,179	37,891,616
Improvements	8,937,365	6,539,669	29,552,041	28,903,205	38,489,406	35,442,874
Machinery and equipment	5,391,872	5,371,220	230,994	231,700	5,622,866	5,602,920
Vehicles	5,316,014	5,080,138	181,558	208,168	5,497,572	5,288,306
Construction in progress	31,873,166	31,373,749	184,525	109,839	32,057,691	31,483,588
Total	97,809,080	93,510,532	30,922,864	30,226,655	128,731,944	123,737,187
Less accumulated depreciation	27,557,590	25,252,012	11,375,820	10,516,260	38,933,410	35,768,272
Total net of depreciation	\$70,251,490	\$68,258,520	\$19,547,044	\$19,710,395	\$89,798,534	\$87,968,915

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, 2010, Craven County had total bonded general obligation debt outstanding of \$32,535,000. Of this amount, \$32,340,000 is debt backed by the full faith and credit of the County. Included in this amount is \$640,000 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, \$195,000 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	
	2010	2009	2010	2009	2010	2009
G. O. bonds	\$31,700,000	\$32,775,000	\$195,000	\$245,000	\$31,895,000	\$33,020,000
Installment debt	54,303,630	58,144,921	1,260,861	1,373,498	55,564,491	59,518,419
Total long debt	\$86,003,630	\$90,919,921	\$1,455,861	\$1,618,498	\$87,459,491	\$92,538,418

Craven County's total bonded and installment debt decreased by \$5,078,928 (5.5 percent) during the past fiscal year. This decrease was the result of making regularly scheduled payments. New debt included \$21,800,000 of general obligation bonds issued to refund \$20,200,000 of 2001 Community College General Obligation bonds and 2002 School General Obligation Bonds. The net present value savings for governmental activities on this refunding was \$691,690 (3.42% of refunded bonds) over the next thirteen years.

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 \$474,990,000.

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 2009 was 9.8 percent in the County, compared with a State rate of 10.6 percent. The rate increased to 11.1% at the end of February, 2010 and declined to 9.4% at the end of August, 2010.
- Per capita income for the years 1998-2008 for Craven County shows an average annual growth rate of 4.2 percent, while the average annual growth rate for the State, during the same period, was 3.4 percent and 4.0 percent for the nation. The County's per capita income increased 3.0 percent in calendar 2008 (the latest year information is available) while the State increased 1.1 percent and the nation by 2.0 percent. The County's per capita income level is 102 percent of the state average and 90 percent of the national average. This represents the first time in recent history that the County's per capita has exceeded the state average.

- The number of building inspections performed by the County Inspections Department in fiscal 2010 was up 2 percent from 2009 but still down 56 percent from the peak in 2007 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, or even the state, have experienced. Housing prices have not fallen significantly although sales have slowed. Property values used for ad valorem taxes increased .6 percent in fiscal 2010 over fiscal 2009. The County conducted its octennial revaluation of all real property in the County as of January 1, 2010. The result was to increase total property values to \$9.4 billion, or 34 percent. The last revaluation was conducted on January 1, 2002.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities: The County has approved a \$92.4 million General Fund budget for fiscal year 2011. This is up \$1.9 million from the budget originally adopted for fiscal 2010 but is \$1.7 million less than the final budget for 2010. As was mentioned above, the revaluation effective January 1, 2010 resulted in property values increasing to an estimate of \$9.4 billion. The 2011 budget was adopted with a revenue neutral ad valorem tax rate of 47.28 cents per \$100 of property valuation compared to the 61 cents per \$100 rate in 2010.

The budget for fiscal 2011 included two new positions, one for the maintenance department, assigned to the new Judicial Center, and one LPN in the Health Department. Capital outlay has been restricted to items which are absolutely necessary and cannot be delayed. Vacant positions are filled only for absolutely essential needs. Funding for the public schools, community college, and library increased by \$509,000 over the final budget for 2010. These increases were granted for items deemed to be essential to the operations of the entities.

In order to balance their own budget, the State, again in 2010, negatively impacted counties budgets. Several county revenue sources such as ADM funds (used for school debt service), reimbursement for housing state inmates, and medical expense of state inmates are being withheld again in fiscal 2011. Other items, normally state expenses, were moved to counties, such as cost of housing probation personnel, and salaries and occupancy cost of child support enforcement personnel. These total of these items impacted the County budget by approximately \$2.0 million in 2011.

County staff continues to closely monitor all revenues and expenditures as a result of the current economic conditions. Sales tax was budgeted at a slightly higher level than the actual receipts in fiscal 2010, which were down from 2009. 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 2011 for the County water function. The last rate change was enacted effective January 1, 2009, implementing the inclining rate scale. Work will continue on the alternate water supply project in fiscal 20101 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 near 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.

Craven County



BASIC FINANCIAL STATEMENTS

CRAVEN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS

June 30, 2010

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	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	\$ 32,976,542	\$ 11,077,030	\$ 44,053,572	\$ 129,417	\$ 2,022,603	\$ 10,345,952	\$ 1,061,994
Short-term investments	4,269,171	-	4,269,171	-	-	56,936,873	537,591
Accounts receivables (net)	2,404,275	835,384	3,239,659	-	194,475	31,839,253	-
Taxes receivables (net)	5,434,194	-	5,434,194	-	-	-	-
Accrued interest receivable	528,807	-	528,807	-	-	-	-
Due from other government	-	195,000	195,000	-	-	-	-
Inventories	-	-	-	-	-	6,513,926	740,143
Prepaid items	646	-	646	-	-	3,438,596	20,200
Deferred charges - issuance costs	1,136,094	-	1,136,094	-	-	-	-
Deferred charges - refunding	2,729,980	-	2,729,980	-	-	-	-
Long-term cash and investments	-	-	-	-	-	131,686,886	-
Other assets	-	-	-	-	-	243,285	-
Capital assets:							
Land and construction in progress	40,822,969	394,953	41,217,922	-	9,890,496	26,301,998	175,451
Other capital assets, net of depreciation/amortization	29,428,521	19,152,091	48,580,612	-	13,341,367	90,588,540	1,016,265
Total capital assets	70,251,490	19,547,044	89,798,534	-	23,231,863	116,890,538	1,191,716
Total assets	119,731,199	31,654,458	151,385,657	129,417	25,448,941	357,895,309	3,551,644
LIABILITIES							
Accounts payable	973,137	43,930	1,017,067	-	32,514	25,746,106	522,140
Accrued salaries and benefits	690,708	13,107	703,815	-	16,794	11,195,201	36,587
Unearned revenue	243,706	323,454	567,160	-	-	3,750	-
Accrued interest payable	362,143	5,684	367,827	-	17,579	233,927	-
Long-term liabilities:							
Due within one year	8,038,308	162,636	8,200,944	-	768,812	589,129	-
Due in more than one year	84,384,534	1,308,772	85,693,306	-	1,613,980	3,041,976	-
Total liabilities	94,692,536	1,857,583	96,550,119	-	2,449,679	40,810,089	558,727
NET ASSETS							
Invested in capital assets, net of related debt	34,254,404	18,280,499	52,534,903	-	20,860,193	113,487,966	1,191,716
Restricted for:							
Debt service-education	2,773,462	-	2,773,462	-	-	-	-
Public safety	1,200,516	-	1,200,516	-	-	-	-
Other purposes	55,348	-	55,348	-	-	-	302,026
Unrestricted (deficit)	(13,245,067)	11,516,376	(1,728,691)	129,417	2,139,069	203,597,254	1,499,175
Total net assets	\$ 25,038,663	\$ 29,796,875	\$ 54,835,538	\$ 129,417	\$ 22,999,262	\$ 317,085,220	\$ 2,992,917

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, 2010

Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units					
					Governmental Activities	Business-type Activities	Tourism Development Authority	Craven County Regional Airport Authority	CarolinaEast Health System	Craven County ABC Board		
Primary government:												
Governmental												
General government	\$ 7,963,893	\$ 1,283,052	\$ 1,097,706	\$ 43,609	\$ (5,539,526)	\$ -	\$ (5,539,526)					
Public safety	14,754,169	1,715,207	858,361	99,999	(12,080,602)	-	(12,080,602)					
Social Services	22,338,223	895,360	14,754,004	103,938	(6,584,921)	-	(6,584,921)					
Economic and physical development	3,020,353	1,048,298	44,816	184,344	(1,742,895)	-	(1,742,895)					
Environmental protection	5,191,327	2,442,846	196,072	-	(2,552,409)	-	(2,552,409)					
Health	8,537,699	5,158,491	2,069,631	-	(1,309,577)	-	(1,309,577)					
Cultural and recreation	2,305,497	70,223	18,000	56,875	(2,160,399)	-	(2,160,399)					
Education	22,099,376	-	-	1,438,000	(20,661,376)	-	(20,661,376)					
Interest on long-term debt	3,971,610	-	-	-	(3,971,610)	-	(3,971,610)					
Total governmental activities	90,182,147	12,613,477	19,038,590	1,926,765	(56,603,315)	-	(56,603,315)					
Business-type												
Water	2,265,023	3,688,563	-	-	-	1,423,540	1,423,540					
Total business-type activities	2,265,023	3,688,563	-	-	-	1,423,540	1,423,540					
Total primary government	\$ 92,447,170	\$ 16,302,040	\$ 19,038,590	\$ 1,926,765	(56,603,315)	1,423,540	(55,179,775)					
Component units:												
Tourism Development Authority	\$ 474,220	\$ 432,694	\$ -	\$ -			\$ (41,526)	\$ -	\$ -	\$ -		
Airport Authority	2,512,501	2,126,523	583,664	951,171			-	1,148,857	-	-		
Medical Authority	213,294,226	217,249,045	-	-			-	-	3,954,819	-		
ABC Board	5,790,470	6,041,381	-	-			-	-	-	-	250,911	
Total component units	\$ 222,071,417	\$ 225,849,643	\$ 583,664	\$ 951,171			(41,526)	1,148,857	3,954,819	-	250,911	
General revenues												
Taxes												
Property taxes, levied for general purposes					44,076,129	-	44,076,129	-	-	-	-	-
Local option sales tax					13,053,176	-	13,053,176	-	-	-	-	-
Other taxes					790,980	-	790,980	-	-	-	-	-
Investment earnings, unrestricted					544,629	127,572	672,201	1,862	20,920	9,401,035	14,299	
Miscellaneous, unrestricted					2,406,773	101,804	2,508,577	3,471	-	3,370,198	-	
Transfers					96,200	(96,200)	-	-	-	-	-	-
Total general revenues and transfers					60,967,887	133,176	61,101,063	5,333	20,920	12,771,233	14,299	
Change in net assets					4,364,572	1,556,716	5,921,288	(36,193)	1,169,777	16,726,052	265,210	
Net assets-beginning					20,674,091	28,240,159	48,914,250	165,610	21,829,485	300,359,168	2,727,707	
Net assets-ending					\$ 25,038,663	\$ 29,796,875	\$ 54,835,538	\$ 129,417	\$ 22,999,262	\$ 317,085,220	\$ 2,992,917	

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

CRAVEN COUNTY, NORTH CAROLINA

**BALANCE SHEET
 GOVERNMENTAL FUNDS**

June 30, 2010

	General	County Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 20,690,584	\$ 4,356,064	\$ 4,592,420	\$ 29,639,068
Short-term investments	2,488,644	-	1,780,527	4,269,171
Taxes receivable	5,393,408	-	40,786	5,434,194
Accounts receivable	2,159,260	-	245,015	2,404,275
Due from other funds	181,415	-	743,697	925,112
Total assets	<u>\$ 30,913,311</u>	<u>\$ 4,356,064</u>	<u>\$ 7,402,445</u>	<u>\$ 42,671,820</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 659,215	\$ -	\$ 92,245	\$ 751,460
Accrued salaries and benefits	690,708	-	-	690,708
Due to other funds	743,697	181,415	-	925,112
Deferred revenue	2,258,653	-	40,786	2,299,439
Total liabilities	<u>4,352,273</u>	<u>181,415</u>	<u>133,031</u>	<u>4,666,719</u>
Fund balances:				
Reserved for:				
State statute	5,719,134	-	163,699	5,882,833
Debt service	-	-	2,773,462	2,773,462
Future law enforcement expenditures	82,387	-	-	82,387
Register of deeds	55,348	-	-	55,348
Unreserved:				
Designated for subsequent year's expenditures, reported in:				
General fund	1,562,592	-	-	1,562,592
Special revenue funds	-	-	954,430	954,430
Capital project funds	-	4,174,649	3,377,823	7,552,472
Undesignated, reported in:				
General fund	19,141,577	-	-	19,141,577
Total fund balances	<u>26,561,038</u>	<u>4,174,649</u>	<u>7,269,414</u>	<u>38,005,101</u>
Total liabilities and fund balances	<u>\$ 30,913,311</u>	<u>\$ 4,356,064</u>	<u>\$ 7,402,445</u>	<u>\$ 42,671,820</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, 2010**

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

Fund balance at June 30, 2010 - total governmental funds (page 28)	\$ 38,005,101
Capital assets used in governmental activities that are not current financial resources and therefore are not reported in the funds.	70,251,490
Other assets are not available to pay for current-period expenditures and therefore are not recognized in the funds.	4,394,881
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.	3,116,443
Liabilities for earned but deferred revenues in the fund.	2,055,733
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>(92,784,985)</u>
Net assets of governmental activities at June 30, 2010 (page 26)	<u>\$ 25,038,663</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, 2010

	General	County Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 42,338,827	\$ -	\$ 1,590,996	\$ 43,929,823
Sales	12,549,058	-	504,113	13,053,171
Tourism Room	-	-	790,980	790,980
Intergovernmental	18,899,378	-	2,065,977	20,965,355
Charges for services	12,913,153	-	-	12,913,153
Interest	377,168	55,491	73,675	506,334
Miscellaneous	1,268,770	-	30,929	1,299,699
Total revenues	88,346,354	55,491	5,056,670	93,458,515
EXPENDITURES				
Current:				
General government	8,087,154	-	137,783	8,224,937
Public safety	11,984,078	-	4,643,003	16,627,081
Environmental protection	5,099,920	-	-	5,099,920
Economic and physical development	2,322,583	-	281,383	2,603,966
Health	8,366,853	-	-	8,366,853
Social services	21,983,411	-	-	21,983,411
Culture and recreation	2,201,138	-	56,875	2,258,013
Education	21,735,337	-	364,039	22,099,376
Debt service:				
Principal	2,678,791	-	3,837,500	6,516,291
Interest	1,717,121	-	2,344,089	4,061,210
Bond issuance costs	490,800	-	-	490,800
Total expenditures	86,667,186	-	11,664,672	98,331,858
Excess of revenues over (under) expenditures	1,679,168	55,491	(6,608,002)	(4,873,343)
OTHER FINANCING SOURCES (USES)				
Transfers in	992,819	-	4,500,912	5,493,731
Transfers out	(3,313,851)	(181,415)	(1,902,265)	(5,397,531)
Refunding bonds issued	21,800,000	-	-	21,800,000
Refunding bond premium	1,037,279	-	-	1,037,279
Payment to refunding escrow agent	(22,346,479)	-	-	(22,346,479)
Total other financing sources (uses)	(1,830,232)	(181,415)	2,598,647	587,000
Net change in fund balances	(151,064)	(125,924)	(4,009,355)	(4,286,343)
FUND BALANCES:				
Beginning	26,712,102	4,300,573	11,278,769	42,291,444
Ending	\$ 26,561,038	\$ 4,174,649	\$ 7,269,414	\$ 38,005,101

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, 2010**

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

Net change in fund balances - total governmental funds (page 30)	\$ (4,286,343)
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.	896,972
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, retirements, and donations) is to increase net assets.	1,096,001
Change in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	156,067
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.	5,900,515
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>601,360</u>
Change in net assets of governmental activities (page 27)	<u>\$ 4,364,572</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, 2010**

(Page 1 of 3)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 42,714,051	\$ 42,714,051	\$ 42,338,827	\$ (375,224)
Sales	13,737,172	13,737,172	12,549,058	(1,188,114)
Intergovernmental	17,067,517	19,807,376	18,899,378	(907,998)
Charges for services	12,683,421	13,103,721	12,913,153	(190,568)
Interest	804,000	804,000	377,168	(426,832)
Miscellaneous	1,099,943	1,112,321	1,268,770	156,449
Total revenues	<u>88,106,104</u>	<u>91,278,641</u>	<u>88,346,354</u>	<u>(2,932,287)</u>
EXPENDITURES				
General government:				
Commissioners	390,314	448,491	435,030	13,461
Administration	634,643	523,831	471,945	51,886
Human resources	408,016	415,228	410,374	4,854
Information technology	967,881	984,695	958,837	25,858
Finance	745,169	747,376	738,468	8,908
Elections	323,601	386,213	371,549	14,664
Tax assessor	900,586	906,970	846,531	60,439
Tax collections	551,875	554,272	550,846	3,426
Register of deeds	832,505	832,505	688,791	143,714
Public buildings	375,541	263,115	262,483	632
Housekeeping	241,833	240,298	236,734	3,564
Court facilities	384,750	366,170	359,066	7,104
GIS/Mapping	347,176	348,118	343,082	5,036
Maintenance	472,900	473,936	438,861	35,075
Non-departmental	990,854	991,170	974,557	16,613
Total general government	<u>8,567,644</u>	<u>8,482,388</u>	<u>8,087,154</u>	<u>395,234</u>
Public safety:				
Animal control	320,973	322,925	317,449	5,476
Medical examiner	69,000	69,000	58,300	10,700
Sheriff	5,141,703	5,281,197	5,228,824	52,373
Criminal Justice Partnership Program	99,543	101,065	81,842	19,223
Jail	3,445,406	3,589,510	3,396,324	193,186
Fire marshal/ Emergency management	853,678	875,403	774,521	100,882
Inspections	451,021	455,799	442,072	13,727
Volunteer rescue squads	1,483,695	1,692,177	1,667,921	24,256
Special appropriation	16,825	16,825	16,825	-
Total public safety	<u>11,881,844</u>	<u>12,403,901</u>	<u>11,984,078</u>	<u>419,823</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, 2010

(Page 2 of 3)

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Environmental protection:				
Solid waste	\$ 3,743,460	\$ 3,749,468	\$ 3,557,325	\$ 192,143
Environmental health	1,160,734	1,206,732	1,109,248	97,484
Soil conservation	116,682	119,359	117,950	1,409
Cooperative extension	343,333	350,672	315,397	35,275
Total environmental protection	<u>5,364,209</u>	<u>5,426,231</u>	<u>5,099,920</u>	<u>326,311</u>
Economic and physical development:				
Planning	575,494	621,053	614,485	6,568
Economic Development Commission	328,364	361,217	359,503	1,714
Convention Center	1,313,923	1,346,676	1,247,632	99,044
Other-Airport	45,000	45,000	45,000	-
Other-Legal	250,000	65,823	55,963	9,860
Total economic and physical development	<u>2,512,781</u>	<u>2,439,769</u>	<u>2,322,583</u>	<u>117,186</u>
Health:				
Dental	321,082	374,964	341,716	33,248
Maternity	1,180,506	1,188,712	1,154,104	34,608
Child health	1,168,868	1,232,770	1,162,332	70,438
Risk Reduction	355,078	360,549	280,219	80,330
WIC	560,761	652,456	497,599	154,857
Adult Health Services	48,037	49,619	49,544	75
Vector Control	168,419	169,649	145,507	24,142
Communicable Disease	147,998	147,998	115,666	32,332
Bio-Terrorism	55,960	56,582	48,921	7,661
H1N1	-	244,068	129,044	115,024
Family planning	435,124	504,848	454,947	49,901
Home health	2,089,229	2,167,409	2,005,917	161,492
Mental health	272,827	276,139	276,138	1
Other - unclassified	1,699,560	1,795,971	1,705,199	90,772
Total health	<u>8,503,449</u>	<u>9,221,734</u>	<u>8,366,853</u>	<u>854,881</u>
Social services:				
Transportation	1,512,506	1,944,455	1,456,375	488,080
Administration	2,110,224	2,274,018	2,160,174	113,844
Employment assistance	3,010,818	2,987,193	2,889,586	97,607
Adult/child services	1,391,275	1,403,622	1,334,639	68,983
Veterans services	132,451	133,162	131,475	1,687
Senior services	476,626	530,431	476,787	53,644
Public assistance payments	5,713,673	7,090,842	6,806,886	283,956
TANF	6,800,071	6,840,166	6,239,985	600,181
Other - unclassified	360,995	551,484	487,504	63,980
Total social services	<u>21,508,639</u>	<u>23,755,373</u>	<u>21,983,411</u>	<u>1,771,962</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, 2010**

(Page 3 of 3)

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
Culture and recreation				
Recreation	\$ 865,321	\$ 861,222	\$ 835,437	\$ 25,785
Libraries	1,245,960	1,219,768	1,219,768	-
Special appropriation	167,112	167,112	145,933	21,179
Total culture and recreation	2,278,393	2,248,102	2,201,138	46,964
Education, schools				
Public schools - current expenditures	17,332,275	17,467,352	17,454,986	12,366
Public schools - fines and forfeitures	70,000	70,000	50,221	19,779
Public schools - capital outlay	900,000	900,000	900,000	-
Community college	3,330,130	3,330,130	3,330,130	-
Total education	21,632,405	21,767,482	21,735,337	32,145
Debt service:				
Principal	2,721,167	2,679,188	2,678,791	397
Interest	1,726,898	1,719,274	1,717,121	2,153
Bond issuance costs	-	490,800	490,800	-
Total debt service	4,448,065	4,889,262	4,886,712	2,550
Total expenditures	86,697,429	90,634,242	86,667,186	3,967,056
Excess of revenues over expenditures	1,408,675	644,399	1,679,168	1,034,769
OTHER FINANCING SOURCES (USES)				
Transfers in	1,223,015	1,236,124	992,819	(243,305)
Transfers out	(3,612,194)	(3,952,662)	(3,313,851)	638,811
Refunding bonds issued	-	21,800,000	21,800,000	-
Refunding bond premium	-	1,037,279	1,037,279	-
Payment to refunding escrow agent	-	(22,346,479)	(22,346,479)	-
Total other financing sources (uses)	(2,389,179)	(2,225,738)	(1,830,232)	395,506
Excess of revenues over (under) expenditures and other financing sources (uses)	(980,504)	(1,581,339)	(151,064)	1,430,275
Appropriated fund balance	980,504	1,581,339	-	(1,581,339)
Net change in fund balance	\$ -	\$ -	(151,064)	\$ (151,064)
FUND BALANCE				
Beginning			26,712,102	
Ending			<u>\$ 26,561,038</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, 2010**

	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	\$ 11,077,030	\$ -	\$ -	\$ -	\$ 11,077,030	\$ 3,337,474
Accounts receivable, net of allowance for doubtful accounts	835,384	-	-	-	835,384	646
Capital lease receivable-current	-	112,812	5,508	(118,320)	-	-
Due from other government-current	-	-	50,000	-	50,000	-
Total current assets	11,912,414	112,812	55,508	(118,320)	11,962,414	3,338,120
Noncurrent Assets:						
Due from other government-noncurrent	-	-	145,000	-	145,000	-
Capital lease receivable-noncurrent	-	1,121,600	26,625	(1,148,225)	-	-
Capital assets:						
Land	210,428	-	-	-	210,428	-
Improvements other than buildings	29,552,039	-	-	-	29,552,039	-
Buildings	563,318	-	-	-	563,318	-
Machinery and equipment	412,554	-	-	-	412,554	-
Construction in progress	184,525	-	-	-	184,525	-
Less accumulated depreciation	(11,375,820)	-	-	-	(11,375,820)	-
Total capital assets (net of accumulated depreciation)	19,547,044	-	-	-	19,547,044	-
Total noncurrent assets	19,547,044	1,121,600	171,625	(1,148,225)	19,692,044	-
Total assets	31,459,458	1,234,412	227,133	(1,266,545)	31,654,458	3,338,120
LIABILITIES						
Current liabilities:						
Accounts payable	43,930	-	-	-	43,930	221,677
Accrued salaries and benefits	13,107	-	-	-	13,107	-
Accrued interest payable	-	5,501	183	-	5,684	-
Customer deposits payable	323,454	-	-	-	323,454	-
Installment notes payable-current	-	107,311	5,325	-	112,636	-
General obligation bonds payable-current	-	-	50,000	-	50,000	-
Obligations under capital lease-current	118,320	-	-	(118,320)	-	-
Total current liabilities	498,811	112,812	55,508	(118,320)	548,811	221,677
Noncurrent liabilities:						
Other postemployment benefit liability	15,547	-	-	-	15,547	-
Installment notes payable	-	1,121,600	26,625	-	1,148,225	-
General obligation bonds payable	-	-	145,000	-	145,000	-
Obligations under capital lease	1,148,225	-	-	(1,148,225)	-	-
Total noncurrent liabilities	1,163,772	1,121,600	171,625	(1,148,225)	1,308,772	-
Total liabilities	1,662,583	1,234,412	227,133	(1,266,545)	1,857,583	221,677
NET ASSETS						
Invested in capital assets, net of related debt	18,280,499	-	-	-	18,280,499	-
Unrestricted	11,516,376	-	-	-	11,516,376	3,116,443
Total net assets	\$ 29,796,875	\$ -	\$ -	\$ -	\$ 29,796,875	\$ 3,116,443

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, 2010**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Fund	Northwest Craven Water and Sewer District	Aggregate Nonmajor Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 3,688,563	\$ -	\$ -	\$ 3,688,563	\$ 4,491,492
Miscellaneous	101,804	-	-	101,804	4,349
Total operating revenues	<u>3,790,367</u>	<u>-</u>	<u>-</u>	<u>3,790,367</u>	<u>4,495,841</u>
OPERATING EXPENSES					
Cost of services	1,341,253	-	-	1,341,253	3,932,776
Depreciation and amortization	886,874	-	-	886,874	-
Total operating expenses	<u>2,228,127</u>	<u>-</u>	<u>-</u>	<u>2,228,127</u>	<u>3,932,776</u>
Operating income	<u>1,562,240</u>	<u>-</u>	<u>-</u>	<u>1,562,240</u>	<u>563,065</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	127,572	-	-	127,572	38,295
Interest expense	-	(35,647)	(1,249)	(36,896)	-
Total net nonoperating revenues (expenses)	<u>127,572</u>	<u>(35,647)</u>	<u>(1,249)</u>	<u>90,676</u>	<u>38,295</u>
Income (loss) before transfers	1,689,812	(35,647)	(1,249)	1,652,916	601,360
Transfers in	16,800	35,647	1,249	53,696	-
Transfers out	(149,896)	-	-	(149,896)	-
Total transfers in (out)	<u>(133,096)</u>	<u>35,647</u>	<u>1,249</u>	<u>(96,200)</u>	<u>-</u>
Change in net assets	1,556,716	-	-	1,556,716	601,360
Total net assets - beginning	<u>28,240,159</u>	<u>-</u>	<u>-</u>	<u>28,240,159</u>	<u>2,515,083</u>
Total net assets - ending	<u>\$ 29,796,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,796,875</u>	<u>\$ 3,116,443</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, 2010**

	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	\$ 3,704,715	\$ -	\$ -	\$ 3,704,715	\$ 4,496,909
Payments to customers and suppliers	(809,221)	-	-	(809,221)	(4,099,104)
Payments to employees	(627,169)	-	-	(627,169)	-
Net cash provided by operating activities	<u>2,268,325</u>	<u>-</u>	<u>-</u>	<u>2,268,325</u>	<u>397,805</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition & construction of capital assets	(723,523)	-	-	(723,523)	-
Repayment of installment notes and bonds	-	(107,312)	(5,325)	(112,637)	-
Payments on obligations under capital lease payable	(112,637)	-	-	(112,637)	-
Proceeds from investment in direct finance leasing	-	107,312	5,325	112,637	-
Interest paid	(37,454)	-	-	(37,454)	-
Net cash used in capital and related financing activities	<u>(873,614)</u>	<u>-</u>	<u>-</u>	<u>(873,614)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(96,200)	-	-	(96,200)	-
Net cash used in noncapital financing activities	<u>(96,200)</u>	<u>-</u>	<u>-</u>	<u>(96,200)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds (purchase) of short-term investments	-	-	-	-	-
Interest on cash and investments	127,572	-	-	127,572	38,295
Net cash provided by investing activities	<u>127,572</u>	<u>-</u>	<u>-</u>	<u>127,572</u>	<u>38,295</u>
Net increase in cash and cash equivalents	1,426,083	-	-	1,426,083	436,100
CASH AND CASH EQUIVALENTS					
Beginning	9,650,947	-	-	9,650,947	2,901,374
Ending	<u>\$ 11,077,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,077,030</u>	<u>\$ 3,337,474</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 1,562,240	\$ -	\$ -	\$ 1,562,240	\$ 563,065
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	886,874	-	-	886,874	-
Change in assets and liabilities:					
Accounts receivable	(85,650)	-	-	(85,650)	1,068
Accounts payable	(87,689)	-	-	(87,689)	(166,328)
Customer deposits payable	(7,450)	-	-	(7,450)	-
Net cash provided by operating activities	<u>\$ 2,268,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,268,325</u>	<u>\$ 397,805</u>
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, 2010

	<u>All Agency Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 87,263
Total assets	<u>\$ 87,263</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 87,263
Total liabilities	<u>\$ 87,263</u>

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

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.

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Notes to Financial Statements

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

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, 2009 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, 2010 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.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (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	Northwest Craven Water and Sewer District
Township 6 Water and Sewer District	Tuscarora Rhems Water and Sewer District
Pembroke 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 and Significant Accounting Policies (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.

County Reserve Fund. This is used to reserve funds and provide financial resources for future capital project funds.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (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 and Deed of Trust 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 accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis; 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 and Significant Accounting Policies (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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. 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, 2010 because they are intended to finance the County's operations during the 2011 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.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (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, 2009, and the budget as amended at June 30, 2010.

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, and certain Special Revenue Funds (CDBG FY2009 Scattered Sites Fund), 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.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (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 non-operating income. Interest and dividends on investments in debt and equity securities are included in non-operating income when earned.

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (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, 2010:

	Component Unit CarolinaEast Health System
Patient receivables (at September 30, 2009)	<u>\$ 13,323,540</u>

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, 2010, 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 and Significant Accounting Policies (Continued)

Bond Issuance Costs and Refunding Gains and Losses. 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 and the 2009 Advance Refunding issued in the Governmental funds.

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.

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.

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 and Significant Accounting Policies (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	\$ 204,061	\$ 204,061
Prepaid fees	39,645	39,645
Property taxes receivable, net (General)	1,875,523	-
Property taxes receivable, net (Special Revenue)	40,786	-
Recycling fees receivable	139,424	-
Total deferred revenue	<u>\$ 2,299,439</u>	<u>\$ 243,706</u>

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 and Significant Accounting Policies (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 future 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 2010-2011 budget ordinance.

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

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (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 \$(12,966,438) 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.	\$ 97,809,080
Less accumulated depreciation	27,557,590
Net capital assets	<u>70,251,490</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.	4,394,881
Liabilities for revenue not susceptible to accrual but earned therefore deferred in the fund statements but not in the government-wide statements.	2,055,733
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.	3,116,443
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	(54,303,630)
Bonds financing	(31,700,000)
Deferred bonds premium	(2,773,486)
Accrued interest payable	(362,143)
Other postemployment benefits	(913,505)
Compensated absences	(2,333,722)
Net pension obligation	(398,499)
Total adjustment	<u>\$ (12,966,438)</u>

Notes to Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (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 \$8,650,915 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,549,085
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	(2,652,113)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, retirements, and donations)	1,096,001
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	6,516,291
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	(164,381)
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.	(475,301)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	129,250
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	(105,344)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	156,067
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	601,360
Total adjustment	<u>\$ 8,650,915</u>

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments

At June 30, 2010, the primary government's cash and investments (excluding agency funds – see below) are comprised of the following:

Cash on hand	\$	18,291
Carrying value of deposits		44,035,282
Investments and restricted short-term investments		4,269,171
	\$	<u>48,322,743</u>

Statement of net assets reconciliation:

Cash and cash equivalents	\$	44,053,572
Short-term investments		4,269,171
	\$	<u>48,322,743</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, 2010, the County's (primary government) deposits had a carrying amount of \$44,035,282 and a bank balance of \$45,313,311. Of the bank balance, \$250,000 was covered by federal depository insurance and \$45,063,311 was covered by collateral held under the pooling method.

At June 30, 2010, the County's agency fund deposits had a carrying amount of \$87,263 and a bank balance of \$90,127. 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, 2010, both the carrying amount and bank balance of deposits for the Tourism Development Authority was \$129,417. The bank balance was covered by collateral held under the pooling method.

At June 30, 2010, both the carrying amount and bank balance of deposits for the Airport Authority was \$2,021,591. The bank balance was covered by collateral held under the pooling method.

At June 30, 2010, the carrying amount of deposits for the ABC Board was \$1,586,685 and the bank balance was \$1,561,957. Of the bank balance, \$701,835 was covered by federal depository insurance and \$860,122 was covered by collateral held under the pooling method.

At September 30, 2009, the carrying amount of deposits for the Health System was \$8,425,841 and the bank balance was \$9,268,101. Of the bank balance, \$505,196 was covered by federal depository insurance and \$8,762,905 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, 2010, \$4,209,171 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 \$60,000 which is invested in a certificate of deposit with a financial institution.

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, 2010, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2010.

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 the North Carolina Capital Management Trust–Cash Portfolio.

Craven County, North Carolina

Notes to Financial Statements

Note 2. Cash on Deposit and Investments (Continued)

As of September 30, 2009, 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	\$ 8,133	\$ -	\$ 3,397	\$ 4,736	\$ -	\$ -
US Government Agencies	9,163	-	2,284	4,343	2,038	498
Asset Backed CMO's	7,573	-	1,464	4,034	2,075	-
Corporate Bonds	45,034	291	24,029	13,981	583	6,150
Equity Securities	88,106	N/A	N/A	N/A	N/A	N/A
Hedge Fund	14,519	N/A	N/A	N/A	N/A	N/A
Short Term Cash Equivalents*	12,260	N/A	N/A	N/A	N/A	N/A
NC Capital Management Trust*	4,909	N/A	N/A	N/A	N/A	N/A
NC Capital Management Trust - Bank of New York Trustee	841	N/A	N/A	N/A	N/A	N/A
Total	\$ 190,538	\$ 291	\$ 31,174	\$ 27,094	\$ 4,696	\$ 6,648

* These amounts include \$1,914,521 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, 2009, 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	26.65%	9.91%	53.41%	10.03%			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 6% 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, 2010 was as follows:

	Capital Assets		Capital Assets	
	June 30, 2009	Additions	Retirements	June 30, 2010
Governmental Activities				
Capital assets, not being depreciated:				
Land, other	\$ 7,817,458	\$ 1,133,726	\$ (1,382)	\$ 8,949,802
Construction in progress	31,373,749	2,668,077	(2,168,659)	31,873,167
Total capital assets not being depreciated	\$ 39,191,207	\$ 3,801,803	\$ (2,170,041)	\$ 40,822,969
Capital assets, being depreciated:				
Buildings	\$ 37,328,294	\$ 12,567	\$ -	\$ 37,340,861
Vehicles	5,080,140	428,215	(192,341)	5,316,014
Equipment	5,371,220	189,516	(168,864)	5,391,872
Other improvements	6,539,669	2,403,645	(5,949)	8,937,365
Total capital assets being depreciated	54,319,323	3,033,942	(367,154)	56,986,112
Less accumulated depreciation for:				
Buildings	16,217,375	1,340,096	-	17,557,471
Vehicles	3,660,603	627,045	(172,830)	4,114,818
Equipment	4,094,813	305,085	(168,864)	4,231,034
Other improvements	1,279,219	379,889	(4,840)	1,654,268
Total accumulated depreciation	25,252,010	2,652,115	(346,534)	27,557,591
Total capital assets, being depreciated, net	\$ 29,067,313	\$ 381,827	\$ (20,620)	\$ 29,428,521
Business-type Activities				
Capital assets, not being depreciated:				
Land, other	\$ 210,428	\$ -	\$ -	\$ 210,428
Construction in progress	109,836	74,689	-	184,525
Total capital assets not being depreciated	\$ 320,264	\$ 74,689	\$ -	\$ 394,953
Capital assets, being depreciated:				
Buildings & other improvements	\$ 29,466,525	\$ 648,834	\$ -	\$ 30,115,359
Vehicles	208,167	-	(26,609)	181,558
Equipment	231,699	-	(705)	230,994
Total capital assets being depreciated	29,906,391	648,834	(27,314)	30,527,911
Less accumulated depreciation for:				
Buildings & other improvements	10,176,983	846,326	-	11,023,309
Vehicles	127,071	32,298	(26,609)	132,760
Equipment	212,206	8,250	(705)	219,751
Total accumulated depreciation	10,516,260	886,874	(27,314)	11,375,820
Total capital assets, being depreciated, net	\$ 19,390,131	\$ (238,040)	\$ -	\$ 19,152,091

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	\$ 573,079
Public safety	670,290
Social Services	463,160
Economic and physical development	422,634
Health	271,378
Environmental protection	91,003
Culture and recreation	160,571
Total depreciation expense, governmental activities	<u>\$ 2,652,115</u>
Business-type activities:	
Water Fund	\$ 886,874
Total depreciation expense-business-type activities	<u>\$ 886,874</u>

Discretely presented component units

The following is a summary of the capital assets of the Airport Authority at June 30, 2010:

Capital assets, not being depreciated:

Land	\$ 9,395,791
Construction in Progress	494,705
Total capital assets, not being depreciated	<u>9,890,496</u>

Capital assets, being depreciated:

Buildings	9,949,192
Improvements other than buildings	14,369,920
Machinery, equipment, and vehicles	1,718,998
Total capital assets being depreciated	<u>26,038,110</u>
Less accumulated depreciation	12,696,743
Total capital assets being depreciated, net	<u>13,341,367</u>
Capital assets, net	<u>\$ 23,231,863</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, 2009:

	Year Ended September 30, 2009			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets, not being depreciated				
Land	\$ 3,726,864	\$ 711,468	\$ -	\$ 4,438,332
Construction in progress	16,043,107	22,338,405	(16,517,846)	21,863,666
Total capital assets, not being depreciated	19,769,971	23,049,873	(16,517,846)	26,301,998
Capital assets, being depreciated/amortized				
Intangible assets	15,727,713	-	-	15,727,713
Land improvements	3,766,782	-	-	3,766,782
Building and fixtures	102,008,502	9,300,142	(46,729)	111,261,915
Equipment	122,405,986	17,320,962	(4,010,571)	135,716,377
Total capital assets being depreciated	243,908,983	26,621,104	(4,057,300)	266,472,787
Less accumulated depreciation/amortization for:				
Intangible assets	(7,943,659)	(518,424)	-	(8,462,083)
Land improvements, building and fixtures, and equipment	(155,225,245)	(16,110,106)	3,913,187	(167,422,164)
	(163,168,904)	(16,628,530)	3,913,187	(175,884,247)
Total capital assets being depreciated/amortized, net	80,740,079	9,992,574	(144,113)	90,588,540
Medical Authority capital assets, net	\$ 100,510,050	\$ 33,042,447	\$ (16,661,959)	\$ 116,890,538

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, 2009. The projects include various building renovations and information systems installations. As of September 30, 2009, the Health System has outstanding commitments for construction in progress for approximately \$3,000,000, of which approximately \$1,440,000 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 a 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, 2009 are as follows:

Capital assets, as above	\$ 116,890,538
Capital related debt (Note 4)	3,402,572
	<u>\$ 113,487,966</u>

The following is a summary of the capital assets of the ABC Board at June 30, 2010:

Capital assets, not being depreciated:	
Land	\$ 175,451
Total capital assets not being depreciated	<u>\$ 175,451</u>
Capital assets, being depreciated:	
Buildings	\$ 1,074,505
Furniture & equipment	408,592
Leasehold improvements	4,907
Automotive equipment	74,264
Total capital assets being depreciated	<u>1,562,268</u>
Less accumulated depreciation	<u>546,003</u>
Total capital assets being depreciated, net	<u>\$ 1,016,265</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, 2010 are comprised of the following individual issues:		
\$20,738,250 2009 Advance Refunding Bonds issued for 2002 School Facility Serial Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$142,500 to \$2,410,400 plus interest) through June 1, 2023	2.0% - 4.0%	\$ 20,595,750
\$1,061,750 2009 Advance Refunding Bonds issued for 2001 Community College Facility Serial Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$7,500 to 209,600 plus interest) through May 1, 2012	2.0% - 4.0%	\$ 1,054,250
\$28,000,000 2002 School Facility Serial Bonds with installments due on November 1 (interest only) and May 1 (principal of \$1,100,000 plus interest) through May 1, 2012	4.5% - 4.75%	\$ 2,200,000
\$13,855,000 2004 General Obligation Refunding Bonds with installments due on December 1 (interest only) and June 1 (principal of \$330,000 to \$1,300,000 plus interest) through June 1, 2017	3.0% - 3.75%	7,750,000
\$1,800,000 2001 Community College Facility Serial Bonds with installments due on December 1 (interest only) and June 1 (principal of \$100,000 plus interest) through June 1, 2011	4.60%	100,000
		<u>31,700,000</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	5.3% - 5.5%	105,000
\$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%	90,000
		<u>195,000</u>
		<u>\$ 31,895,000</u>

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

Advance Refunding

In December, 2009, the County issued a total of \$22,600,000 of general obligation advance refunding bonds, \$21,800,000 for General Government bonds and \$800,000 for Airport bonds, to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments due after June 1, 2010 of \$20,200,000 of Series 2001 Community College Facility Serial Bonds and 2002 School Facility Serial Bonds and \$780,000 of Series 1998 Airport Terminal General Obligation Bonds . As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,620,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next thirteen years by \$786,305 and resulted in a total economic gain of \$711,450 for governmental activities and the Airport Authority.

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
2011	\$ 2,710,000	\$ 1,093,350	\$ 50,000	\$ 11,115
2012	2,690,000	993,300	50,000	8,255
2013	2,660,000	894,906	50,000	5,375
2014	2,610,000	823,031	20,000	2,475
2015	2,570,000	740,138	20,000	1,375
2016 – 2020	12,510,000	2,462,563	5,000	275
2021 – 2023	5,950,000	438,200	-	-
Total	\$ 31,700,000	\$ 7,445,488	\$ 195,000	\$ 28,870

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%	\$ 523,630
Convention Center	4.72%	5,775,000
New School/School Projects/Fiber Optic	4.5%-5.0%	21,590,000
Law Enforcement Center/Park/Tryon Palace	4.5%-5.0%	26,415,000
Total General Government		<u>54,303,630</u>
Enterprise:		
Water line expansion project- Northwest Craven Water and Sewer District	3.82% - Clean water note	27,197
Water line expansion project- Township 6 Water and Sewer District	3.43% - Clean water note	31,950
Water line expansion project- Northwest Craven Water and Sewer District	2.66% - Drinking Water Revolving Loan	1,201,714
Total Enterprise		<u>1,260,861</u>
Total loans and installment notes payable		<u>\$ 55,564,491</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 \$250,000 to \$390,000 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%.

Craven County, North Carolina

Notes to Financial Statements

Note 4. Long-Term Obligations (Continued)

The 1990 water line expansion note for Northwest Craven, in the original amount of \$543,955, is for the purpose of expanding the water distribution service. The note is payable in annual installments consisting of principal in the amount of \$27,197 plus interest. The note is collateralized by the water lines.

The 1996 water line expansion note, in the original amount of \$106,500, 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 2003 drinking water revolving loan, in the original amount of \$1,602,284, 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
2011	\$ 3,878,908	\$ 2,606,838	\$ 112,636	\$ 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	3,460,000	1,963,002	85,439	23,807
2016 – 2020	16,995,000	7,345,492	405,896	85,424
2021 – 2025	14,110,000	3,525,750	400,573	31,966
2026 – 2027	5,639,722	423,000	-	-
Total	\$ 54,303,630	\$ 22,710,856	\$ 1,260,861	\$ 260,599

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, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 32,775,000	\$ 21,800,000	\$ 22,875,000	\$ 31,700,000	\$ 2,710,000
Deferred premium on new debt	1,881,583	1,037,279	145,376	2,773,486	-
Loans and installment notes	58,144,921	-	3,841,291	54,303,630	3,878,908
Law enforcement pension obligation	386,291	12,208	-	398,499	-
Other postemployment benefit obligation	450,412	609,713	146,620	913,505	-
Compensated absences	2,169,341	1,613,781	1,449,400	2,333,722	1,449,400
Governmental activity Long-term liabilities	<u>\$ 95,807,548</u>	<u>\$ 25,072,981</u>	<u>\$ 28,457,687</u>	<u>\$ 92,422,842</u>	<u>\$ 8,038,308</u>
Due within one year					\$ 8,038,308
Due in more than one year					84,384,534
Total Governmental Activities					<u>\$ 92,422,842</u>
Business-type activities:					
General obligation bonds	\$ 245,000	\$ -	\$ 50,000	\$ 195,000	\$ 50,000
Other postemployment benefit obligation	7,471	15,132	7,056	15,547	-
Loans and installment notes	1,373,498	-	112,637	1,260,861	112,636
	<u>\$ 1,625,969</u>	<u>\$ 15,132</u>	<u>\$ 169,693</u>	<u>\$ 1,471,408</u>	<u>\$ 162,636</u>
Due within one year					\$ 162,636
Due in more than one year					1,308,772
Total Business-type Activities					<u>\$ 1,471,408</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 \$87,459,490 of its legal debt limitation of \$558,220,480, leaving a legal debt margin of \$474,990,313 at June 30, 2010.

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
Series 2009 Refunding General Obligation Bonds	2% - 2.5%		\$ 640,000
	Principal	Interest	Total
During the Year Ending June 30,			
2011	\$ 160,000	\$ 14,000	\$ 174,000
2012	180,000	10,800	190,800
2013	175,000	6,750	181,750
2014	125,000	2,813	127,813
Total	\$ 640,000	\$ 34,363	\$ 674,363

The Airport issued Series 2009 Refunding General Obligation Bonds totaling \$800,000 for the 1998 Airport Terminal General Obligation Bonds with installments due on December 1 (interest only) and June 1 (principle of \$125,000 to \$180,000 plus interest) through June 1, 2014.

Loans and installment notes payable:

Enterprise:	Stated Interest Rate	Amount
Airport Terminal	4.09%	\$ 1,503,203
Airport Land	4.25% - 5%	250,000
		1,753,203
(Less) Unamortized charges		(21,533)
Net		\$ 1,731,670

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 of \$262,500 through 2011, at the interest rate terms indicated above.

Long-term liabilities for the Airport Authority also include \$11,122 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
2011	\$ 608,812	\$ 70,361	\$ 679,173
2012	373,530	43,143	416,673
2013	389,071	27,602	416,673
2014	381,790	11,526	393,316
Total	<u>\$ 1,753,203</u>	<u>\$ 152,632</u>	<u>\$ 1,905,835</u>

The Health System had the following bonds payable at September 30, 2009:

Health Care Facilities Revenue Notes, Series 1993:

7.5% interest payable annually on November 1, maturing through 2013 \$ 3,402,572

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, 2009 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
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>\$ 3,402,572</u>	<u>\$ 802,407</u>	<u>\$ 4,204,979</u>

The total current and long-term liabilities presented for the Health System in the Statement of Net Assets includes certain other liabilities totaling \$228,533.

Interest expense charged to operations was \$13,506, while \$258,599 of interest was capitalized for the year-ended September 30, 2009.

Craven County, North Carolina

Notes to Financial Statements

Note 5. Interfund Assets/Liabilities and Transfers

Amounts due from/to funds at June 30, 2010 were as follows (balances within fund types are eliminated):

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	\$ 743,697
General Fund	County Reserve	181,415
		<u>\$ 925,112</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, 2011.

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, 2010:

Transfers out:	Transfers In:					Total
	General Fund	Non-Major Governmental Funds	Water Fund	Northwest Craven Water and Sewer District	Aggregate Non-Major Funds	
General Fund	\$ 3,369	\$ 3,293,682	\$ 16,800	\$ -	\$ -	\$ 3,313,851
Non-Major Governmental Funds	695,035	1,207,230	-	-	-	1,902,265
County Reserve Fund	181,415	-	-	-	-	181,415
Water Fund	113,000	-	-	35,647	1,249	149,896
Total Transfers out	\$ 992,819	\$ 4,500,912	\$ 16,800	\$ 35,647	\$ 1,249	\$ 5,547,427

Transfers consist primarily of the following:

- \$2,968,597 From General Fund to Non-Major Governmental Funds primarily for future debt retirement of school bonds.
- \$1,205,777 From Schools Special Project Fund (Non-Major Governmental Funds) to Debt Service Fund (Non-Major Governmental Funds) primarily to provide funds for future debt retirement of school bonds.

Notes to Financial Statements

Note 6. Deferred Compensation 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, 2010. During the year ended June 30, 2010, the County appropriated \$977,514 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 \$242,254. 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, 2010. 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, 2010. 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, 2010. The County appropriated \$276,138 to the Center during the fiscal year ended June 30, 2010, 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, \$1,154,250 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 \$75,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2010. In addition, the County made debt service principal payments of \$107,500 during the fiscal year ended June 30, 2010. 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, 2010. 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, 2010.

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 was 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, 2010, 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, 2010, there were industrial revenue bonds outstanding, with an aggregate principal amount payable of approximately \$200,000.

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	\$ 102,274,564
Temporary Assistance to Needy Families	776,454
Special Assistance	690,598
WIC	2,490,582
Other programs	1,067,583
	<u>\$ 107,299,781</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 \$3,287,617 in claims was incurred for benefits during fiscal year 2010. Payments received from the insurer for claims over the limit of \$2,358 and \$10,186 during fiscal 2010 and fiscal 2009, have been netted against the claims shown below. A receivable of \$646 and \$1,713 at June 30, 2010 and 2009, 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
2009-2010	\$ 348,649	\$ 3,287,617	\$ 3,436,569	\$ 199,697
2008-2009	\$ 415,827	\$ 3,049,296	\$ 3,116,474	\$ 348,649

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 \$94,652 in claims was incurred for benefits during fiscal year 2010. 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
2009-2010	\$ 38,211	\$ 94,652	\$ 111,529	\$ 21,334
2008-2009	\$ 56,403	\$ 27,260	\$ 45,452	\$ 38,211

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 \$86 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 \$200,000. 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 2009 and 2008 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2008-2009	\$ 1,000,000	\$ 11,885,501	\$ 11,885,501	\$ 1,000,000
2007-2008	1,100,000	10,714,897	10,814,897	1,000,000

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 \$84,556 during the fiscal year 2009.

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 \$888,039 for General, Professional, and Umbrella coverage in fiscal year 2009. 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	7.28%	
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, 2010, 2009, and 2008 were as follows:

	2010	2009	2008
Craven County	\$ 1,191,439	\$ 1,223,716	\$ 1,109,216
Airport Authority	20,437	22,252	21,035
ABC Board	23,852	24,088	35,305

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, 2009 the System's membership consisted of:

Retirees receiving benefits	10
Active plan members	73
Total	<u>83</u>

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, 2009 actuarial valuation using the projected unit credit actuarial cost method, the level percent of pay closed amortization method over a remaining amortization period of 21 years, and market value asset valuation method. The actuarial assumptions included (a) 5% 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 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,133,303, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,133,303. The covered payroll (annual payroll of active employees covered by the plan) was \$2,791,570, and the ratio of the UAAL to the covered payroll was 40.1 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	\$ 100,874
Interest on Net Pension Obligation	28,006
Adjustment to Annual Required Contribution	<u>(24,334)</u>
Annual Pension Cost	104,546
Employer Contributions made for fiscal year ending June 30, 2009	<u>92,338</u>
Increase in Net Pension Obligation	12,208
Net Pension Obligation, beginning of fiscal year	386,291
Net Pension Obligation, end of fiscal year	<u>\$ 398,499</u>

Trend Information

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC Contributed</u>	Net Pension <u>Obligation</u>
6/30/2008	83,287	61.86%	376,549
6/30/2009	89,011	89.06%	386,291
6/30/2010	104,546	88.32%	398,499

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.

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2010 were \$199,722, which consisted of \$139,590 (required and actual) from the County and \$60,132 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, 2010, the County made contributions to the State for death benefits of \$25,455. 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.

Notes to Financial Statements

Note 12. Retirement Systems (Continued)

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, 2010, the County's required and actual contributions were \$8,222.

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 \$42,131,240 and \$44,858,881 for the primary and supplementary plans, respectively.

The total employer contributions of the Health System were \$4,213,124 and \$897,178 for the primary and supplementary plans, respectively, for the fiscal year ended September 30, 2009. 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 the 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, 2009, the date of the latest actuarial valuation:

	General Employees(*)	Law Enforcement Officers:
Retirees and dependents receiving benefits	27	6
Active plan members	539	68
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 588, 13 and 6, respectively. The breakdown of retirees and dependents receiving benefits in the government and business-type activities is 31 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 2.99% of annual covered payroll. For the current year, the County contributed \$153,676 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.

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)	\$ 627,976
Interest on net OPEB obligation	18,533
Adjustment to annual required contribution	(15,989)
Annual OPEB cost (expense)	<u>630,520</u>
Contributions made (1)	(153,676)
Increase (decrease) in net OPEB obligation	<u>476,844</u>
Net OPEB obligation, beginning of year	463,330
Net OPEB obligation, end of year (1)	<u><u>\$ 940,174</u></u>

(1)The net OPEB obligation at June 30, 2010 consists of liabilities of \$913,505, \$15,547 and \$11,122 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 OPEB cost was allocated as \$609,713, \$15,132 and \$5,675 to governmental activities, business-type activities and Airport Authority, respectively. Contributions in the current period were \$146,620 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 2010 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 630,520	24.4%	\$ 940,174
2009	\$ 605,278	23.5%	\$ 463,330

Funded Status and Funding Progress. As of December 31, 2009, 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 \$7,548,893. The covered payroll (annual payroll of active employees covered by the plan) was \$23,558,343, and the ratio of the UAAL to the covered payroll was 32%. 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, 2009 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 10.50 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, 2009, 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 the V.P. of Finance, 2000 Neuse Boulevard, New Bern, N.C. 28562.

As of the actuarial valuation report dated January 1, 2009 the Health System's membership consisted of:

Retirees receiving benefits	45
Active plan members	269
Total	314

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, 2009 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 January 1, 2009.

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, 2009, 2008 and 2007 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>
09/30/2007	\$444,193	986.50% *	\$0
09/30/2008	\$600,149	100.00%	\$0
09/30/2009	\$472,669	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>
10/01/2006*	\$4,134,467	\$4,434,415	\$299,948	93%
04/01/2007	\$4,134,467	\$4,803,647	\$669,180	86%
01/01/2009	\$4,662,084	\$4,994,563	\$332,479	93%

*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	January 1, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, 1 year period
Remaining amortization period	Initial funding – 1 year; Subsequent changes – 5 years
Asset valuation method	Market 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

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, 2010, the County had contractual commitments totaling approximately \$25,767,911 within the Capital Project Funds related to the projects being financed with 2007 Certificates of Participation, of which approximately \$25,608,012 was paid through June 30, 2010, leaving total outstanding commitments under these contracts of approximately \$159,899.

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, 2010, future minimum lease payments under this operating lease are as follows:

Year Ending June 30,	
2011	\$ 11,400
2012	11,400
2013	11,400
2014	11,400
2015	11,400
2016 - 2019	45,600
	<u>\$ 102,600</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.

Note 17. Subsequent Event

On October 5, 2010, the Local Government Commission approved the County's proposed issuance of Qualified School Construction Bonds in the amount of \$2,163,000. The closing related to these bonds is scheduled for October 28, 2010. The financing is 4.72% taxable interest with 10 years of semi-annual principal and interest installments beginning October 2011. This financing will fund projects at six schools including renovations of rest-rooms, roof replacement and HVAC improvements.

Craven County



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, NORTH CAROLINA
Required Supplementary Information (Unaudited)

SCHEDULE OF FUNDING PROGRESS FOR LAW
ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
For the Fiscal Year Ended June 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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%
12/31/2009	-	1,133,303	1,133,303	-	2,791,570	40.60%

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR LAW
ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
For the Fiscal Year Ended June 30, 2010

Year Ended June 30	Annual Required Contribution	Percentage Contributed
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%
2010	100,874	91.5%

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	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5%
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%
12/31/2009	-	\$ 7,548,893	\$ 7,548,893	0.00%	\$ 23,558,343	32.0%

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%
2010	\$ 627,976	24.4%

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	12/31/2009
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	10.50% - 5.00%
*Includes inflation at	3.75%
Cost-of living adjustments	None

Craven County



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, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 2010

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2009	Additions	Collections Credits and Adjustments	Uncollected Balance June 30, 2010
2010	\$	42,604,641	\$ 41,745,625	\$ 859,016
2009	\$ 806,656	-	539,359	267,297
2008	225,638	-	47,656	177,982
2007	143,449	-	14,028	129,421
2006	115,170	-	9,894	105,276
2005	88,459	-	5,855	82,604
2004	101,938	-	6,064	95,874
2003	99,158	-	5,741	93,417
2002	90,810	-	4,654	86,156
2001	83,782	-	5,301	78,481
2000	87,661	-	87,661	-
	\$ 1,842,721	\$ 42,604,641	\$ 42,471,838	\$ 1,975,524

Less allowance for uncollectible
ad valorem taxes receivable

100,000

\$ 1,875,524

Reconciliation with revenues:

Ad valorem taxes- General Fund \$ 42,338,827

Less: Collection of taxes older than ten years 9,352

Plus: Abatements and adjustments of prior
year taxes 142,363

Total collections and credits \$ 42,471,838

CRAVEN COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2010**

	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	\$ 6,524,921,308	\$ 0.6100	\$ 39,801,040	\$ 36,743,669	\$ 3,057,371
Motor vehicles taxed at prior year's rate	282,891,729	0.6100	1,725,391	-	1,725,391
Penalties	-		214,171	214,171	-
	<u>6,807,813,037</u>		<u>41,740,602</u>	<u>36,957,840</u>	<u>4,782,762</u>
DISCOVERIES	263,258,832		1,604,985	1,604,985	-
	<u>7,071,071,869</u>		<u>43,345,587</u>	<u>38,562,825</u>	<u>4,782,762</u>
ABATEMENTS	(93,315,421)		(740,946)	(352,472)	(388,474)
Total property valuation	<u><u>\$ 6,977,756,448</u></u>				
Net Levy			42,604,641	38,210,353	4,394,288
Uncollected taxes at June 30, 2010			859,016	451,938	407,078
Current year's taxes collected			<u>\$ 41,745,625</u>	<u>\$ 37,758,415</u>	<u>\$ 3,987,210</u>
Current levy collection percentage			<u>97.98%</u>	<u>98.82%</u>	<u>90.74%</u>



COMBINING SCHEDULES OF NONMAJOR FUNDS

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010**

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 961,832	\$ 3,381,350	\$ 249,238	\$ 4,592,420
Short-term investments	-	-	1,780,527	1,780,527
Taxes receivable	40,786	-	-	40,786
Accounts receivable	222,668	22,347	-	245,015
Due from other fund	-	-	743,697	743,697
Total assets	<u>\$ 1,225,286</u>	<u>\$ 3,403,697</u>	<u>\$ 2,773,462</u>	<u>\$ 7,402,445</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 66,371	\$ 25,874	\$ -	\$ 92,245
Deferred revenue	40,786	-	-	40,786
Total liabilities	<u>107,157</u>	<u>25,874</u>	<u>-</u>	<u>133,031</u>
Fund balances:				
Reserved for:				
State statute	163,699	-	-	163,699
Debt service	-	-	2,773,462	2,773,462
Unreserved, reported in:				
Special revenue funds	954,430	-	-	954,430
Capital project funds	-	3,377,823	-	3,377,823
Total fund balances	<u>1,118,129</u>	<u>3,377,823</u>	<u>2,773,462</u>	<u>7,269,414</u>
Total liabilities and fund balances	<u>\$ 1,225,286</u>	<u>\$ 3,403,697</u>	<u>\$ 2,773,462</u>	<u>\$ 7,402,445</u>

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2010

	Fire District Funds	Emergency Telephone System 911	CDBG FY09 Scattered Sites	Totals
ASSETS				
Cash and cash equivalents	\$ 192,174	\$ 769,658	\$ -	\$ 961,832
Taxes receivable	40,786	-	-	40,786
Accounts receivable	131,167	32,532	58,969	222,668
Total assets	<u>\$ 364,127</u>	<u>\$ 802,190</u>	<u>\$ 58,969</u>	<u>\$ 1,225,286</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 7,402	\$ 58,969	\$ 66,371
Deferred revenue	40,786	-	-	40,786
Total liabilities	<u>40,786</u>	<u>7,402</u>	<u>58,969</u>	<u>107,157</u>
Fund balances:				
Reserved by State statute	131,167	32,532	-	163,699
Unreserved, designated for subsequent year's expenditures	192,174	762,256	-	954,430
Total fund balances	<u>323,341</u>	<u>794,788</u>	<u>-</u>	<u>1,118,129</u>
Total liabilities and fund balances	<u>\$ 364,127</u>	<u>\$ 802,190</u>	<u>\$ 58,969</u>	<u>\$ 1,225,286</u>

CRAVEN COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS**

June 30, 2010

	Judicial Center Fund	St. Lukes' Building Renovation Project Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 3,193,259	\$ 188,091	\$ 3,381,350
Accounts receivable	22,347	-	22,347
Total assets	<u>\$ 3,215,606</u>	<u>\$ 188,091</u>	<u>\$ 3,403,697</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 25,874	\$ 25,874
Total liabilities	<u>-</u>	<u>25,874</u>	<u>25,874</u>
Fund Balances:			
Unreserved, designated for project expenditures	<u>3,215,606</u>	<u>162,217</u>	<u>3,377,823</u>
Total liabilities and fund balances	<u>\$ 3,215,606</u>	<u>\$ 188,091</u>	<u>\$ 3,403,697</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, 2010

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 2,886,089	\$ -	\$ -	\$ 2,886,089
Intergovernmental	571,102	56,875	1,438,000	2,065,977
Interest	6,780	42,189	24,706	73,675
Miscellaneous	-	30,929	-	30,929
Total revenues	<u>3,463,971</u>	<u>129,993</u>	<u>1,462,706</u>	<u>5,056,670</u>
EXPENDITURES				
Current:				
General government	-	137,783	-	137,783
Public safety	2,323,282	2,319,721	-	4,643,003
Economic and physical development	281,383	-	-	281,383
Culture and recreation	-	56,875	-	56,875
Education	-	364,039	-	364,039
Debt service:				
Principal	-	-	3,837,500	3,837,500
Interest	-	-	2,344,089	2,344,089
Total expenditures	<u>2,604,665</u>	<u>2,878,418</u>	<u>6,181,589</u>	<u>11,664,672</u>
Excess of revenues over (under) expenditures	<u>859,306</u>	<u>(2,748,425)</u>	<u>(4,718,883)</u>	<u>(6,608,002)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	26,538	300,000	4,174,374	4,500,912
Transfers out	(696,487)	(1,205,778)	-	(1,902,265)
Total other financing sources (uses)	<u>(669,949)</u>	<u>(905,778)</u>	<u>4,174,374</u>	<u>2,598,647</u>
Net change in fund balances	189,357	(3,654,203)	(544,509)	(4,009,355)
FUND BALANCES:				
Beginning	<u>928,772</u>	<u>7,032,026</u>	<u>3,317,971</u>	<u>11,278,769</u>
Ending	<u>\$ 1,118,129</u>	<u>\$ 3,377,823</u>	<u>\$ 2,773,462</u>	<u>\$ 7,269,414</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, 2010**

	Fire District Funds	Emergency Telephone System 911	Occupancy Tax Fund	CDBG FY09 Scattered Sites	Totals
REVENUES					
Taxes	\$ 2,095,109	\$ -	\$ 790,980	\$ -	\$ 2,886,089
Intergovernmental	-	386,758	-	184,344	571,102
Interest	-	6,376	404	-	6,780
Total revenues	<u>2,095,109</u>	<u>393,134</u>	<u>791,384</u>	<u>184,344</u>	<u>3,463,971</u>
EXPENDITURES					
Current:					
Public safety	2,178,637	144,645	-	-	2,323,282
Economic and physical development	-	-	97,039	184,344	281,383
Total expenditures	<u>2,178,637</u>	<u>144,645</u>	<u>97,039</u>	<u>184,344</u>	<u>2,604,665</u>
Excess of revenues over (under) expenditures	<u>(83,528)</u>	<u>248,489</u>	<u>694,345</u>	<u>-</u>	<u>859,306</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out):					
From General Fund	25,085	1,453	-	-	26,538
To General Fund	-	(2,142)	(694,345)	-	(696,487)
Total other financing sources (uses)	<u>25,085</u>	<u>(689)</u>	<u>(694,345)</u>	<u>-</u>	<u>(669,949)</u>
Net change in fund balances	(58,443)	247,800	-	-	189,357
FUND BALANCES:					
Beginning	<u>381,784</u>	<u>546,988</u>	<u>-</u>	<u>-</u>	<u>928,772</u>
Ending	<u>\$ 323,341</u>	<u>\$ 794,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,118,129</u>

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, 2010**

	Judicial Center Fund	Fiber Optic Project Fund	Schools Special Project Fund	St. Lukes' Building Renovation Project Fund	Latham- Whitehurst Nature Park Project Fund	Totals
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 56,875	\$ 56,875
Interest	42,189	-	-	-	-	42,189
Miscellaneous	30,929	-	-	-	-	30,929
Total revenue	73,118	-	-	-	56,875	129,993
EXPENDITURES						
General government	-	-	-	137,783	-	137,783
Public Safety	2,319,721	-	-	-	-	2,319,721
Culture and recreation	-	-	-	-	56,875	56,875
Education	-	153,699	210,340	-	-	364,039
Total expenditures	2,319,721	153,699	210,340	137,783	56,875	2,878,418
Excess of revenues over (under) expenditures	(2,246,603)	(153,699)	(210,340)	(137,783)	-	(2,748,425)
OTHER FINANCING SOURCES						
Transfers in	-	-	-	300,000	-	300,000
Transfers out	-	-	(1,205,778)	-	-	(1,205,778)
Total other financing sources	-	-	(1,205,778)	300,000	-	(905,778)
Net change in fund balances	(2,246,603)	(153,699)	(1,416,118)	162,217	-	(3,654,203)
FUND BALANCES						
Beginning	5,462,209	153,699	1,416,118	-	-	7,032,026
Ending	\$ 3,215,606	\$ -	\$ -	\$ 162,217	\$ -	\$ 3,377,823

Craven County



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.
- **CDBG FY09 Scattered Sites** - The CDBG Scattered Site Project Fund is used to account for a HUD Scattered Site Housing program to rehabilitate very low-income owner occupied households at scattered sites within Craven County.

CRAVEN COUNTY, NORTH CAROLINA

**DETAILED BALANCE SHEET
ALL FIRE DISTRICT FUNDS
June 30, 2010**

	Rhems	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	\$ 5,581	\$ 9,536	\$ 2,771	\$ 19,344	\$ 11,723	\$ 33,663	\$ 23,504	\$ 55,124	\$ 14,094	\$ 16,799	\$ 35	\$ 192,174
Taxes receivable	3,014	4,521	4,452	3,075	4,737	5,992	2,822	3,667	2,063	5,225	1,218	40,786
Accounts receivable	10,929	11,157	14,389	6,280	9,589	13,884	13,848	19,203	21,528	9,909	451	131,167
Total assets	<u>\$ 19,524</u>	<u>\$ 25,214</u>	<u>\$ 21,612</u>	<u>\$ 28,699</u>	<u>\$ 26,049</u>	<u>\$ 53,539</u>	<u>\$ 40,174</u>	<u>\$ 77,994</u>	<u>\$ 37,685</u>	<u>\$ 31,933</u>	<u>\$ 1,704</u>	<u>\$ 364,127</u>
LIABILITIES AND FUND BALANCES												
Liabilities:												
Deferred revenue	\$ 3,014	\$ 4,521	\$ 4,452	\$ 3,075	\$ 4,737	\$ 5,992	\$ 2,822	\$ 3,667	\$ 2,063	\$ 5,225	\$ 1,218	\$ 40,786
Total liabilities	<u>3,014</u>	<u>4,521</u>	<u>4,452</u>	<u>3,075</u>	<u>4,737</u>	<u>5,992</u>	<u>2,822</u>	<u>3,667</u>	<u>2,063</u>	<u>5,225</u>	<u>1,218</u>	<u>40,786</u>
Fund Balances:												
Reserved by State statute	10,929	11,157	14,389	6,280	9,589	13,884	13,848	19,203	21,528	9,909	451	131,167
Unreserved, designated for subsequent year's expenditures	5,581	9,536	2,771	19,344	11,723	33,663	23,504	55,124	14,094	16,799	35	192,174
Total fund balances	<u>16,510</u>	<u>20,693</u>	<u>17,160</u>	<u>25,624</u>	<u>21,312</u>	<u>47,547</u>	<u>37,352</u>	<u>74,327</u>	<u>35,622</u>	<u>26,708</u>	<u>486</u>	<u>323,341</u>
Total liabilities and fund balances	<u>\$ 19,524</u>	<u>\$ 25,214</u>	<u>\$ 21,612</u>	<u>\$ 28,699</u>	<u>\$ 26,049</u>	<u>\$ 53,539</u>	<u>\$ 40,174</u>	<u>\$ 77,994</u>	<u>\$ 37,685</u>	<u>\$ 31,933</u>	<u>\$ 1,704</u>	<u>\$ 364,127</u>

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, 2010

	Rhems	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
REVENUES												
Taxes:												
Property	\$ 144,879	\$ 133,709	\$ 171,198	\$ 76,975	\$ 116,035	\$ 169,571	\$ 168,759	\$ 223,770	\$ 263,162	\$ 118,602	\$ 4,336	\$ 1,590,996
Sales	42,525	42,459	55,332	23,947	36,441	53,873	53,720	74,339	82,036	37,899	1,542	504,113
Total revenues	187,404	176,168	226,530	100,922	152,476	223,444	222,479	298,109	345,198	156,501	5,878	2,095,109
EXPENDITURES												
Remittances to fire districts	184,794	165,689	230,192	107,276	153,709	240,206	224,462	319,224	331,565	152,985	-	2,110,102
Workers' compensation	2,310	3,795	5,005	2,956	4,119	1,650	1,870	3,465	4,015	2,970	-	32,155
Capital outlay	-	-	-	-	25,085	-	-	-	-	-	-	25,085
Miscellaneous	1,088	1,088	1,088	1,088	1,503	1,088	1,088	1,088	1,088	1,088	-	11,295
Total expenditures	188,192	170,572	236,285	111,320	184,416	242,944	227,420	323,777	336,668	157,043	-	2,178,637
Excess of revenues over (under) expenditures	(788)	5,596	(9,755)	(10,398)	(31,940)	(19,500)	(4,941)	(25,668)	8,530	(542)	5,878	(83,528)
OTHER FINANCING SOURCES (USES)												
Transfers in (out):												
From General Fund	-	-	-	-	25,085	-	-	-	-	-	-	25,085
Between fire districts	-	(6,144)	6,236	6,144	3,000	2,418	(2,418)	-	-	(3,000)	(6,236)	-
Total other financing sources (uses)	-	(6,144)	6,236	6,144	28,085	2,418	(2,418)	-	-	(3,000)	(6,236)	25,085
Net change in fund balances	(788)	(548)	(3,519)	(4,254)	(3,855)	(17,082)	(7,359)	(25,668)	8,530	(3,542)	(358)	(58,443)
FUND BALANCES												
Beginning	17,298	21,241	20,679	29,878	25,167	64,629	44,711	99,995	27,092	30,250	844	381,784
Ending	\$ 16,510	\$ 20,693	\$ 17,160	\$ 25,624	\$ 21,312	\$ 47,547	\$ 37,352	\$ 74,327	\$ 35,622	\$ 26,708	\$ 486	\$ 323,341

**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, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 144,644	\$ 144,879	\$ 235
Sales	41,247	42,525	1,278
Total revenues	<u>185,891</u>	<u>187,404</u>	<u>1,513</u>
EXPENDITURES			
Remittances to fire districts	184,794	184,794	-
Workers' compensation	2,310	2,310	-
Miscellaneous	1,088	1,088	-
Total expenditures	<u>188,192</u>	<u>188,192</u>	<u>-</u>
Excess of revenue over (under) expenditures	(2,301)	(788)	1,513
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>2,301</u>	<u>-</u>	<u>(2,301)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(788)</u>	<u>\$ (788)</u>
FUND BALANCE			
Beginning		<u>17,298</u>	
Ending		<u>\$ 16,510</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, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 134,339	\$ 133,709	\$ (630)
Sales	42,107	42,459	352
Intergovernmental	-	-	-
Total revenues	<u>176,446</u>	<u>176,168</u>	<u>(278)</u>
EXPENDITURES			
Remittances to fire districts	165,689	165,689	-
Workers' compensation	3,870	3,795	75
Miscellaneous	1,088	1,088	-
Total expenditures	<u>170,647</u>	<u>170,572</u>	<u>75</u>
Excess of revenue over (under) expenditures	5,799	5,596	(203)
OTHER FINANCING USES			
Transfers out:			
To Little Swift Creek Fire District Fund	(6,144)	(6,144)	-
Total other financing uses	<u>(6,144)</u>	<u>(6,144)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	(345)	(548)	(203)
Appropriated fund balance	<u>345</u>	<u>-</u>	<u>(345)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(548)</u>	<u>\$ (548)</u>
FUND BALANCE			
Beginning		<u>21,241</u>	
Ending		<u>\$ 20,693</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, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 171,903	\$ 171,198	\$ (705)
Sales	54,307	55,332	1,025
Total revenues	<u>226,210</u>	<u>226,530</u>	<u>320</u>
EXPENDITURES			
Remittances to fire districts	230,192	230,192	-
Workers' compensation	5,465	5,005	460
Miscellaneous	1,088	1,088	-
Total expenditures	<u>236,745</u>	<u>236,285</u>	<u>460</u>
Excess of revenue over (under) expenditures	(10,535)	(9,755)	780
OTHER FINANCING SOURCES			
Transfers in:			
From Sandy Point	6,990	6,236	754
Total other financing sources	<u>6,990</u>	<u>6,236</u>	<u>754</u>
Excess of revenues and other financing sources over (under) expenditures	(3,545)	(3,519)	26
Appropriated fund balance	<u>3,545</u>	<u>-</u>	<u>(3,545)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(3,519)</u>	<u>\$ (3,519)</u>
FUND BALANCE			
Beginning		<u>20,679</u>	
Ending		<u>\$ 17,160</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, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 74,183	\$ 76,975	\$ 2,792
Sales	23,699	23,947	248
Total revenues	<u>97,882</u>	<u>100,922</u>	<u>3,040</u>
EXPENDITURES			
Remittances to fire districts	107,276	107,276	-
Workers' compensation	2,957	2,956	1
Miscellaneous	1,088	1,088	-
Total expenditures	<u>111,321</u>	<u>111,320</u>	<u>1</u>
Excess of revenue over (under) expenditures	<u>(13,439)</u>	<u>(10,398)</u>	<u>3,041</u>
OTHER FINANCING SOURCES			
Transfers in:			
From Township No. 1 Fire District Fund	6,144	6,144	-
Total other financing sources	<u>6,144</u>	<u>6,144</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>(7,295)</u>	<u>(4,254)</u>	<u>3,041</u>
Appropriated fund balance	<u>7,295</u>	<u>-</u>	<u>(7,295)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(4,254)</u>	<u>\$ (4,254)</u>
FUND BALANCE			
Beginning		<u>29,878</u>	
Ending		<u>\$ 25,624</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, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 115,077	\$ 116,035	\$ 958
Sales	36,196	36,441	245
Total revenues	<u>151,273</u>	<u>152,476</u>	<u>1,203</u>
EXPENDITURES			
Remittances to fire districts	153,709	153,709	-
Workers' compensation	4,360	4,119	241
Capital outlay	27,360	25,085	2,275
Miscellaneous	1,634	1,503	131
Total expenditures	<u>187,063</u>	<u>184,416</u>	<u>2,647</u>
Excess of revenue over (under) expenditures	(35,790)	(31,940)	3,850
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	27,360	25,085	(2,275)
From Township No. 9 Fire District Fund	3,000	3,000	-
Total other financing sources	<u>30,360</u>	<u>28,085</u>	<u>(2,275)</u>
Excess of revenues and other financing sources over (under) expenditures	(5,430)	(3,855)	1,575
Appropriated fund balance	<u>5,430</u>	<u>-</u>	<u>(5,430)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(3,855)</u>	<u>\$ (3,855)</u>
FUND BALANCE			
Beginning		<u>25,167</u>	
Ending		<u>\$ 21,312</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, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 164,437	\$ 169,571	\$ 5,134
Sales	52,394	53,873	1,479
Total revenues	<u>216,831</u>	<u>223,444</u>	<u>6,613</u>
EXPENDITURES			
Remittances to fire districts	240,206	240,206	-
Workers' compensation	2,000	1,650	350
Miscellaneous	1,088	1,088	-
Total expenditures	<u>243,294</u>	<u>242,944</u>	<u>350</u>
Excess of revenue over (under) expenditures	(26,463)	(19,500)	6,963
OTHER FINANCING SOURCES			
Transfers in:			
From Township No. 6	2,418	2,418	-
Total other financing sources	<u>2,418</u>	<u>2,418</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	(24,045)	(17,082)	6,963
Appropriated fund balance	<u>24,045</u>	<u>-</u>	<u>(24,045)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(17,082)</u>	<u>\$ (17,082)</u>
FUND BALANCE			
Beginning		<u>64,629</u>	
Ending		<u>\$ 47,547</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, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 159,133	\$ 168,759	\$ 9,626
Sales	52,262	53,720	1,458
Total revenues	<u>211,395</u>	<u>222,479</u>	<u>11,084</u>
EXPENDITURES			
Remittances to fire districts	224,462	224,462	-
Workers' compensation	1,890	1,870	20
Miscellaneous	1,088	1,088	-
Total expenditures	<u>227,440</u>	<u>227,420</u>	<u>20</u>
Excess of revenue over (under) expenditures	(16,045)	(4,941)	11,104
OTHER FINANCING USES			
Transfers out:			
To Township No. 5	(2,418)	(2,418)	-
Total other financing uses	<u>(2,418)</u>	<u>(2,418)</u>	<u>-</u>
Excess of revenues and other financing uses over (under) expenditures	(18,463)	(7,359)	11,104
Appropriated fund balance	<u>18,463</u>	<u>-</u>	<u>(18,463)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(7,359)</u>	<u>\$ (7,359)</u>
FUND BALANCE			
Beginning		<u>44,711</u>	
Ending		<u>\$ 37,352</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, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 216,892	\$ 223,770	\$ 6,878
Sales	72,465	74,339	1,874
Total revenues	<u>289,357</u>	<u>298,109</u>	<u>8,752</u>
EXPENDITURES			
Remittances to fire districts	319,224	319,224	-
Workers' compensation	4,090	3,465	625
Miscellaneous	1,088	1,088	-
Total expenditures	<u>324,402</u>	<u>323,777</u>	<u>625</u>
Excess of revenue over (under) expenditures	(35,045)	(25,668)	9,377
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>35,045</u>	-	<u>(35,045)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(25,668)</u>	<u>\$ (25,668)</u>
FUND BALANCE			
Beginning		<u>99,995</u>	
Ending		<u>\$ 74,327</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, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 259,082	\$ 263,162	\$ 4,080
Sales	81,253	82,036	783
Total revenues	<u>340,335</u>	<u>345,198</u>	<u>4,863</u>
EXPENDITURES			
Remittances to fire districts	331,565	331,565	-
Capital outlay	2,179	-	2,179
Workers' compensation	5,548	4,015	1,533
Miscellaneous	1,088	1,088	-
Total expenditures	<u>340,380</u>	<u>336,668</u>	<u>3,712</u>
Excess of revenue over (under) expenditures	(45)	8,530	8,575
OTHER FINANCING SOURCES			
Appropriated fund balance	45	-	(45)
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>8,530</u>	<u>\$ 8,530</u>
FUND BALANCE			
Beginning		<u>27,092</u>	
Ending		<u>\$ 35,622</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, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 116,963	\$ 118,602	\$ 1,639
Sales	37,390	37,899	509
Total revenues	<u>154,353</u>	<u>156,501</u>	<u>2,148</u>
EXPENDITURES			
Remittances to fire districts	152,985	152,985	-
Workers' compensation	2,970	2,970	-
Miscellaneous	1,088	1,088	-
Total expenditures	<u>157,043</u>	<u>157,043</u>	<u>-</u>
Excess of revenue over (under) expenditures	(2,690)	(542)	2,148
OTHER FINANCING USES			
Transfers out:			
To Township No. 3 Fire District Fund	(3,000)	(3,000)	-
Total other financing uses	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	(5,690)	(3,542)	2,148
Appropriated fund balance	<u>5,690</u>	<u>-</u>	<u>(5,690)</u>
Revenues, other uses, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(3,542)</u>	<u>\$ (3,542)</u>
FUND BALANCE			
Beginning		<u>30,250</u>	
Ending		<u>\$ 26,708</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes:			
Property	\$ 5,291	\$ 4,336	\$ (955)
Sales	1,699	1,542	(157)
Total revenues	<u>6,990</u>	<u>5,878</u>	<u>(1,112)</u>
OTHER FINANCING USES			
Transfers out:			
To Tri-Community Fire District Fund	(6,990)	(6,236)	(754)
Total other financing uses	<u>(6,990)</u>	<u>(6,236)</u>	<u>(754)</u>
Excess of revenues over (under) other financing uses	<u>\$ -</u>	<u>(358)</u>	<u>\$ (358)</u>
FUND BALANCE			
Beginning		<u>844</u>	
Ending		<u>\$ 486</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, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 407,436	\$ 386,758	\$ (20,678)
Interest	-	6,376	6,376
Total revenues	<u>407,436</u>	<u>393,134</u>	<u>(14,302)</u>
EXPENDITURES			
Public safety	405,293	144,645	260,648
Total expenditures	<u>405,293</u>	<u>144,645</u>	<u>260,648</u>
Excess of revenue over (under) expenditures	2,143	248,489	239,970
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From General Fund	-	1,453	1,453
To General Fund	(2,143)	(2,142)	1
Total other financing sources (uses)	<u>(2,143)</u>	<u>(689)</u>	<u>1,454</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>247,800</u>	<u>\$ 247,800</u>
FUND BALANCE			
Beginning		<u>546,988</u>	
Ending		<u>\$ 794,788</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, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 892,516	\$ 790,980	\$ (101,536)
Interest	40	404	364
Total revenues	<u>892,556</u>	<u>791,384</u>	<u>(101,172)</u>
EXPENDITURES			
Economic and physical development:			
Remittance to City of Havelock	97,000	97,000	-
Professional services	40	39	(1)
Total expenditures	<u>97,040</u>	<u>97,039</u>	<u>1</u>
Excess of revenue over expenditures	<u>795,516</u>	<u>694,345</u>	<u>(101,171)</u>
OTHER FINANCING USES			
Transfers out:			
To General Fund	<u>(795,516)</u>	<u>(694,345)</u>	<u>(101,171)</u>
Excess of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE			
Beginning		<u>-</u>	
Ending		<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CDBG FY09 SCATTERED SITES**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2010**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 400,000	\$ 184,344	\$ (215,656)
Total revenues	<u>400,000</u>	<u>184,344</u>	<u>(215,656)</u>
EXPENDITURES			
Economic and physical development:			
Expenditures	400,000	184,344	(215,656)
Total expenditures	<u>400,000</u>	<u>184,344</u>	<u>215,656</u>
Excess of revenue over (under) expenditures	<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, 2010**

	Budget	Actual	Variance Positive
REVENUES			
Intergovernmental-lottery proceeds	\$ 1,000,000	\$ 1,438,000	\$ 438,000
Interest	150,000	24,706	(125,294)
Total revenues	<u>1,150,000</u>	<u>1,462,706</u>	<u>312,706</u>
EXPENDITURES			
Principal	3,837,500	3,837,500	-
Interest and fiscal charges	2,364,088	2,344,089	19,999
Total expenditures	<u>6,201,588</u>	<u>6,181,589</u>	<u>19,999</u>
Excess of revenue over (under) expenditures	<u>(5,051,588)</u>	<u>(4,718,883)</u>	<u>332,705</u>
OTHER FINANCING SOURCES			
Transfers in:			
From General Fund	3,595,394	2,968,597	(626,797)
From Schools Special Project Fund	-	1,205,777	1,205,777
Total other financing sources	<u>3,595,394</u>	<u>4,174,374</u>	<u>578,980</u>
Excess of revenues over expenditures and other financing sources	<u>(1,456,194)</u>	<u>(544,509)</u>	<u>911,685</u>
Appropriated fund balance	<u>1,456,194</u>	<u>-</u>	<u>(1,456,194)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(544,509)</u>	<u>\$ (544,509)</u>
FUND BALANCE			
Beginning		<u>3,317,971</u>	
Ending		<u>\$ 2,773,462</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.

The following comprise the County's Capital Project Funds:

Major Fund:

- **County Reserve Fund** – The County Reserve Capital Project Fund is a capital reserve fund for future acquisitions or construction of buildings and equipment.

Non-major Funds:

- **Judicial Center Project Fund** – The Law Enforcement Center Project Fund accounts for construction of a new law enforcement facility in Craven 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.
- **St. Luke's Building Renovation Fund** – The St. Luke's Building Renovation is for the renovation of the building to house the Child Support Enforcement and Probation agencies.
- **Latham-Whitehurst Nature Park Project Fund** – The Latham-Whitehurst Nature Park Project Fund will account for improvements to a nature park, funded by a state grant.

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, 2010

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
REVENUE				
Interest	\$ 533,858	\$ 853,548	\$ 55,491	\$ 909,039
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)	(181,415)	(4,777,876)
Between closed projects	(7,301,761)	(5,085,219)	-	(5,085,219)
Total other financing sources (uses)	(4,334,081)	5,078,691	(181,415)	4,897,276
Excess of revenues over (under) other financing sources (uses)	(3,800,223)	5,932,239	(125,924)	5,806,315
Appropriated fund balance	3,800,223	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	\$ 5,932,239	(125,924)	\$ 5,806,315
FUND BALANCE				
Beginning			4,300,573	
Ending			\$ 4,174,649	

**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, 2010

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest	\$ 777,000	\$ 1,936,213	\$ 42,189	\$ 1,978,402
Miscellaneous	-	409,720	30,929	440,649
Total revenues	<u>777,000</u>	<u>2,345,933</u>	<u>73,118</u>	<u>2,419,051</u>
EXPENDITURES				
Capital outlay:				
Project construction	33,973,000	30,079,343	2,319,721	32,399,064
Total expenditures	<u>33,973,000</u>	<u>30,079,343</u>	<u>2,319,721</u>	<u>32,399,064</u>
Excess of expenditures over revenues	<u>(33,196,000)</u>	<u>(27,733,410)</u>	<u>(2,246,603)</u>	<u>(29,980,013)</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>\$ 5,462,209</u>	<u>(2,246,603)</u>	<u>\$ 3,215,606</u>
FUND BALANCE				
Beginning			<u>5,462,209</u>	
Ending			<u>\$ 3,215,606</u>	

**CRAVEN COUNTY, NORTH CAROLINA
FIBER OPTIC PROJECT FUND**

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

From Inception and for the Fiscal Year Ended June 30, 2010

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

**CRAVEN COUNTY, NORTH CAROLINA
SCHOOLS SPECIAL PROJECT FUND**

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

From Inception and for the Fiscal Year Ended June 30, 2010

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
EXPENDITURES				
Capital outlay:				
Project construction	\$ 8,757,667	\$ 8,547,327	\$ 210,340	\$ 8,757,667
Total expenditures	<u>8,757,667</u>	<u>8,547,327</u>	<u>210,340</u>	<u>8,757,667</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	9,550,392	9,550,392	-	9,550,392
Transfers in (out):				
From School Capital Project	413,053	413,053	-	413,053
To Debt Service	(1,205,778)	-	(1,205,778)	(1,205,778)
Total other financing sources (uses)	<u>8,757,667</u>	<u>9,963,445</u>	<u>(1,205,778)</u>	<u>8,757,667</u>
Excess of other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 1,416,118</u>	<u>(1,416,118)</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>1,416,118</u>	
Ending			<u>\$ -</u>	

**CRAVEN COUNTY, NORTH CAROLINA
ST. LUKE'S BUILDING RENOVATION PROJECT FUND**

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

From Inception and for the Fiscal Year Ended June 30, 2010

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
EXPENDITURES				
Capital outlay:				
Project construction	\$ 300,000	\$ -	\$ 137,783	\$ 137,783
Total expenditures	<u>300,000</u>	<u>-</u>	<u>137,783</u>	<u>137,783</u>
OTHER FINANCING SOURCES				
Transfers in:				
From General Fund	300,000	-	300,000	300,000
Total other financing sources	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Excess of other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>162,217</u>	<u>\$ 162,217</u>
FUND BALANCE				
Beginning			<u>-</u>	
Ending			<u>\$ 162,217</u>	

**CRAVEN COUNTY, NORTH CAROLINA
LATHAM-WHITEHURST NATURE PARK PROJECT FUND**

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

From Inception and for the Fiscal Year Ended June 30, 2010

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Intergovernmental	\$ 500,000	\$ -	\$ 56,875	\$ 56,875
Total revenues	<u>500,000</u>	<u>-</u>	<u>56,875</u>	<u>56,875</u>
EXPENDITURES				
Capital outlay:				
Engineering fees	75,000	-	56,875	56,875
Total expenditures	<u>75,000</u>	<u>-</u>	<u>56,875</u>	<u>56,875</u>
Excess of revenues under expenditures	<u>\$ 425,000</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>-</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, 2010

	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	\$ 5,508	\$ -	\$ -	\$ 5,508
Due from other government-current	-	20,000	30,000	50,000
Total current assets	<u>5,508</u>	<u>20,000</u>	<u>30,000</u>	<u>55,508</u>
Noncurrent Assets:				
Capital lease receivable-noncurrent	26,625	-	-	26,625
Due from other government-noncurrent	-	85,000	60,000	145,000
Total noncurrent assets	<u>26,625</u>	<u>85,000</u>	<u>60,000</u>	<u>171,625</u>
Total assets	<u>32,133</u>	<u>105,000</u>	<u>90,000</u>	<u>227,133</u>
LIABILITIES				
Current liabilities:				
Accrued interest payable	183	-	-	183
Installment notes payable-current	5,325	-	-	5,325
General obligation bonds payable-current	-	20,000	30,000	50,000
Total current liabilities	<u>5,508</u>	<u>20,000</u>	<u>30,000</u>	<u>55,508</u>
Noncurrent liabilities:				
Installment notes payable	26,625	-	-	26,625
General obligation bonds payable	-	85,000	60,000	145,000
Total noncurrent liabilities	<u>26,625</u>	<u>85,000</u>	<u>60,000</u>	<u>171,625</u>
Total liabilities	<u>32,133</u>	<u>105,000</u>	<u>90,000</u>	<u>227,133</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, 2010

	Township 6 Water and Sewer District	Total Nonmajor Enterprise Funds
NONOPERATING REVENUES (EXPENSES)		
Interest income	\$ 1,249	\$ 1,249
Interest expense	(1,249)	(1,249)
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, 2010**

	Township 6 Water and Sewer District	Total Nonmajor Enterprise Funds
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of installment notes and bonds	\$ (5,325)	\$ (5,325)
Proceeds from investment in direct financing lease	5,325	5,325
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, 2010

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,634,406	\$ 442,624	\$ 11,077,030
Accounts receivable, net of allowance for doubtful accounts	835,384	-	835,384
Total current assets	<u>11,469,790</u>	<u>442,624</u>	<u>11,912,414</u>
Noncurrent assets:			
Capital assets:			
Land	210,428	-	210,428
Improvements other than buildings	29,552,039	-	29,552,039
Buildings	563,318	-	563,318
Machinery and equipment	412,554	-	412,554
Construction in progress	-	184,525	184,525
Accumulated depreciation	(11,375,820)	-	(11,375,820)
Total capital assets, net of accumulated depreciation	<u>19,362,519</u>	<u>184,525</u>	<u>19,547,044</u>
Total noncurrent assets	<u>19,362,519</u>	<u>184,525</u>	<u>19,547,044</u>
Total assets	<u>30,832,309</u>	<u>627,149</u>	<u>31,459,458</u>
LIABILITIES			
Current liabilities:			
Accounts payable	39,303	4,627	43,930
Accrued salaries and benefits	13,107	-	13,107
Customer deposits payable	323,454	-	323,454
Obligations under capital lease - current	118,320	-	118,320
Total current liabilities	<u>494,184</u>	<u>4,627</u>	<u>498,811</u>
Noncurrent liabilities			
Other postemployment benefit liability	15,547	-	15,547
Obligations under capital lease	1,148,225	-	1,148,225
Total noncurrent liabilities	<u>1,163,772</u>	<u>-</u>	<u>1,163,772</u>
Total liabilities	<u>1,657,956</u>	<u>4,627</u>	<u>1,662,583</u>
NET ASSETS			
Capital assets, net of related debt	18,095,974	184,525	18,280,499
Unrestricted	11,078,379	437,997	11,516,376
Total net assets	<u>\$ 29,174,353</u>	<u>\$ 622,522</u>	<u>\$ 29,796,875</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, 2010**

	Craven County Water Operating Fund	Castle Hayne Aquifer Project Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 3,688,563	\$ -	\$ 3,688,563
Miscellaneous	101,362	442	101,804
Total operating revenues	<u>3,789,925</u>	<u>442</u>	<u>3,790,367</u>
OPERATING EXPENSES			
Cost of services	1,341,253	-	1,341,253
Depreciation	886,874	-	886,874
Total operating expenses	<u>2,228,127</u>	<u>-</u>	<u>2,228,127</u>
Operating income	<u>1,561,798</u>	<u>442</u>	<u>1,562,240</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	127,572	-	127,572
Interest expense	(36,896)	-	(36,896)
Total nonoperating revenues (expenses)	<u>90,676</u>	<u>-</u>	<u>90,676</u>
Income before transfers	<u>1,652,474</u>	<u>442</u>	<u>1,652,916</u>
TRANSFERS IN (OUT):			
Between Water and Sewer funds	(290,908)	290,908	-
From General Fund	16,800	-	16,800
To General Fund	(113,000)	-	(113,000)
Total transfers in (out)	<u>(387,108)</u>	<u>290,908</u>	<u>(96,200)</u>
Change in net assets	1,265,366	291,350	1,556,716
Total net assets, beginning	<u>27,908,987</u>	<u>331,172</u>	<u>28,240,159</u>
Total net assets, ending	<u>\$ 29,174,353</u>	<u>\$ 622,522</u>	<u>\$ 29,796,875</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, 2010

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Water and sewer sales	\$ 3,100,000	\$ 3,459,818	\$ 359,818
Tap and permit fees	239,000	228,745	(10,255)
Miscellaneous	88,000	101,362	13,362
Total operating revenues	<u>3,427,000</u>	<u>3,789,925</u>	<u>362,925</u>
OPERATING EXPENDITURES			
Personnel services:			
Salaries	475,511	475,769	(258)
Employee benefits	146,582	144,906	1,676
Retirement	23,123	22,755	368
Professional services:			
Audit and accounting fees	1,136	1,135	1
Legal fees	15,786	13,625	2,161
Engineering fees	95,000	27,804	67,196
Contractual services	43,300	34,084	9,216
Operating supplies	32,400	24,336	8,064
Utilities	279,000	255,699	23,301
Maintenance and repairs:			
Systems	138,097	138,097	-
Building and grounds	57,500	55,790	1,710
Vehicle expense	68,180	59,167	9,013
Equipment	7,141	1,454	5,687
Insurance	20,000	16,982	3,018
Tap outlays	76,903	55,250	21,653
Telephone and postage	27,550	21,498	6,052
Lockbox	90,000	83,020	6,980
Chemical and lab work	85,000	69,150	15,850
Capital outlay	1,374,709	464,743	909,966
Bad Debt Expenses	-	3,972	(3,972)
Miscellaneous	27,199	20,851	6,348
Total operating expenditures	<u>3,084,117</u>	<u>1,990,087</u>	<u>1,094,030</u>
Excess of operating revenues over operating expenditures	<u>342,883</u>	<u>1,799,838</u>	<u>1,456,955</u>
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	200,000	127,572	(72,428)
Interest paid	(43,138)	(36,896)	6,242
Principal payments	(112,637)	(112,637)	-
Total nonoperating revenues (expenditures)	<u>44,225</u>	<u>(21,961)</u>	<u>(66,186)</u>
Excess of revenues over expenditures	<u>387,108</u>	<u>1,777,877</u>	<u>1,390,769</u>

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, 2010
(Page 2 of 2)**

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From General Fund	\$ 16,800	\$ 16,800	\$ -
Between Water Funds	(290,908)	(290,908)	-
To General Fund	(113,000)	(113,000)	-
Total other financing sources (uses)	<u>(387,108)</u>	<u>(387,108)</u>	-
 Excess of revenues over (under) expenditures and other financing sources (uses)	 \$ -	 \$ 1,390,769	 \$ 1,390,769

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

Excess of revenues over (under) expenditures and other financing sources (uses), modified accrual basis, above	\$ 1,390,769
Capital outlay	648,834
Payment on obligation under capital lease payable	112,637
Depreciation	<u>(886,874)</u>
 Net income, full accrual basis	 <u>\$ 1,265,366</u>

**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, 2010**

	Total Project Estimates	Actual		Total To Date
		Prior Years	Current Year	
REVENUES				
Interest revenue	\$ 330	\$ 172	\$ 442	\$ 614
EXPENDITURES				
Capital outlay				
General construction	338,340	86,961	14,679	101,640
Chemical and lab work	20,700	-	4,800	4,800
Contractual services	31,600	18,600	13,000	31,600
Engineering	231,600	4,275	42,210	46,485
Total expenditures	622,240	109,836	74,689	184,525
Excess of revenues under expenditures	(621,910)	(109,664)	(74,247)	(183,911)
OTHER FINANCING SOURCES				
Transfers in:				
From Craven County Water Operating Fund	621,910	331,000	290,908	621,908
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ 221,336	\$ 216,661	\$ 437,997
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 216,661	
Capital outlay			74,689	
Net income, full accrual basis			\$ 291,350	

**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, 2010**

	Budget	Actual	Variance, Positive (Negative)
NONOPERATING REVENUE (EXPENDITURES)			
Interest income	\$ 1,462	\$ 1,249	\$ 213
Interest paid	(1,462)	(1,249)	(213)
Principal payment	(5,325)	(5,325)	-
Total nonoperating revenue (expenditures)	<u>(5,325)</u>	<u>(5,325)</u>	<u>(213)</u>
OTHER FINANCING SOURCES			
Direct financing lease proceeds	<u>5,325</u>	<u>5,325</u>	<u>-</u>
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213</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		5,325	
Reduction of investment in direct financing lease receivable		<u>(5,325)</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, 2010

	Budget	Actual	Variance, Positive (Negative)
NONOPERATING REVENUES (EXPENDITURES)			
Interest income	\$ 41,676	\$ 35,647	\$ (6,029)
Interest paid	(41,676)	(35,647)	6,029
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	<u>107,312</u>	<u>107,312</u>	-
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>	

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



**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, 2010**

	Budget	Actual	Variance, Favorable (Unfavorable)
OPERATING REVENUES			
Charge for services	\$ 4,415,000	\$ 4,491,492	\$ 76,492
Miscellaneous	-	4,349	4,349
Total revenues	4,415,000	4,495,841	80,841
OPERATING EXPENDITURES			
Claims reimbursement	4,465,000	3,932,776	532,224
Excess of operating revenues over (under) operating expenditures	(50,000)	563,065	613,065
NONOPERATING REVENUES			
Interest income	50,000	38,295	(11,705)
Excess of revenues over expenditures	\$ -	\$ 601,360	\$ 601,360

Crauen County



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 and accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

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, NORTH CAROLINA

**COMBINING BALANCE SHEET
ALL AGENCY FUNDS
June 30, 2010**

	Social Services Trust Fund	Juvenile Restitution Fund	Totals
ASSETS			
Cash	\$ 87,259	\$ 4	\$ 87,263
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 87,259	\$ 4	\$ 87,263

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Fiscal Year Ended June 30, 2010**

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Social Services Trust Fund:				
Assets, cash and investments	\$ 103,051	\$ -	\$ 15,792	\$ 87,259
Liabilities, accounts payable and accrued liabilities	\$ 103,051	\$ -	\$ 15,792	\$ 87,259
Juvenile Restitution Fund:				
Assets, cash and investments	\$ 1,085	\$ 61,175	\$ 62,256	\$ 4
Liabilities, accounts payable and accrued liabilities	\$ 1,085	\$ 61,175	\$ 62,256	\$ 4
Department of Motor Vehicle Interest Fund:				
Assets, cash and investments	\$ -	\$ 64,631	\$ 64,631	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 64,631	\$ 64,631	\$ -
Municipal Property Tax Fund:				
Assets, cash and investments	\$ -	\$ 5,987,618	\$ 5,987,618	\$ -
Liabilities, accounts payable and accrued liabilities	\$ -	\$ 5,987,618	\$ 5,987,618	\$ -
Totals - All Agency Funds:				
Assets, cash and investments	\$ 104,136	\$ 6,113,424	\$ 6,130,297	\$ 87,263
Liabilities, accounts payable and accrued liabilities	\$ 104,136	\$ 6,113,424	\$ 6,130,297	\$ 87,263

Craven County



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

**DETAILED BALANCE SHEET
June 30, 2010**

	<u>2010</u>
ASSETS	
Cash and cash equivalents	<u>\$ 129,417</u>
NET ASSETS	
Unrestricted	<u>\$ 129,417</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, 2010**

	Budget	Actual	Variance, Positive (Negative)
REVENUES			
Occupancy tax	\$ 418,408	\$ 432,694	\$ 14,286
Interest	6,000	1,862	(4,138)
Miscellaneous	43	3,471	3,428
Total revenues	<u>424,451</u>	<u>438,027</u>	<u>13,576</u>
EXPENDITURES			
Economic development	<u>489,221</u>	<u>474,220</u>	<u>15,001</u>
Change in net assets	(64,770)	(36,193)	28,577
NET ASSETS			
Beginning	<u>160,000</u>	<u>165,610</u>	<u>5,610</u>
Ending	<u>\$ 95,230</u>	<u>\$ 129,417</u>	<u>\$ 34,187</u>
Reconciliation of modified accrual basis with full accrual basis			
Excess of revenues over (under) expenditures, modified accrual basis, above		<u>\$ (36,193)</u>	
Net income, full accrual basis		<u>\$ (36,193)</u>	

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

**COMBINING BALANCE SHEET
June 30, 2010**

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	Airport Authority Operating Fund	Airport Improvement Program No. 30 Project Fund	Airport Improvement Program No. 31 Project Fund	Airport Improvement Program No. 32 Project Fund	Airport Reserve Fund	Totals
ASSETS						
Cash and cash equivalents	\$ 1,078,806	\$ 680	\$ 317	\$ 1,572	\$ 941,228	\$ 2,022,603
Accounts receivable	194,475	-	-	-	-	194,475
	<u>1,273,281</u>	<u>680</u>	<u>317</u>	<u>1,572</u>	<u>941,228</u>	<u>2,217,078</u>
Capital assets:						
Land	9,395,791	-	-	-	-	9,395,791
Buildings	9,949,192	-	-	-	-	9,949,192
Improvements other than buildings	14,369,920	-	-	-	-	14,369,920
Machinery and equipment	1,719,000	-	-	-	-	1,719,000
Construction in progress	-	141,356	285,598	67,751	-	494,705
Accumulated depreciation	(12,696,745)	-	-	-	-	(12,696,745)
Capital assets, net of accumulated depreciation	<u>22,737,158</u>	<u>141,356</u>	<u>285,598</u>	<u>67,751</u>	<u>-</u>	<u>23,231,863</u>
Total assets	<u>\$ 24,010,439</u>	<u>\$ 142,036</u>	<u>\$ 285,915</u>	<u>\$ 69,323</u>	<u>\$ 941,228</u>	<u>\$ 25,448,941</u>
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable	\$ 32,514	\$ -	\$ -	\$ -	\$ -	\$ 32,514
Accrued salaries and benefits	16,794	-	-	-	-	16,794
Accrued interest payable	17,579	-	-	-	-	17,579
Other postemployment benefit obligation	11,122	-	-	-	-	11,122
Installment note payable, net of deferred charges	1,731,670	-	-	-	-	1,731,670
Bonds payable	640,000	-	-	-	-	640,000
Total liabilities	<u>2,449,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,449,679</u>
Net assets:						
Invested in capital assets, net of related debt	20,365,488	141,356	285,598	67,751	-	20,860,193
Unrestricted	1,195,272	680	317	1,572	941,228	2,139,069
Total net assets	<u>21,560,760</u>	<u>142,036</u>	<u>285,915</u>	<u>69,323</u>	<u>941,228</u>	<u>22,999,262</u>
Total liabilities and net assets	<u>\$ 24,010,439</u>	<u>\$ 142,036</u>	<u>\$ 285,915</u>	<u>\$ 69,323</u>	<u>\$ 941,228</u>	<u>\$ 25,448,941</u>

**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, 2010**

	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 Improvement Program No. 31 Project Fund	Airport Improvement Program No. 32 Project Fund	Airport Reserve Fund	Totals
OPERATING REVENUES									
Charges for services	\$ 2,126,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,126,523
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	2,126,523	-	-	-	-	-	-	-	2,126,523
OPERATING EXPENSES									
Cost of sales and services	1,447,285	-	-	-	-	-	-	-	1,447,285
Depreciation and amortization	930,013	-	-	-	-	-	-	-	930,013
Total operating expenses	2,377,298	-	-	-	-	-	-	-	2,377,298
Operating loss	(250,775)	-	-	-	-	-	-	-	(250,775)
NONOPERATING REVENUES (EXPENSES)									
Interest income	8,844	-	3	-	-	-	-	12,073	20,920
Interest expense	(135,203)	-	-	-	-	-	-	-	(135,203)
Intergovernmental revenue	583,664	18,382	-	22,701	96,384	813,704	-	-	1,534,835
Total nonoperating revenues (expenses)	457,305	18,382	3	22,701	96,384	813,704	-	12,073	1,420,552
Income (loss) before transfers	206,530	18,382	3	22,701	96,384	813,704	-	12,073	1,169,777
Transfers in (out)									
Between Airport Funds	1,857,128	(853,500)	(202,193)	(302,068)	(30,672)	(527,789)	69,323	(10,229)	-
Total transfers in (out)	1,857,128	(853,500)	(202,193)	(302,068)	(30,672)	(527,789)	69,323	(10,229)	-
Change in net assets	2,063,658	(835,118)	(202,190)	(279,367)	65,712	285,915	69,323	1,844	1,169,777
Net assets-beginning	19,497,102	835,118	202,190	279,367	76,324	-	-	939,384	21,829,485
Net assets-ending	\$ 21,560,760	\$ -	\$ -	\$ -	\$ 142,036	\$ 285,915	\$ 69,323	\$ 941,228	\$ 22,999,262

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

**COMBINING SCHEDULE OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2010**

	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 Improvement Program No. 31 Project Fund	Airport Improvement Program No. 32 Project Fund	Airport Reserve Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES									
Receipts from customers and users	\$ 2,244,555	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,244,555
Payments to suppliers	(682,982)	-	-	-	(4,505)	-	-	-	(687,487)
Payments to employees	(737,823)	-	-	-	-	-	-	-	(737,823)
Net cash provided by operating activities	823,750	-	-	-	(4,505)	-	-	-	819,245
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Acquisition & construction of capital assets	(30,422)	(19,487)	(26,297)	(24,597)	(66,342)	(285,598)	(67,751)	-	(520,494)
Repayment of installment notes	(994,630)	-	-	-	-	-	-	-	(994,630)
Repayment of bonds	(940,000)	-	-	-	-	-	-	-	(940,000)
Receipts from bond refunding	800,000	-	-	-	-	-	-	-	800,000
Bond issuance costs	(20,000)	-	-	-	-	-	-	-	(20,000)
Receipts from capital grants	583,663	18,382	-	22,701	96,384	813,704	-	-	1,534,834
Interest paid	(143,323)	-	-	-	-	-	-	-	(143,323)
Net cash provided by (used in) capital and related financing activities	(744,712)	(1,105)	(26,297)	(1,896)	30,042	528,106	(67,751)	-	(283,613)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers in	923,315	-	-	-	-	44,620	69,323	261,208	1,298,466
Transfers out	(422,520)	-	(1,428)	-	(30,672)	(572,409)	-	(271,437)	(1,298,466)
Net cash provided by (used in) noncapital financing activities	500,795	-	(1,428)	-	(30,672)	(527,789)	69,323	(10,229)	-
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest on cash and investments	8,844	-	3	-	-	-	-	12,073	20,920
Net cash provided by investing activities	8,844	-	3	-	-	-	-	12,073	20,920
Net increase (decrease) in cash and cash equivalents									
	588,677	(1,105)	(27,722)	(1,896)	(5,135)	317	1,572	1,844	556,552
CASH AND CASH EQUIVALENTS									
Beginning	490,129	1,105	27,722	1,896	5,815	-	-	939,384	1,466,051
Ending	\$ 1,078,806	\$ -	\$ -	\$ -	\$ 680	\$ 317	\$ 1,572	\$ 941,228	\$ 2,022,603
Reconciliation of operating loss to net cash provided by (used) in operating activities:									
Operating income (loss)	\$ (250,775)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (250,775)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:									
Depreciation and amortization	930,013	-	-	-	-	-	-	-	930,013
Previously unrecognized									
Change in assets and liabilities:									
Accounts receivable	118,032	-	-	-	-	-	-	-	118,032
Accounts payable and accrued expenses	26,480	-	-	-	(4,505)	-	-	-	21,975
Net cash provided by operating activities	\$ 823,750	\$ -	\$ -	\$ -	\$ (4,505)	\$ -	\$ -	\$ -	\$ 819,245

**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, 2010

(Page 1 of 2)

	Budget	Actual	Variance, Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 1,964,805	\$ 2,126,523	\$ 161,718
OPERATING EXPENDITURES			
Personnel Services:			
Salaries	665,049	552,148	112,901
Employee benefits	128,767	113,375	15,392
Retirement	37,329	31,302	6,027
Professional Services:			
Audit and accounting fees	1,071	1,070	1
Legal fees	34,929	33,665	1,264
Contractual services	83,278	81,397	1,881
Operating supplies	67,602	56,799	10,803
Utilities	231,400	230,911	489
Maintenance and repairs:			
Building and grounds	91,575	82,365	9,210
Vehicle expense	17,500	15,038	2,462
Insurance	64,267	62,226	2,041
Telephone and postage	8,550	8,121	429
Capital outlay	92,325	83,066	9,259
Board Member fees	14,401	14,400	1
Miscellaneous	24,130	21,267	2,863
Travel/Training	10,150	9,073	1,077
Advertising	74,000	71,900	2,100
Dues and subscriptions	10,070	9,584	486
Total operating expenditures	<u>1,656,393</u>	<u>1,477,707</u>	<u>178,686</u>
Excess of operating revenues over (under) operating expenditures	<u>308,412</u>	<u>648,816</u>	<u>(16,968)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	15,000	8,844	(6,156)
Interest expense	(141,060)	(135,203)	5,857
Principal payments	(1,154,630)	(1,154,630)	-
Bond issuance costs	-	(20,000)	(20,000)
Capital Contributions - intergovernmental grants	438,381	583,664	145,283
Total nonoperating revenues (expenses)	<u>(842,309)</u>	<u>(717,325)</u>	<u>124,984</u>
Excess of revenues over (under) expenditures	<u>(533,897)</u>	<u>(68,509)</u>	<u>465,388</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, 2010

(Page 2 of 2)

	Budget	Actual	Variance, Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in (out):			
From airport project funds	\$ 958,577	\$ 2,279,648	\$ 1,321,071
To airport project funds	(424,680)	(422,520)	2,160
Refunding bonds issued	-	800,000	800,000
Payment to refunding escrow agent	-	(780,000)	(780,000)
Total other financing sources (uses)	<u>533,897</u>	<u>1,877,128</u>	<u>1,321,071</u>
Excess revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 1,808,619</u>	<u>\$ 1,786,459</u>
Reconciliation of modified accrual basis with full accrual basis:			
Excess revenues over (under) expenditures and other financing sources (uses), modified accrual basis, above			
		\$ 1,808,619	
Capital outlay		30,422	
Depreciation		(922,834)	
Amortization		(7,179)	
Principal payments		<u>1,154,630</u>	
Net income, full accrual basis		<u>\$ 2,063,658</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, 2010**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 810,825	\$ 792,443	\$ 18,382	\$ 810,825
Total revenues	<u>810,825</u>	<u>792,443</u>	<u>18,382</u>	<u>810,825</u>
EXPENDITURES				
Capital outlay:				
Project construction	463,787	463,786	-	463,786
Legal and administrative	26,123	6,637	19,487	26,124
Engineering fees	317,141	317,141	-	317,141
Inspection	19,510	19,510	-	19,510
Capital outlay	4,970	4,970	-	4,970
Miscellaneous	21,969	21,969	-	21,969
Total expenditures	<u>853,500</u>	<u>834,013</u>	<u>19,487</u>	<u>853,500</u>
Excess of revenues under expenditures	<u>(42,675)</u>	<u>(41,570)</u>	<u>(1,105)</u>	<u>(42,675)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
To Airport Operating Fund	-	-	(853,500)	(853,500)
From Airport Operating Fund	42,675	42,675	-	42,675
Total other financing sources (uses)	<u>42,675</u>	<u>42,675</u>	<u>(853,500)</u>	<u>(810,825)</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 1,105</u>	<u>\$ (854,605)</u>	<u>\$ (853,500)</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over expenditures and other financing sources, modified accrual basis, above Capital outlay			\$ (854,605) <u>19,487</u>	
Net income, full accrual basis			<u>\$ (835,118)</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, 2010**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,956,002	\$ 1,956,002	\$ -	\$ 1,956,002
Miscellaneous	1,428	1,424	3	1,427
Total revenues	<u>1,957,430</u>	<u>1,957,426</u>	<u>3</u>	<u>1,957,429</u>
EXPENDITURES				
Capital outlay:				
Legal and administrative	41,603	24,790	16,814	41,604
Capital outlay	2,102,236	2,102,234	-	2,102,234
Engineering fees	35,887	35,887	-	35,887
Miscellaneous	63,729	54,246	9,483	63,729
Total expenditures	<u>2,243,455</u>	<u>2,217,157</u>	<u>26,297</u>	<u>2,243,454</u>
Excess of revenues over (under) expenditures	<u>(286,025)</u>	<u>(259,731)</u>	<u>(26,294)</u>	<u>(286,025)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	287,454	287,453	-	287,453
To Airport Operating Fund	(1,429)	(2,042,689)	(202,193)	(2,244,882)
Total other financing sources (uses)	<u>286,025</u>	<u>(1,755,236)</u>	<u>(202,193)</u>	<u>(1,957,429)</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (2,014,967)</u>	<u>\$ (228,487)</u>	<u>\$ (2,243,454)</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues and other financing sources over expenditures, modified accrual basis, above			\$ (228,487)	
Capital outlay			<u>26,297</u>	
Net loss, full accrual basis			<u>\$ (202,190)</u>	

**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, 2010**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 848,514	\$ 825,809	\$ 22,701	\$ 848,510
Total revenues	848,514	825,809	22,701	848,510
EXPENDITURES				
Capital outlay:				
Administrative	23,026	8,706	14,319	23,025
Land	97,723	97,723	-	97,723
Engineering	85,274	82,696	2,578	85,274
Project construction	54,473	46,772	7,700	54,472
Capital outlay	37,378	37,378	-	37,378
Other	4,195	4,195	-	4,195
Total expenditures	302,069	277,470	24,597	302,067
Excess of revenues under expenditures	546,445	548,339	(1,896)	546,443
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	44,659	44,659	-	44,659
To Airport Operating Fund	(591,104)	(591,101)	(302,068)	(893,169)
Total other financing sources	(546,445)	(546,442)	(302,068)	(848,510)
Excess of revenues over (under) expenditures and other financing sources	\$ -	\$ 1,897	\$ (303,964)	\$ (302,067)
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (303,964)	
Capital outlay			24,597	
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, 2010**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 739,503	\$ 620,155	\$ 96,384	\$ 716,539
Total revenues	<u>739,503</u>	<u>620,155</u>	<u>96,384</u>	<u>716,539</u>
EXPENDITURES				
Capital outlay:				
Administrative	2,924	2,474	450	2,924
Capital outlay	34,484	-	15,298	15,298
Other	127,592	72,540	50,594	123,134
Total expenditures	<u>165,000</u>	<u>75,014</u>	<u>66,342</u>	<u>141,356</u>
Excess of revenues under expenditures	<u>574,503</u>	<u>545,141</u>	<u>30,042</u>	<u>575,183</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	38,922	38,922	-	38,922
To Airport Operating Fund	(613,425)	(582,753)	(30,672)	(613,425)
Total other financing sources	<u>(574,503)</u>	<u>(543,831)</u>	<u>(30,672)</u>	<u>(574,503)</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 1,310</u>	<u>\$ (630)</u>	<u>\$ 680</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ (630)	
Capital outlay			<u>66,342</u>	
Net loss, full accrual basis			<u>\$ 65,712</u>	

**CRAVEN COUNTY, NORTH CAROLINA
CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
TERMINAL AREA DEVELOPMENT SITE NO. 31 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, 2010**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 847,789	\$ -	\$ 813,704	\$ 813,704
Total revenues	<u>847,789</u>	<u>-</u>	<u>813,704</u>	<u>813,704</u>
EXPENDITURES				
Capital outlay:				
Administrative	8,274	-	7,273	7,273
Capital outlay	290,953	-	257,552	257,552
Engineering	16,482	-	16,482	16,482
Other	4,291	-	4,291	4,291
Total expenditures	<u>320,000</u>	<u>-</u>	<u>285,598</u>	<u>285,598</u>
Excess of revenues under expenditures	<u>527,789</u>	<u>-</u>	<u>528,106</u>	<u>528,106</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	44,620	-	44,620	44,620
To Airport Operating Fund	(572,409)	-	(572,409)	(572,409)
Total other financing sources	<u>(527,789)</u>	<u>-</u>	<u>(527,789)</u>	<u>(527,789)</u>
Excess of revenues over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317</u>	<u>\$ 317</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 317	
Capital outlay			<u>285,598</u>	
Net loss, full accrual basis			<u>\$ 285,915</u>	

**CRAVEN COUNTY, NORTH CAROLINA
 CRAVEN COUNTY REGIONAL AIRPORT AUTHORITY (A Component Unit)
 TERMINAL AREA DEVELOPMENT SITE NO. 32 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, 2010**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal grants	\$ 1,358,158	\$ -	\$ -	\$ -
Total revenues	<u>1,358,158</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital outlay:				
Administrative	\$ 9,265	\$ -	\$ 2,726	\$ 2,726
Architect	39,301	-	26,420	26,420
Capital outlay	1,241,150	-	25,607	25,607
Other	52,587	-	12,998	12,998
Total expenditures	<u>1,342,303</u>	<u>-</u>	<u>67,751</u>	<u>67,751</u>
Excess of revenues over (under) expenditures	<u>15,855</u>	<u>-</u>	<u>(67,751)</u>	<u>(67,751)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
From Airport Operating Fund	71,482	-	69,323	69,323
To Airport Operating Fund	(87,337)	-	-	-
Total other financing sources (uses)	<u>(15,855)</u>	<u>-</u>	<u>69,323</u>	<u>69,323</u>
Excess of other financinc sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,572</u>	<u>\$ 1,572</u>
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues over (under) expenditures and other financing sources, modified accrual basis, above			\$ 1,572	
Capital outlay			<u>67,751</u>	
Net loss, full accrual basis			<u>\$ 69,323</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, 2010**

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest	\$ -	\$ 9,390	\$ 12,073	\$ 21,463
Total revenues	-	9,390	12,073	21,463
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
To Airport Operating Fund	(271,437)	-	(271,437)	(271,437)
From Airport Operating Fund	-	929,993	261,208	1,191,201
Total other financing sources	(271,437)	929,993	(10,229)	919,764
Excess of revenues and other financing sources over (under) expenditures	(271,437)	939,383	1,844	941,227
Appropriated fund balance	271,437	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	\$ 939,383	\$ 1,844	\$ 941,227
Reconciliation of modified accrual basis with full accrual basis:				
Excess of revenues and other financing sources over expenditures, modified accrual basis, above			\$ 1,844	
Net loss, full accrual basis			\$ 1,844	

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, 2010**

	<u>2010</u>		<u>2009</u>
Governmental funds capital assets:			
Land	\$ 8,949,802	\$	7,817,458
Buildings	37,340,861		37,328,294
Other Improvements	8,937,365		6,539,669
Equipment & Vehicles	10,707,886		10,451,358
Construction in Progress	31,873,167		31,373,749
Total governmental funds capital assets	\$ 97,809,081	\$	93,510,528
Investment in governmental funds capital assets by source:			
General Fund	\$ 43,973,029	\$	39,674,476
Capital Projects	43,665,118		43,665,118
Prior to June, 1992*	10,170,934		10,170,934
Total invest.in govermental funds capital assets	\$ 97,809,081	\$	93,510,528

*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, 2010

	Land	Buildings	Other Improvements	Equipment & Vehicles	Total
General Government:					
0101 Commissioners	\$ -	\$ -	\$ -	\$ 30,469	\$ 30,469
0301 Personnel	-	-	-	29,389	29,389
0401 Information Technology	-	-	2,278,770	1,143,370	3,422,140
0404 GIS	-	-	-	95,986	95,986
0501 Finance	-	-	-	15,510	15,510
0560 Non Department	-	-	-	149,166	149,166
0601 Elections	-	-	-	447,102	447,102
0801 Tax Assessor	-	-	89,304	11,455	100,759
0805 Tax Assessor -Appraisal	-	-	-	153,635	153,635
1001 Register of Deeds	-	-	-	39,068	39,068
1201 Public Buildings	4,756,052	5,151,449	143,906	159,520	10,210,927
1212 Housekeeping	-	-	-	28,541	28,541
1301 Court Facilities	126,790	4,604,270	830,563	15,019	5,576,642
1401 Maintenance	-	57,000	500	114,347	171,847
1501 Central Maintenance	-	-	-	104,883	104,883
Total General Government	4,882,842	9,812,719	3,343,043	2,537,460	20,576,064
Public Safety:					
2001 Sheriff	-	-	727,327	2,036,537	2,763,864
2008 Jail	719,447	3,866,882	-	139,380	4,725,709
2315 Communications	-	-	14,000	74,712	88,712
2301 Emergency Services	-	-	-	491,984	491,984
2401 Inspections	-	-	-	81,737	81,737
2501 E 911	-	-	-	1,049,143	1,049,143
2601 Animal Control	-	401,288	2,987	76,615	480,900
Total Public Safety	719,447	4,268,170	744,324	3,950,108	9,682,049
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	69,327	840,800
Total Environmental Protection	15,640	779,974	6,344	702,971	1,504,929
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	235,023	12,198,240
Total Economic and Physical Development	1,354,605	10,752,459	769,128	362,284	13,238,476
Health					
5001 Health	-	6,191,164	366,150	751,533	7,308,847
Total Health	-	6,191,164	366,150	751,533	7,308,847
Social Services:					
7001 CARTS	-	-	-	1,159,325	1,159,325
7201 DSS	-	5,324,840	397,987	878,684	6,601,511
Total Social Services	-	5,324,840	397,987	2,038,009	7,760,836
Recreation:					
8001 Recreation	1,977,268	201,726	3,310,389	365,521	5,854,904
Library- Havelock	-	9,809	-	-	9,809
Total Recreation	1,977,268	211,535	3,310,389	365,521	5,864,713
Total	\$ 8,949,802	\$ 37,340,861	\$ 8,937,365	\$ 10,707,886	65,935,914
Construction in Progress					31,873,167
Total Government Funds Capital Assets					\$ 97,809,081

CRAVEN COUNTY
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION & ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2010

Function and Activity	Governmental Funds Capital Assets July 1, 2009	Additions	Deductions	Governmental Funds Capital Assets June 30, 2010
General Government:				
0101 Commissioners	\$ 30,469	\$ -	\$ -	\$ 30,469
0301 Personnel	29,389	-	-	29,389
0401 Information Technology	1,168,058	2,254,082	-	3,422,140
0404 GIS	119,836	-	23,850	95,986
0501 Finance	15,510	-	-	15,510
0560 Non Department	35,030	359,033	244,897	149,166
0601 Elections	447,102	-	-	447,102
0801 Tax Assessor	100,759	-	-	100,759
0805 Tax Assessor -Appraisal	153,635	-	-	153,635
1001 Register of Deeds	39,068	-	-	39,068
1201 Public Buildings	10,183,397	28,912	1,382	10,210,927
1212 Housekeeping	28,541	-	-	28,541
1301 Court Facilities	5,619,660	55,982	99,000	5,576,642
1401 Maintenance	156,902	14,945	-	171,847
1501 Central Maintenance	104,883	21,454	21,454	104,883
Total General Government	18,232,239	2,734,408	390,583	20,576,064
Public Safety:				
2001 Sheriff	2,729,966	241,332	207,434	2,763,864
2008 Jail	4,641,684	84,025	-	4,725,709
2315 Communications	88,712	-	-	88,712
2301 Emergency Services	489,639	2,345	-	491,984
2401 Inspections	81,737	-	-	81,737
2501 E 911	1,017,743	31,400	-	1,049,143
2601 Animal Control	471,245	9,655	-	480,900
Total Public Safety	9,520,726	368,757	207,434	9,682,049
Environmental Protection:				
3101 Environmental Health	258,468	-	-	258,468
3201 Solid Waste	377,951	-	-	377,951
4201 Cooperative Extension	866,816	21,753	20,059	868,510
Total Environmental Protection	1,503,235	21,753	20,059	1,504,929
Economic and Physical Development:				
4001 Planning	106,753	-	-	106,753
4401 Economic Development	933,483	-	-	933,483
8201 Convention Center	12,186,890	11,350	-	12,198,240
Total Economic and Physical Development	13,227,126	11,350	-	13,238,476
Health				
5001 Health	7,218,911	121,215	31,279	7,308,847
Total Health	7,218,911	121,215	31,279	7,308,847
Social Services:				
7001 CARTS	1,147,234	132,312	120,221	1,159,325
7201 DSS	6,593,263	81,936	73,688	6,601,511
Total Social Services	7,740,497	214,248	193,909	7,760,836
Recreation:				
8001 Recreation	4,684,238	1,192,720	22,054	5,854,904
Library- Havelock	9,809	-	-	9,809
Total Recreation	4,694,047	1,192,720	22,054	5,864,713
Construction in Progress	31,373,749	2,668,078	2,168,660	31,873,167
Total governmental funds capital assets	\$ 93,510,530	\$ 7,332,529	\$ 3,033,978	\$ 97,809,081

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.



**Schedule 1
Craven County
Net Assets by Component,
Last Eight Fiscal Years
(accrual basis of accounting)**

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Governmental activities</u>								
Invested in capital assets, net of related debt	\$ 22,674,229	\$ 23,254,067	\$ 24,089,182	\$ 26,036,499	\$ 29,183,692	\$ 31,120,067	\$ 33,675,755	\$ 34,254,404
Restricted	11,699,026	8,313,499	4,830,932	3,078,658	4,876,200	5,079,723	4,349,082	4,029,326
Unrestricted (deficit)	<u>(27,951,015)</u>	<u>(25,230,973)</u>	<u>(18,939,009)</u>	<u>(12,381,079)</u>	<u>(16,368,150)</u>	<u>(17,948,088)</u>	<u>(17,350,746)</u>	<u>(13,245,067)</u>
Total governmental activities net assets	\$ <u>6,422,240</u>	\$ <u>6,336,593</u>	\$ <u>9,981,105</u>	\$ <u>16,734,078</u>	\$ <u>17,691,742</u>	\$ <u>18,251,702</u>	\$ <u>20,674,091</u>	\$ <u>25,038,663</u>
<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	\$ 18,280,499
Unrestricted	<u>6,895,720</u>	<u>5,088,075</u>	<u>5,711,338</u>	<u>6,890,711</u>	<u>7,822,174</u>	<u>7,651,538</u>	<u>9,909,504</u>	<u>11,516,376</u>
Total business-type activities	\$ <u>20,977,308</u>	\$ <u>21,957,296</u>	\$ <u>23,011,109</u>	\$ <u>24,179,878</u>	\$ <u>25,658,454</u>	\$ <u>27,194,399</u>	\$ <u>28,240,159</u>	\$ <u>29,796,875</u>
<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	\$ 52,534,903
Restricted	11,699,026	8,313,499	4,830,932	3,078,658	4,876,200	5,079,723	4,349,082	4,029,326
Unrestricted (deficit)	<u>(21,055,295)</u>	<u>(20,142,898)</u>	<u>(13,227,671)</u>	<u>(5,490,368)</u>	<u>(8,545,976)</u>	<u>(10,296,550)</u>	<u>(7,441,242)</u>	<u>(1,728,691)</u>
Total primary government net assets	\$ <u>27,399,548</u>	\$ <u>28,293,889</u>	\$ <u>32,992,214</u>	\$ <u>40,913,956</u>	\$ <u>43,350,196</u>	\$ <u>45,446,101</u>	\$ <u>48,914,250</u>	\$ <u>54,835,538</u>

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 Eight Fiscal Years
(accrual basis of accounting)
(Page 1 of 3)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 5,896,630	\$ 6,802,230	\$ 6,557,817	\$ 7,391,683	\$ 7,679,876	\$ 6,568,743	\$ 7,785,402	\$ 7,963,893
Public safety	10,732,195	11,584,190	11,895,790	12,643,683	12,792,549	13,475,510	14,166,850	14,754,169
Social services	19,641,710	20,695,194	21,364,472	22,822,110	23,686,006	24,491,355	23,190,078	22,338,223
Economic and physical development	5,360,444	3,292,424	3,873,381	2,658,847	2,629,063	3,447,939	3,138,650	3,020,353
Environmental protection	3,850,575	5,083,596	4,943,096	5,105,286	5,448,188	5,369,403	5,576,352	5,191,327
Health	6,479,067	6,981,725	6,915,059	7,419,050	7,381,812	8,053,103	8,245,927	8,537,699
Cultural and recreation	1,490,297	1,801,012	1,898,961	2,077,212	2,307,962	2,070,824	3,201,411	2,305,497
Education	35,104,248	20,600,373	18,391,669	20,218,865	29,897,811	33,000,753	24,746,401	22,099,376
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	3,971,610
Total governmental activities	<u>91,738,834</u>	<u>79,555,914</u>	<u>78,433,379</u>	<u>82,751,640</u>	<u>94,866,009</u>	<u>100,194,198</u>	<u>94,508,713</u>	<u>90,182,147</u>
Business-type activities:								
Water	<u>2,294,785</u>	<u>2,092,799</u>	<u>2,212,566</u>	<u>2,452,231</u>	<u>2,350,421</u>	<u>2,378,268</u>	<u>2,814,711</u>	<u>2,265,023</u>
Total primary government expenses	<u>\$ 94,033,619</u>	<u>\$ 81,648,713</u>	<u>\$ 80,645,945</u>	<u>\$ 85,203,871</u>	<u>\$ 97,216,430</u>	<u>\$ 102,572,466</u>	<u>\$ 97,323,424</u>	<u>\$ 92,447,170</u>
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	1,283,052
Public safety	1,500,193	1,597,259	1,697,240	2,148,811	1,957,081	2,076,961	2,375,313	1,715,207
Social services	451,043	650,102	690,235	626,859	600,994	708,758	905,238	895,360
Economic and physical development	683,866	809,529	920,675	916,702	990,517	1,072,446	1,009,269	1,048,298
Environmental protection	2,214,990	2,178,704	2,212,444	2,462,004	2,639,579	2,821,666	2,720,503	2,442,846
Health	3,754,021	4,225,968	4,283,919	4,436,213	4,288,785	4,603,742	4,872,707	5,158,491
Cultural and recreation	43,438	51,000	45,745	38,948	50,690	43,309	58,393	70,223
Education	-	503,596	-	-	-	-	-	-

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Operating grants and contributions:								
General government	\$ 1,578,967	\$ 1,660,038	\$ 1,202,220	\$ 1,147,799	\$ 1,078,615	\$ 1,533,601	\$ 1,355,699	\$ 1,097,706
Public safety	707,552	669,885	912,191	651,655	612,213	634,277	551,977	858,361
Social services	10,066,157	10,854,794	10,662,434	11,834,461	12,228,544	12,805,213	13,472,526	14,754,004
Economic and physical development	2,187,801	637,866	1,195,959	50,750	219,000	499,293	24,755	44,816
Environmental protection	436,921	613,754	210,007	168,890	138,582	183,564	169,132	196,072
Health	1,590,116	1,592,510	1,520,635	1,473,080	1,407,566	1,485,242	1,627,356	2,069,631
Cultural and recreation	-	1,000	-	9,250	35,300	75,233	45,000	18,000
Capital grants and contributions:								
General government	-	-	-	417,447	-	-	104,129	43,609
Public safety	51,897	324,304	-	34,526	-	-	-	99,999
Social services	91,638	117,050	-	228,739	112,514	185,910	193,612	103,938
Economic and physical development	-	-	-	-	-	-	106,721	184,344
Cultural and recreation	-	-	-	65,625	106,185	343,815	50,000	56,875
Education	-	-	859,450	1,182,900	1,150,405	1,969,220	1,560,478	1,438,000
Total governmental activities program revenues	<u>27,025,426</u>	<u>28,144,501</u>	<u>28,251,415</u>	<u>30,301,465</u>	<u>29,732,743</u>	<u>32,789,345</u>	<u>32,498,355</u>	<u>33,578,832</u>
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	3,688,563
Capital grants and contributions - Water	145,830	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>3,147,117</u>	<u>2,925,947</u>	<u>3,003,662</u>	<u>3,296,858</u>	<u>3,350,661</u>	<u>3,387,837</u>	<u>3,609,669</u>	<u>3,688,563</u>
Total primary government program revenues	<u>\$ 30,172,543</u>	<u>\$ 31,070,448</u>	<u>\$ 31,255,077</u>	<u>\$ 33,598,323</u>	<u>\$ 33,083,404</u>	<u>\$ 36,177,182</u>	<u>\$ 36,108,024</u>	<u>\$ 37,267,395</u>
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)	\$ (56,803,315)
Business-type activities	<u>852,332</u>	<u>833,148</u>	<u>791,096</u>	<u>844,627</u>	<u>1,000,240</u>	<u>1,009,569</u>	<u>794,958</u>	<u>1,423,540</u>
Total primary government net (expense)/revenue	<u>\$ (63,861,076)</u>	<u>\$ (50,578,265)</u>	<u>\$ (49,390,868)</u>	<u>\$ (51,605,548)</u>	<u>\$ (64,133,026)</u>	<u>\$ (66,395,284)</u>	<u>\$ (61,215,400)</u>	<u>\$ (55,179,775)</u>

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:								
Property taxes	\$ 32,399,791	\$ 32,409,695	\$ 33,462,209	\$ 37,864,384	\$ 40,057,692	\$ 42,236,411	\$ 43,814,430	\$ 44,076,129
Local option sales tax	13,998,546	16,963,021	17,433,367	18,100,692	19,769,089	20,131,706	16,796,425	13,053,176
Other taxes and licenses	551,086	580,312	631,352	716,807	730,206	798,930	766,861	790,980
Investment earnings	643,283	311,727	622,429	1,250,704	2,452,049	3,500,775	1,375,589	544,629
Miscellaneous	623,341	999,012	1,631,320	1,224,762	3,036,095	1,226,841	1,582,642	2,406,773
Transfers	61,998	61,999	45,799	45,799	45,799	70,150	96,800	96,200
Total governmental activities:	48,278,045	51,325,766	53,826,476	59,203,148	66,090,930	67,964,813	64,432,747	60,967,887
Business-type activities:								
Investment earnings	87,816	57,500	102,105	246,435	370,366	429,842	239,026	127,572
Miscellaneous	206,032	151,339	206,411	123,506	153,769	166,684	108,576	101,804
Transfers	(61,998)	(61,999)	(45,799)	(45,799)	(45,799)	(70,150)	(96,800)	(96,200)
Total business-type activities	231,850	146,840	262,717	324,142	478,336	526,376	250,802	133,176
Total primary government	\$ 48,509,895	\$ 51,472,606	\$ 54,089,193	\$ 59,527,290	\$ 66,569,266	\$ 68,491,189	\$ 64,683,549	\$ 61,101,063
Change in Net Assets								
Governmental activities	\$ (16,435,363)	\$ (85,647)	\$ 3,644,512	\$ 6,752,973	\$ 957,664	\$ 559,960	\$ 2,422,389	\$ 4,364,572
Business-type activities	1,084,182	979,988	1,053,813	1,168,769	1,478,576	1,535,945	1,045,760	1,556,716
Total primary government	\$ (15,351,181)	\$ 894,341	\$ 4,698,325	\$ 7,921,742	\$ 2,436,240	\$ 2,095,905	\$ 3,468,149	\$ 5,921,288

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)**

	Fiscal Year									
<u>General Fund</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Reserved for:										
State statute	\$ 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	\$ 5,719,134
Future wireless E-911 expenditures	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	55,348
Future law enforcement expenditures	11,700	11,000	287,143	66,358	23,964	81	15,771	915	80,589	82,387
Total reserved	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	5,856,869
Unreserved										
Designated for subsequent year's expenditures	827,906	1,308,653	1,106,513	1,512,962	805,563	1,112,286	278,250	1,057,114	979,722	1,562,592
Undesignated	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	19,141,577
Total General Fund	\$ 16,909,301	\$ 17,604,370	\$ 18,899,825	\$ 19,497,328	\$ 19,137,372	\$ 22,113,221	\$ 24,605,408	\$ 25,749,140	\$ 26,712,102	\$ 26,561,038
All Other Governmental Funds										
Reserved for:										
State statute	\$ 258,546	\$ 133,352	\$ 169,610	\$ 177,452	\$ 204,407	\$ 199,848	\$ 436,966	\$ 398,154	\$ 523,712	\$ 163,699
Debt service	2,959,789	4,529,563	3,339,171	2,805,486	2,640,065	1,785,304	3,704,012	4,328,413	3,317,971	2,773,462
Total reserved	3,218,335	4,662,915	3,508,781	2,982,938	2,844,472	1,985,152	4,140,978	4,726,567	3,841,683	2,937,161
Unreserved										
Undesignated/(deficit)										
Special revenue funds:										
Room occupancy tax trust fund (1)	(337,002)	(677,700)	(1,008,021)	(820,436)	(500,000)	-	-	-	-	-
All other special revenue funds	415,763	269,313	333,283	291,374	317,610	417,160	456,779	469,202	742,288	954,430
Designated for capital projects	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	7,552,472
Total all other governmental funds	\$ 6,866,008	\$ 28,857,337	\$ 10,066,234	\$ 7,010,519	\$ 7,341,107	\$ 7,154,259	\$ 18,804,299	\$ 38,267,757	\$ 15,579,342	\$ 11,444,063

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes:										
Property	\$ 26,180,148	\$ 28,037,623	\$ 32,218,477	\$ 32,549,745	\$ 33,585,023	\$ 37,876,551	\$ 40,031,721	\$ 42,281,507	\$ 43,716,305	\$ 43,929,823
Sales	12,992,853	12,582,248	13,988,546	16,963,021	17,433,367	18,100,692	19,789,089	20,131,706	16,796,425	13,053,171
Other	543,625	512,536	551,086	580,312	631,352	716,807	730,206	798,930	766,861	790,980
Total taxes	39,716,626	41,132,407	46,768,109	50,093,078	51,649,742	56,694,050	60,531,016	63,182,143	61,279,591	57,773,974
Intergovernmental	23,692,026	23,448,464	16,711,049	16,974,797	16,562,896	17,265,122	17,088,924	19,725,388	19,261,385	20,965,355
Charges for Services	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	12,913,153
Interest	1,512,586	647,267	629,046	298,455	598,241	1,190,972	2,370,690	3,403,401	1,321,851	506,334
Miscellaneous	896,036	802,006	648,382	999,009	872,030	998,896	1,225,277	1,263,264	1,592,941	1,299,699
Total Revenues	73,386,679	75,282,249	75,430,476	79,971,668	81,801,325	89,619,781	94,288,858	101,081,015	96,966,622	93,458,515
Expenditures										
General Government	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	8,224,937
Public Safety	8,830,928	9,685,860	9,607,768	11,271,380	11,391,656	13,151,735	13,960,441	23,556,676	31,541,868	16,627,081
Environmental Protection	3,849,309	4,114,223	4,554,577	5,046,846	5,006,185	5,103,095	5,444,288	5,413,220	5,478,700	5,099,920
Economic Development	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	2,603,966
Health	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	8,366,853
Social Services (2)	18,284,894	18,614,048	19,501,613	20,761,999	21,367,549	22,624,569	23,790,287	24,829,156	23,149,487	21,983,411
Culture and Recreation	2,025,889	2,202,975	1,521,415	1,684,669	1,904,814	2,136,565	2,261,117	2,878,542	2,583,707	2,258,013
Education	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	22,099,376
Expenditures-continued										
Capital Outlay	4,836,064	1,449,640	239,123	91,517	95,980	-	-	-	-	-
Debt Service:										
Principal	3,170,984	3,085,162	3,163,277	3,435,146	3,816,917	3,846,504	3,854,145	6,050,858	6,422,014	6,516,291
Interest	2,103,929	2,105,047	3,110,941	2,682,109	2,513,158	2,335,441	2,959,154	4,207,869	4,489,303	4,061,210
Bond issuance costs	-	-	-	163,087	-	-	-	-	-	490,800
Total Expenditures	78,067,676	80,633,850	92,988,122	82,786,739	81,876,491	86,876,580	99,092,430	119,584,187	118,808,875	98,331,858
Excess of revenues over (under)										
expenditures	(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)	(4,873,343)

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									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Other Financing Sources (Uses)</u>										
Transfers in	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	5,493,731
Transfers out	(6,792,326)	(7,891,367)	(5,626,308)	(7,153,801)	(6,461,620)	(9,036,519)	(10,012,145)	(11,514,837)	(6,348,278)	(5,397,531)
Bonds issued	1,800,000	28,000,000	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	13,875,194	-	-	-	-	-	21,800,000
Payment to refunding escrow agent	-	-	-	(13,712,107)	-	-	-	-	-	1,037,279
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	(22,346,479)
Proceeds from installment note/COPS	-	-	-	131,773	-	-	18,900,000	39,013,563	-	-
Total other financing sources (uses)	<u>1,832,699</u>	<u>28,037,999</u>	<u>61,998</u>	<u>356,859</u>	<u>45,799</u>	<u>45,799</u>	<u>18,945,799</u>	<u>39,110,362</u>	<u>96,800</u>	<u>587,000</u>
Net change in fund balances	<u>\$ (2,848,298)</u>	<u>\$ 22,686,398</u>	<u>\$ (17,495,648)</u>	<u>\$ (2,458,212)</u>	<u>\$ (29,367)</u>	<u>\$ 2,789,000</u>	<u>\$ 14,142,227</u>	<u>\$ 20,607,190</u>	<u>\$ (21,725,453)</u>	<u>\$ (4,286,343)</u>
Debt service as a percentage of noncapital expenditures	7.20%	6.55%	6.82%	7.57%	7.94%	7.37%	7.06%	9.75%	11.02%	11.68%

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				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	Present-use Value (1)					
2001	2,278,831,310	787,441,202	39,321,420	51,676,360	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	5,710,251,665
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	6,693,478,551	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
2010	3,845,443,208	1,504,956,646	43,707,956	65,391,567	1,413,620,078	104,636,993	6,977,756,448	0.610	10,464,541,764

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 2010 figure is based on property sales which took place in calendar 2009.)
- (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									
	<u>2001</u>	<u>2002</u>	<u>2003(1)</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Craven County	\$.5700	\$.6000	\$.5800	\$.5600	\$.5600	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.6100	\$ 0.6100
<u>Municipality Rates:</u>										
Bridgeton	.5000	.4700	.4700	.4700	.4700	0.4700	0.4700	0.5000	0.5000	0.5000
Cove City	.1500	.1500	.1500	.1500	.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Dover	.3000	.3000	.3000	.3000	.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Havelock	.3900	.4200	.4200	.4200	.4500	0.4500	0.4900	0.4900	0.5300	0.5300
New Bern	.4700	.4700	.4700	.4700	.4700	0.4700	0.4700	0.5050	0.5050	0.5050
River Bend	.1800	.1900	.1900	.1900	.2200	0.2200	0.2200	0.2500	0.2800	0.2800
Trent Woods	.0930	.0930	.1300	.2700	.2700	0.2700	0.2700	0.2700	0.2700	0.2700
Vanceboro	.5000	.5000	.4800	.4800	.4800	0.4800	0.4800	0.4800	0.4800	0.4800
<u>Fire Districts:</u>										
Rhems	.0375	.0375	.0375	.0375	.0375	0.0375	0.0375	0.0425	0.0425	0.0475
Township #1	.0238	.0238	.0238	.0238	.0238	0.0238	0.0238	0.0238	0.0263	0.0263
Tri Community	.0297	.0297	.0297	.0350	.0350	0.0350	0.0350	0.0350	0.0350	0.0350
Little Swift Creek	.0590	.0590	.0590	.0590	.0590	0.0590	0.0590	0.0590	0.0590	0.0590
Township #3	.0681	.0681	.0681	.0681	.0681	0.0681	0.0681	0.0681	0.0781	0.0781
Township #5	.0661	.0661	.0600	.0570	.0570	0.0570	0.0570	0.0620	0.0620	0.0620
Township #6	.0350	.0350	.0375	.0475	.0675	0.0675	0.0675	0.0675	0.0600	0.0600
Township #7	.0365	.0365	.0270	.0270	.0270	0.0270	0.0270	0.0270	0.0240	0.0240
West New Bern	.0356	.0356	.0312	.0312	.0312	0.0362	0.0362	0.0362	0.0422	0.0422
Township #9	.0713	.0713	.0713	.0713	.0713	0.0713	0.0713	0.0713	0.0713	0.0713
Sandy Point	.0619	.0619	.0567	.0567	.0567	0.0567	0.0567	0.0567	0.0567	0.0567

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 2010			Fiscal Year 2001		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Weyerhaeuser NR Company	Wood pulp manufacturer	\$ 148,438,910	1	2.13%	\$ 186,095,254	1	4.18%
BSH Home Appliances Corp	Home appliance manufacturer	108,012,327	2	1.55%	13,802,675	8	0.31%
Weyerhaeuser Company	Real estate investment trust	52,624,800	3	0.75%			
Carolina Telephone & Telegraph Co.	Communications utility	34,481,642	4	0.49%	35,487,820	3	0.80%
Progress Energy Carolinas	Electric utility	33,305,250	5	0.48%	26,855,404	4	0.60%
Atlantic Marine Corps Communities, LLC	Real estate development	27,728,329	6	0.40%			
Hatteras Yachts	Yacht builder	24,208,008	7	0.35%	19,869,916	5	0.45%
Blakemore 300 Executive Parkway LLC & Kaplan 300 Executive Parkway LLC	Real estate development	21,069,770	8	0.30%			
New Bern Riverfront Development LLC	Real estate development	20,722,840	9	0.30%			
Craven Wood Energy LTD	Electricity manufacturer	16,034,636	10	0.23%	49,461,706	2	1.11%
DRA Woodland Crossing LP	Real estate development						
Fairfield Communities	Real estate development				14,972,014	7	0.34%
Amital Spinning Corp	Yarn manufacturer				17,189,902	6	0.39%
S-B Power Tool Company	Power tool manufacturer				12,710,265	10	0.29%
Moen Incorporated	Plumbing products mfr.				13,121,222	9	0.29%
Totals		<u>\$ 486,626,512</u>		<u>6.97%</u>	<u>\$ 389,566,178</u>		<u>8.74%</u>

Source: Craven County Tax Department

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

Fiscal Year	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2001	\$ 25,619,122	\$ (167,174)	\$ 25,451,948	\$ 24,761,949	97.29%	\$ 611,518	\$ 25,373,467	99.69%
2002	27,527,244	(225,539)	27,301,705	26,493,834	97.04%	721,715	27,215,549	99.68%
2003	32,173,298	(785,503)	31,387,795	30,482,909	97.12%	811,469	31,294,378	99.70%
2004	31,563,099	(221,056)	31,342,043	30,570,553	97.54%	675,616	31,246,169	99.69%
2005	32,468,045	(133,839)	32,334,206	31,690,897	98.01%	560,705	32,251,602	99.74%
2006	36,919,653	(321,980)	36,597,673	35,915,565	98.14%	576,832	36,492,397	99.71%
2007	39,046,381	(315,261)	38,731,120	38,031,297	98.19%	570,402	38,601,699	99.67%
2008	41,023,496	(131,609)	40,891,887	40,167,701	98.23%	546,204	40,713,905	99.56%
2009	42,668,211	(266,675)	42,401,536	41,594,880	98.10%	539,359	42,134,239	99.37%
2010	41,740,602	864,039	42,604,641	41,745,625	97.98%	-	41,745,625	97.98%

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 Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases	General Obligation Bonds	Revenue Bonds	Installment Loans			
2001	\$ 20,180,000	\$ 2,330,000	\$ 16,275,627	\$ 275,805	\$ 5,551,600	\$ 577,000	\$ 3,885,896	\$ 49,075,928	535	2.00%
2002	46,930,000	1,595,000	15,238,459	212,813	5,124,600	570,500	319,330	69,990,702	754	2.82%
2003	45,680,000	820,000	14,258,760	144,972	4,229,600	564,000.00	1,037,789	66,735,121	720	2.70%
2004	45,755,000	-	13,248,452	71,907	2,067,800	-	1,118,743	62,261,902	664	2.41%
2005	43,185,000	-	12,073,442	-	1,690,800	-	1,824,045	58,773,287	627	2.11%
2006	40,560,000	-	10,851,937	-	1,282,500	-	1,711,408	54,405,845	574	1.82%
2007	37,930,000	-	28,527,792	-	839,500	-	1,598,771	68,896,063	716	2.20%
2008	35,335,000	-	62,006,933	-	377,000	-	1,486,135	99,205,068	1,028	2.93%
2009	32,775,000	-	58,144,921	-	245,000	-	1,373,498	92,538,419	947	2.63%
2010	31,700,000	-	54,303,630	-	195,000	-	1,260,861	87,459,491	872	*

*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 12 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 2009 personal income not available to calculate fiscal year 2010.

Schedule 10
Craven County
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2001	25,731,600	2,959,789	22,771,811	0.93%	0.43%	248
2002	52,054,600	4,529,563	47,525,037	1.91%	0.83%	512
2003	49,909,600	3,339,171	46,570,429	1.89%	0.86%	502
2004	47,822,800	2,805,486	45,017,314	1.74%	0.79%	480
2005	44,875,800	2,640,065	42,235,735	1.52%	0.69%	451
2006	41,842,500	1,785,303	40,057,197	1.34%	0.55%	422
2007	38,769,500	3,901,084	34,868,416	1.11%	0.38%	362
2008	35,712,000	4,420,993	31,291,007	0.92%	0.31%	324
2009	33,020,000	3,317,971	29,702,029	0.84%	0.29%	304
2010	31,700,000	2,773,462	28,926,538	*	0.28%	288

*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 2009 personal income not available to calculate fiscal year 2010.
- (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									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assessed Value of Property	\$ 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	\$ 6,977,756
Debt Limit, 8% of Assessed Value (Statutory Limitation)	356,569	364,490	431,718	445,217	461,645	481,728	507,272	535,478	554,973	558,221
Amount of Debt Applicable to Limit										
Gross debt	49,076	69,991	66,735	62,262	58,773	54,406	68,896	99,205	92,538	87,459
Less: Amount available for repayment of g.o.bonds	2,960	4,530	3,339	2,805	2,640	1,785	3,901	4,421	3,318	2,773
Debt outstanding for water and sewer purposes	9,437	5,125	5,267	3,187	3,515	2,994	2,438	1,863	1,618	1,456
Revenue bonds	2,907	2,166	1,384	-	-	-	-	-	-	-
Total net debt applicable to limit	33,772	58,171	56,745	56,270	52,618	49,627	62,557	92,921	87,602	83,231
Legal Debt Margin	<u>\$ 322,797</u>	<u>\$ 306,319</u>	<u>\$ 374,974</u>	<u>\$ 388,947</u>	<u>\$ 409,027</u>	<u>\$ 432,101</u>	<u>\$ 444,715</u>	<u>\$ 442,557</u>	<u>\$ 467,371</u>	<u>\$ 474,990</u>
Total net debt applicable to the limit as a % of debt limit	9.47%	15.96%	13.14%	12.64%	11.40%	10.30%	12.33%	17.35%	15.78%	14.91%

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

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (2) (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Number of Building Inspections Performed(5)</u>
2001	91,653	\$ 2,456,647	\$ 26,803	14,644	4.20%	6,450
2002	92,879	2,482,795	26,647	14,465	5.70%	7,124
2003	92,728	2,469,172	26,624	14,362	6.00%	6,767
2004	93,779	2,585,999	27,475	14,388	5.70%	8,744
2005	93,704	2,787,816	29,647	14,523	4.80%	10,426
2006	94,848	2,982,933	31,358	14,609	4.70%	12,633
2007	96,278	3,127,526	32,470	14,632	4.40%	13,000
2008	96,471	3,387,208	35,075	14,538	4.30%	9,682
2009	97,757	3,518,259	36,121	14,597	6.00%	7,123
2010	100,271	*	*	14,513	9.80%	7,262

* 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 Seven Years Ago (2)**

Employer	2010			2003 (2)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Department of Defense (1)	5,365	1	13.44%	Over 1000	1	N/A
Craven County Schools	1,917	2	4.80%	Over 1000	2	N/A
CarolinaEast Health Systems	1,900	3	4.76%	Over 1000	3	N/A
BSH Home Appliances	950	4	2.38%	500-999	7	N/A
State of North Carolina	877	5	2.20%	Over 1000	4	N/A
Moen Incorporated	650	6	1.63%	500-999	5	N/A
Craven County	635	7	1.59%	500-999	8	N/A
City of New Bern	500	8	1.25%			
Wal-Mart	500	9	1.25%	500-999	10	N/A
Craven Community College	475	10	1.19%			
Weyerhaeuser Company				500-999	9	N/A
Hatteras Yachts (Brunswick Corp)				500-999	6	N/A
	<u>13,769</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 9,845 active military personnel based in Craven County. It includes civilian employment at the Naval Aviation Depot, Naval Health Clinic, 2nd MAW, and MCAS Cherry Point.

The amount shown includes employees from all counties (Of the 5,300 employees, 2,859 are Craven County residents, or 7.4% of the County employment)

(2) Used 2003 (seven years ago) rather than 2001 (nine years ago) as that is first year information is available

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

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of June 30</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government	88	89	98	94	92	87	83	82	81	79
Public safety	118	120	125	128	125	129	134	134	141	148
Social services	185	197	200	201	203	207	204	206	213	213
Economic and physical development	19	19	19	19	18	23	19	21	20	21
Environmental protection	39	32	33	31	30	33	36	33	33	30
Health	104	94	95	97	102	97	111	115	116	117
Cultural and recreation	11	11	11	10	10	7	8	9	16	16
Water/Sewer (Business activity)	13	13	13	13	13	13	13	14	14	11
Total	577	575	594	593	593	596	608	614	634	635

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	8,399
Average daily population in jail (B)				154	158	175	185	200	198	186
Health Services (C)										
Food and lodging inspections				1,225	1,424	1,647	1,150	1,615	1,388	1,013
Home health/hospice visits		16,893	17,986	15,640	17,478	16,573	16,603	16,327	11,760	13,343
Visits to health department		27,956	27,550	27,546	27,563	27,579	26,199	25,400	27,901	28,422
Transportation Services (D)										
Number of miles driven (1)			790,262	814,546	843,124	808,771	761,466	782,257	796,036	783,197
Number of trips provided (1)			108,315	109,225	106,627	101,235	100,754	93,984	98,738	101,664
Tax/Real Estate Services (E)										
Deed transfers processed	3,742	3,702	4,047	4,574	5,446	6,405	6,134	4,677	3,944	2,795
Number of real estate parcels	47,729	48,306	48,600	49,824	50,933	52,163	54,469	55,035	55,739	56,112
Number of tax bills generated	135,808	138,838	142,600	145,735	143,765	147,675	150,126	153,477	152,424	151,915
Economic and Physical Development										
County tourism revenues (1)(2) (F)	\$74.09	\$69.67	\$72.32	\$74.73	\$79.68	\$87.42	\$94.16	\$101.70	\$104.84	\$95.99
Economic impact of convention center (2) (G)		\$7.01	\$6.91	\$8.27	\$9.06	\$9.00	\$8.73	\$12.90	\$10.30	\$9.19
Number of registered voters (H)	51,914	56,456	57,195	55,749	60,503	60,653	61,668	64,110	65,274	66,624
Number of enplanements at airport (3) (I)	81,047	78,139	70,443	92,516	97,876	90,221	110,882	120,293	54,799	60,125
Water Services										
Number of service connections (J)	10,174	10,400	10,614	10,851	11,570	12,001	12,300	12,697	12,857	12,857

Notes:

- (1) The amounts shown are for calendar year ending December 31 during the fiscal year.
- (2) Amounts shown are millions of dollars
- (3) Amounts shown are by calendar year, therefore the amount shown for the latest year 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**

<u>Function/Program</u>	<u>Fiscal Year</u>										
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	
<u>Public Safety (A)</u>											
Correction facility rated capacities	161	161	161	161	161	161	161	161	161	161	292
<u>Parks and Land Use (B)</u>											
Number of county parks	2	2	2	2	2	2	2	3	3	4	
Boat ramps operated	2	2	2	2	2	2	2	2	2	2	
<u>Water Service (C)</u>											
Miles of water main	565	580	595	615	625	645	650	653	660	667	
Number of elevated water tanks (1)	9	8	8	8	8	9	9	9	9	9	
<u>Transportation Services (D)</u>											
Number of CARTS vehicles	30	31	32	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	294	258	258	196	192	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

Crauen County



COMPLIANCE SECTION



**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, 2010, which collectively comprise Craven County's basic financial statements, and have issued our report thereon dated October 29, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, 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.

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. We did note however, a certain matter that we reported to the management of Craven County in a separate letter dated October 29, 2010.

This report is intended solely for the information and use of management, others within the entity, 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
October 29, 2010



**Independent Auditor's Report
on Compliance With Requirements That Could Have a Direct and Material
Effect on 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 Craven County, North Carolina's compliance 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 could have a direct and material effect on each of Craven County's 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, 2010. 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 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; 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. 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 could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended June 30, 2010.

Internal Control Over Compliance

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 the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 entity, 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
October 29, 2010



Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on 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 Craven County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010. 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 could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 entity, 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
October 29, 2010

McGladrey & Pullen, LLP

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

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
that are not considered to be
material weaknesses? Yes X None reported

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2010**

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
Food & Nutrition Services Cluster	10.561
Subsidized Child Care Program	93.575/93.596/93.667/93.558

Dollar threshold used to distinguish

between Type A and Type B Programs \$ 2,835,339

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, 2010**

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

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
Subsidized Child Care Program	N/A
State Aid to Airports	N/A

CRAVEN COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2010**

Section II. Financial Statement Findings

None reported

Section III. Federal Award Findings

None reported

Section IV. State Award Findings

None reported

**CRAVEN COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2010**

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, 2009**

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, 2010
 (Page 1 of 5)

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
FEDERAL AWARDS:					
US Department of Agriculture					
Food and Nutrition Services					
Passed through NC Department of Agriculture Administered by Craven County Sheriff National Forest					
	10 418	05-LE-11081122-163	\$ 11,303	\$ -	\$ -
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					
	10 557	5405	488,759	-	8,840
	10.559	5405	887	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children					
	10.557	5405	2,490,582	-	-
			2,980,228	-	8,840
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 Supplemental Nutrition Assistance Program (SNAP) Cluster					
	10 561		564,667	-	564,667
	10 561		23,724	-	23,724
	10.561		72,660	-	-
	10.561		76,511	-	76,511
	10.561		25	-	25
			737,587	-	664,927
Total US Department of Agriculture					
			3,729,118	-	673,767
US Department of Housing and Urban Development					
Pass through NC Department of Commerce					
Administered by Craven county Planning Community Development Block Grant					
	14.228	09-C-1998	184,344	-	-
US Department of Justice					
Passed through Bureaus of Justice Assistance					
Administered by Craven County Sheriff					
Narcotics Equipment					
	16.738	2009-DJ-BX-1392	19,827	-	-
ARRA-Prisoner Transport					
	16 738	2009-SB-B9-1160	80,172	-	-
			99,999	-	-
State Criminal Alien Assistance Program					
	16.606	2006-F3299NC-AP	7,694	-	-
Bullet Proof Vest					
	16.607		3,369	-	3,369
Total US Department of Justice					
			111,062	-	3,369
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	133,664	-	-
	20 106	3-37-0050-25	18,382	-	1,105
	20 106	3-37-0050-28	22,702	-	1,897
	20 106	3-37-0050-30	96,384	-	630
	20 106	3-37-0050-31	813,704	-	44,303
	20.106	3-37-0050-32	-	-	67,751
			1,084,836	-	115,686
Passed through NC Department of Transportation					
Administered by Craven Area Rural Transportation System.					
	20 509	36233 31 9 1	256,244	16,015	682,138
	20.509	36233 31 9 2	29,355	-	29,355
	20.509	5200889019	103,938	-	-
			389,537	16,015	711,493
Total US Department of Transportation					
			1,474,373	16,015	827,179
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					
Emergency Management Assistance - Performance Homeland Security					
	97 042	EM PA 00 025 24	55,670	-	215,594
	97 067		-	12,010	-
Total US Department of Homeland Security					
			55,670	12,010	215,594

**Craven County, North Carolina
OF FEDERAL AND STATE AWARDS AND
For the Fiscal Year Ended June 30, 2010
(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		\$ 53,996	\$ 9,529	\$ 7,058
Administered by Coastal Community Action.					
Senior Companion Program	93 045		25,918	4,574	3,388
Administered by Craven County Department of Social Services					
Congregate Meals	93 045		49,316	8,703	6,447
ARRA-Congregate Meals	93 707		20,250	3,573	2,647
USDA Congregate Meals	93 045		6,514	-	-
ARRA-USDA Congregate Meals	93 707		4,053	-	-
Home Delivered Meals	93 045		142,081	25,073	18,573
ARRA-Home Delivered Meals	93 705		9,969	1,759	1,303
USDA Home Delivered Meals	93 045		18,414	-	-
ARRA-USDA Home Delivered Meals	93 705		1,934	-	-
In Home Level II	93 044		116,959	20,640	15,289
Care Management Administration	93 044		73,119	12,903	9,558
Total Aging Cluster			522,523	86,754	64,263
<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					
Temporary Assistance for Needy Families Cluster.					
Work First/TANF Benefit Payments	93 558		776,490	(36)	48
Work First Admin	93 558		318,426	-	222,984
Work First Service	93 558		1,502,087	-	744,356
TANF Domestic Violence Service	93 558		10,930	-	-
Work First Functional Assessment	93 558		650	-	-
Family Support Payments	93 560		(605)	(166)	(166)
Total TANF Cluster			2,607,978	(202)	967,222
Refugee Assistance Administration	93 566		31,602	-	15,216
IV-D Child Support Enforcement Administration	93 563		18,076	-	9,312
Low-Income Home Energy Assistance Administration	93 568		76,634	-	-
Energy Assistance Payments - Direct Benefit Payments	93 568		432,940	-	-
Crisis Intervention Payments	93 568		423,123	-	-
			932,697	-	-
Administered by Craven County Health:					
Child Welfare Services					
Permanency Planning:					
Permanency Planning - Families for Kids	93 645		22,230	7,500	-
Permanency Planning - Special	93 645		6,117	3	2,229
Adoption Subsidy	93 645		129,000	282,154	75,495
			157,347	289,657	77,724
Foster Care and Adoption Cluster					
Title IV-E Foster Care:					
Administration	93 658		39,453	19,230	20,223
Foster Care - At Risk	93 658		482,315	14,573	483,505
IV-E CPS	93 658		304,121	90,088	214,033
Foster Care - Direct Benefit Payments	93 658		209,310	40,016	43,985
Title IV-E Adoption Subsidy	93 659		323,076	62,241	86,089
Total Foster Care and Adoption Cluster			1,358,275	226,148	847,835
Division of Child Development					
Administered by Craven County DSS:					
Subsidized Child Care Cluster					
Child Care & Development Fund - Discretionary	93 575		1,669,771	-	-
ARRA - Child Care & Development Fund	93 575		508,710	-	-
Child Care & Development Fund - Mandatory	93 596		555,271	-	-
Child Care & Development Fund - Match	93 596		829,042	445,852	-
Child Care & Development Fund - Administration	93 596		254,307	-	-
Social Services Block Grant	93 667		40,868	-	-
Temporary Assistance for Needy Families	93 558		636,336	-	-
Smart Start			-	590,589	-
More at Four State Funding			-	164,181	-
State Appropriation			-	301,384	-
Total Subsidized Child Care Cluster			4,494,305	1,502,006	-

**Craven County, North Carolina
of Federal and State Awards and
for the Fiscal Year Ended June 30, 2010
(Page 3 of 5)**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Administered by County Department of Social Services					
Social Services Block Grant					
Family Planning					
	93 667		\$ 150,204	\$ -	\$ -
	93.667		77,715	-	11,102
	93 667		60,893	-	8,699
	93.667		282,977	23,528	102,168
			571,789	23,528	121,969
Passed through NC Department of Health and Human Services.					
Administered by County Department of Social Services					
	93 674		20,796	5,199	-
Passed through NC Department of Health and Human Services.					
<u>Health Care Financing Administration</u>					
Division of Medical Assistance					
Administration					
	93 778		1,279,930	-	1,279,930
	93.778		19,431	19,431	-
	93.778		116,517	-	116,517
	93.778		47,160	-	1,847
	93 778		4,805	-	-
Other					
	93 778		52,645	19,864	32,780
	93 778		27,810	-	27,810
	93 767		50,270	3,089	13,201
Direct Benefit Payments					
	93.778		75,762,629	26,511,935	50,460
			77,361,197	26,554,319	1,522,545
<u>Center for Disease Control</u>					
Division of Epidemiology					
Administered by County Health Department					
Preventive Health and Health Services Block Grant					
	93.991		20,443	-	-
<u>Health Resources and Services Administration</u>					
Passed through NC Department of Health and Human Services					
Division of Public Health.					
Immunization Cluster					
	93.268		40,682	-	7,015
	93.712		27,014	-	-
			67,696	-	7,015
	93.217		128,827	-	147,912
Centers for Disease Control And Prevention					
	93 283		294,051	-	945
	93 940		93,881	-	275
	93 919		57,483	-	(19,095)
	93 558		12,377	-	-
	93 575		5,100	-	-
Maternal and Child Health Services Block Grant					
	93 994		55,737	113,235	982,142
	93 994		82,149	65,682	-
	93 994		62,404	46,809	840,283
			200,290	225,726	1,822,425
Total US Department of Health and Human Services					
			88,956,733	28,913,135	5,585,563
STATE ASSISTANCE					
NC Department of Health and Human Services					
Division of Social Services					
Administered by County Department of Social Services					
			-	690,598	690,598
			-	-	78,902
			-	9,509	-
			-	19,901	-
			-	813,021	-
			-	71,564	-
			-	20,491	-
			-	139,013	128,291
			-	51,988	-
			-	1,816,085	897,791
Division of Services for the Blind					
Administered by County Department of Social Services					
			-	36,531	5,219

**Craven County, North Carolina
OF FEDERAL AND STATE AWARDS AND
For the Fiscal Year Ended June 30, 2010
(Page 4 of 5)**

	CFDA Number	Grantor's Number	Expenditures		
			Federal	State	Local
Health Divisions:					
Administered by County Health Department:					
General			\$ -	\$ 174,842	\$ (138)
Breast and Cervical Cancer Control			-	15,045	(74)
Communicable Disease			-	6,343	15,854
Tuberculosis			-	31,587	15,183
AIDS - State			-	12,500	32,199
TB Medical Services			-	2,000	-
LHD Smokefree Law			-	1,005	-
Risk Reduction/Health Promotion			-	10,234	(4,413)
Preparedness and Response			-	37,460	-
Public Health Nurse Training			-	1,000	-
Minority Health			-	48,250	(1,717)
			-	340,266	56,894
Total NC Department of Health and Human Services			-	2,192,882	959,904
NC Department of Juvenile Justice and Delinquency Prevention					
Division of Youth Services:					
Juvenile Crime Prevention Program:					
Administered by County Finance Department					
Juvenile Restitution Fund		825181	-	61,175	-
Passed through County Finance Department					
Committee for Children		825000	-	4,743	-
Youth Parent Life Skills		825651	-	9,995	-
Resolve		825022	-	57,140	-
Home-based Intervention and Treatment-Disciplined					
Teen Court		825032	-	30,412	-
Structured Day Reporting		825006	-	101,100	-
Total NC Department of Juvenile Justice and Delinquency Prevention			-	264,565	-
NC Department of Environment and Natural Resources					
Natural Resources Division					
Administered by County Soil Conservation Department					
Soil Conservation State Matching Funds		DSWC-2008-25	-	34,690	83,262
Division of Parks and Recreation					
Administered by Craven County Recreation:					
Latham Whitehurst Nature Park		PARTE# 2009-594	-	56,875	-
Division of Community Assistance					
Administered by Craven County Planning					
CAMA Land Use Plan		S07070	-	2,466	-
Total NC Department of Environment and Natural Resources			-	94,031	83,262
NC Department of Transportation:					
Rural Operating Assistance Program (ROAP):					
Elderly Handicap		EHTAP	-	99,021	-
General Public Transportation (Craven)		GPT	-	126,438	-
Work First (Craven)		Work First	-	33,717	-
Pass through Pitt County					
General Public Transportation (Pamlico & Jones)		GPT	-	92,844	-
Work First (Pamlico & Jones)		Work First	-	10,098	-
			-	362,118	-
Administered by Craven Regional Airport					
Annual Appropriation - State Aid to Airports		9 9417010	-	450,000	542,350
Total NC Department of Transportation			-	812,118	542,350
NC Department of Corrections:					
Administered by Craven County Day Reporting Center					
Criminal Justice Partnership Program		025-0700-I-A	-	82,118	-
Department of the State Treasurer:					
Public School Building Capital Fund-Lottery Proceeds					
			-	1,438,000	-
Total NC Department of Public Instruction			-	1,438,000	-

**CRAVEN COUNTY, NORTH CAROLINA
OF FEDERAL AND STATE AWARDS ANI
For the Fiscal Year Ended June 30, 2010
(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					
Veterans Services					
			\$ -	\$ 2,000	\$ 129,478
State of North Carolina Department of Agriculture					
Administered by Craven County Cooperative Extension					
Voluntary AG District					
			-	4,672	-
North Carolina Department of Insurance					
Senior Health Insurance Information Program (SHIIP)					
			-	2,947	-
NC Department of Crime Control and Public Safety					
Pass through Craven County Finance					
Victim Payments - Aspire					
		025-1-09-009-AJ-197	-	51,192	-
Administered by Craven County Planning Department					
Hazard Mitigation - Emergency Management					
			-	37,350	6,224
Total NC Department of Crime Control and Public Safety					
			-	88,542	6,224
North Carolina State Board of Elections					
Department of Administration					
Accessibility Improvements					
			-	43,609	-
Office of State Controller					
Unauthorized Substance Abuse					
			-	11,014	-
Total Federal Expenditures			<u>\$ 94,511,300</u>		
Total State Expenditures				<u>\$ 33,977,658</u>	
Total Local Expenditures					<u>\$ 9,026,690</u>
Federal Aviation Administration					
Administered by Craven Regional Airport.					
Passenger Facility Charges					
		96-01-C-00-EWN	\$ 341,969	\$ -	\$ -

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, 2010

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 (excluding SNAP direct benefit payments discussed below) made by the State of North Carolina to eligible program beneficiaries and the value of WIC vouchers distributed, which are not included as expenditures in the basic financial statements, are included herein. In accordance with guidance issued by the United States Department of Agriculture, Food and Nutrition Service Division, direct benefits payments for the Supplemental Nutrition Assistance Program (SNAP), formerly the Food Stamp Program, of \$18,997,033 have not been reported as expenditures in the basic financial statements or in the Schedule of Expenditures Federal and State Awards and Passenger Facility Charges.

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 \$341,969 and are included on the schedule of federal awards. Revenue from passenger facility charges for the year ended June 30, 2010 consists of \$497,836 for passenger facility charges plus \$1,474 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, 2009	Loan Proceeds	Principal Repayments	Loan Balance June 30, 2010
NC Clean Water Revolving Loan & Grant Program	N/A	\$ 1,281,828	\$ -	\$ 80,114	\$ 1,201,714

Craven County

